

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To-Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Revenue	117,407	90,771	392,420	270,172
Operating expenses	(109,758)	(78,120)	(368,961)	(233,638)
Other income	1,729	2,461	10,182	5,004
Finance costs	(1,010)	(958)	(3,866)	(3,937)
Profit before tax	8,368	14,154	29,775	37,601
Income tax income/(expense)	4,222	(3,884)	(1,937)	(10,453)
Profit after tax for the financial period	12,590	10,270	27,838	27,148
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of property, plant and equipment	6,256	-	6,256	-
Total other comprehensive income for the financial period	6,256	-	6,256	-
Total comprehensive income for the financial period	18,846	10,270	34,094	27,148
Profit after tax attributable to owner of the company	12,590	10,270	27,838	27,148
Total comprehensive income for the financial period attributable to owner of the company	18,846	10,270	34,094	27,148

Earnings per ordinary share (sen) (2)

- Basic/Diluted earnings per ordinary shares (sen)	2.52	2.05	5.57	5.43
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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 31 December 2024 (as at 31 December 2023: 500,000,000 shares). 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.*

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited as at 31.12.2024 RM'000	Audited as at 31.12.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	16,010	33,621
Right-of-use assets	22,170	21,965
Investment properties	28,000	-
Total non-current assets	<u>66,180</u>	<u>55,586</u>
Current assets		
Inventories	71,178	48,625
Trade receivables	56,878	63,488
Other receivables, deposits and prepayments	5,780	5,754
Derivative assets	270	74
Current tax assets	5,294	218
Short-term investment	29,778	21,316
Deposits with licensed banks	736	11,892
Cash and bank balances	45,373	13,450
Total current assets	<u>215,287</u>	<u>164,817</u>
Total assets	<u>281,467</u>	<u>220,403</u>
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	59,994	33,400
Total equity	<u>127,413</u>	<u>100,819</u>
Non-current liabilities		
Bank borrowings	24,240	26,227
Lease liabilities	581	201
Deferred tax liabilities	663	2,688
Total non-current liabilities	<u>25,484</u>	<u>29,116</u>
Current liabilities		
Trade payables	45,546	29,094
Other payables and accruals	17,813	19,886
Bank borrowings	63,141	37,545
Lease liabilities	528	464
Derivative liabilities	1,542	-
Current tax liabilities	-	3,479
Total current liabilities	<u>128,570</u>	<u>90,468</u>
Total liabilities	<u>154,054</u>	<u>119,584</u>
Total equity and liabilities	<u>281,467</u>	<u>220,403</u>
Net assets per share (RM)	0.25 ⁽²⁾	0.20 ⁽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 December 2024 (as at 31 December 2023: 500,000,000 shares).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	<i>Non-distributable</i>		<i>Distributable</i>		Total equity
	Share capital	Reorganisation reserve	Revaluation reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	2,610	-	7,655	36,085	46,350
Profit after tax for the financial year	-	-	-	27,148	27,148
Total comprehensive income for the financial year	-	-	-	27,148	27,148
Contributions by and distributions to owners of the Company:-					
- Issuance of ordinary shares pursuant to acquisition of subsidiaries	34,398	-	-	-	34,398
- Proceed from issuance of new shares	34,400	-	-	-	34,400
- Adjustment on the acquisition of subsidiaries	(2,610)	(31,788)	-	-	(34,398)
- Share issuance expenses	(1,379)	-	-	-	(1,379)
- Dividends	-	-	-	(5,700)	(5,700)
At 31 December 2023	67,419	(31,788)	7,655	57,533	100,819
At 1 January 2024	67,419	(31,788)	7,655	57,533	100,819
Profit after tax for the financial period	-	-	-	27,838	27,838
Other comprehensive income for the financial period					
- Revaluation of property, plant and equipment	-	-	6,256	-	6,256
Total comprehensive income for the financial period	-	-	6,256	27,838	34,094
Contributions by and distributions to owners of the Company:					
- Dividends	-	-	-	(7,500)	(7,500)
At 31 December 2024	67,419	(31,788)	13,911	77,871	127,413

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 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Cash flows for operating activities		
Profit before tax	29,775	37,601
Adjustments for:		
Depreciation of property, plant and equipment	1,860	1,357
Depreciation of right-of-use assets	797	585
Gain on reassessment and modification of leases	-	(3)
Gain on disposal of property, plant and equipment	(40)	(9)
Fair value loss/(gain) on derivative	1,347	(74)
Net fair value changes on revaluation	1,239	
Allowance for impairment loss on trade receivable	10,485	-
Inventories written off	-	211
Property, plant and equipment written off	85	12
Provision/(reversal) of inventories previously written down	328	(65)
Unrealised (gain)/loss on foreign exchange	(1,103)	2,431
Interest expenses	3,866	3,890
Interest income	(1,594)	(285)
Operating profit before working capital changes	47,045	45,651
Changes in working capital:		
Inventories	(22,881)	(21,882)
Trade and other receivables	(1,371)	(48,726)
Trade and other payables	18,618	27,346
Cash generated from operations	41,411	2,389
Interest received	1,594	285
Tax paid	(13,875)	(8,269)
Tax refunded	121	93
Net cash from/(for) operating activities	29,251	(5,502)
Cash flows for investing activities		
Purchase of property, plant and equipment	(6,108)	(1,810)
Proceeds from disposal of property, plant and equipment	69	38
Deposit paid for purchase of property, plant and equipment	-	(832)
Net cash for investing activities	(6,039)	(2,604)
Cash flows from financing activities		
Dividends paid	(12,500)	(700)
Net increase in fixed deposit pledged	11,158	(1,265)
Drawdown of borrowings (net)	23,182	4
Interest paid	(3,924)	(3,645)
Proceeds from issuance of ordinary shares	-	33,021
Repayment of lease liabilities (net)	(82)	(323)
Net cash from financing activities	17,834	27,092
Net increase in cash and cash equivalents	41,046	18,986
Effects of foreign exchange differences	(661)	(1,020)
Cash and cash equivalents at beginning of period	34,766	16,800
Cash and cash equivalents at end of period	75,151	34,766

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

	Current Year To- Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment ⁽²⁾	29,778	21,316
Deposits with licensed banks	735	11,892
Cash and bank balances	45,373	13,450
	<u>75,886</u>	<u>46,658</u>
Less:		
Deposits pledged to licensed banks	(735)	(11,892)
	<u>75,151</u>	<u>34,766</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 2023. 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 2023.

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 2023.

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 2023:

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 16	: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	: Classification of Liabilities as Current or Noncurrent	1 January 2024
Amendments to MFRS 101	: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107	: Supplier Finance Arrangements	1 January 2024
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 107 Statement of Cash Flows	1 January 2026
Amendments to MFRS 9 & 7	: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 9		
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 2023.

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, except the net allowance for impairment losses on trade receivables and expected trade credit insurance receivables of RM10.25 million which were reported in the second financial quarter ended 30 June 2024. As at the fourth financial quarter ended 31 December 2024, the trade credit insurance of RM3.15 million has been paid by the insurer and received by the Group.

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 first single-tier interim cash dividend of 1.0 sen per ordinary share amounting to RM5.0 million in respect of the financial year ended 31 December 2023 was declared on 28 December 2023 and was paid on 31 January 2024.

The second interim single tier dividend of 0.6 sen per ordinary share amounting to approximately RM3.0 million for the financial year ended 31 December 2023 was declared on 27 February 2024 and was paid on 22 March 2024.

The first interim single tier dividend of 0.9 sen per ordinary share amounting to approximately RM4.5 million for the financial year ended 31 December 2024 was declared on 22 November 2024 and was paid on 19 December 2024.

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 12-Month Ended	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To-Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Asia (excluding Malaysia)	-	732	1,431	2,075
United Arab Emirates	5,992	8,119	27,246	31,204
United Kingdom (“UK”)	35,663	24,156	127,705	88,496
United States of America (“USA”)	68,902	55,370	215,875	139,178
Malaysia	2,802	2,242	10,589	8,753
Others	4,048	152	9,574	466
Total	117,407	90,771	392,420	270,172

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.

During the year, the Group adopted the revaluation on one of its properties that has been rented out and resulted in a revaluation surplus of RM6,256,000 (net of deferred tax) as at 31 December 2024. The Group's net assets increased by RM0.01 per share as at 31 December 2024. This property was subsequently reclassified and transferred to investment property as at 31 December 2024.

(b) 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. The carrying value of investment properties as at year ended 31 December 2024 are based on update valuations carried out by external independent property valuers. No revaluation surplus or deficit had been recognised in current financial quarter and 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

On 23 January 2024, Synergy House Furniture Sdn. Bhd. ("**SHF**"), a wholly-owned subsidiary of the Company, subscribed for additional 70,000 ordinary shares of United States Dollar ("**USD**") 1.00 each representing 100.0% of the paid-up share capital in Synergy House Furniture Inc ("**Synergy US**") for a total cash consideration of USD70,000.00.

On 13 November 2024, SHF has incorporated Synergy House UK Limited ("**SHUK**") in England and Wales, which is a wholly owned subsidiary of SHF, which in turn a wholly owned sub-sub-subsidiary of the Company. SHUK is currently dormant. The intended principal activity of SHUK is acting as an agent to SHF in United Kingdom ("**UK**").

The incorporation of SHUK will not have any material impact on the earnings and net assets of the Group for the financial year ending 31 December 2024.

Other than 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 31 December 2024, a nominal amount of RM106.20 million (as at 31 December 2023: RM86.6 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 31.12.2024	As at 31.12.2023
	RM'000	RM'000
Property, plant and equipments	390	-

A15 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000	Unaudited 31.12.2024 RM'000	Audited 31.12.2023 RM'000
Holding company				
Dividend paid	-	-	9,250	700
Companies in which certain directors have substantial financial interest				
Rental expenses	23	26	101	104

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 12-Month Ended			
	31.12.2024 RM'000	31.12.2023 RM'000	Variance		31.12.2024 RM'000	31.12.2023 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue								
B2B segment	56,064	46,115	9,949	21.6%	198,424	148,478	49,946	33.6%
B2C segment	61,343	44,656	16,687	37.7%	193,996	121,694	72,302	59.4%
Total	117,407	90,771	26,636	29.3%	392,420	270,172	122,248	45.2%
Profit before tax	8,368	14,154	(5,786)	-40.9%	29,775	37,601	(7,826)	-20.8%

The Group recorded a revenue of RM117.4 million for the current financial quarter ended 31 December 2024, increased by RM26.6 million or 29.3% 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 RM56.1 million which is an increase of 21.6% as compared to the corresponding financial quarter in the prior year of RM46.1 million due to higher sales from the B2B segment in United States of America ("USA"). The B2C segment recorded a revenue of RM61.3 million which is an increase of 37.7% as compared to the corresponding financial quarter in the prior year of RM44.7 million due to higher sales from the B2C segment in USA and United Kingdom ("UK").

The Group recorded a profit before tax ("PBT") of RM8.4 million for the current financial quarter as compared to PBT of RM14.2 million in the corresponding financial quarter in the prior year. Despite the surge in revenue in both B2B and B2C segments, the decline in PBT was primarily attributed to:

- The Group implemented a more competitive and aggressive pricing during the promotions and festive season sales towards the end of the financial year due to competition faced in the B2C segment. While this resulted in a lower profit margin, this activity was necessary to maintain market share and is the nature of the B2C business segment. The Group managed to achieve higher sales volume whereby volume increased by approximately 54% when comparing the current financial quarter to the corresponding financial quarter.
- The Group recorded a net foreign exchange loss of RM0.3 million which included fair value loss on derivative in the current financial quarter, a decrease of RM1.6 million as compared to the foreign exchange gain of RM1.3 million in the corresponding financial quarter in the prior year. This is mainly due to the lower closing foreign exchange rate under the current financial quarter review as compared to the corresponding financial quarter in the prior year which is approximately 3% lower. In addition the average weighted foreign exchange for USD/MYR was also approximately 8% lower in the current financial quarter as compared to the preceding financial period.

Despite the group reported a lower PBT, profit after tax ("PAT") for the current quarter under review is higher at RM12.6 million as compared to RM10.3 million in the corresponding financial quarter due to SHF, a wholly owned subsidiary of the Company being recognised by the Malaysia External Trade Development Corporation ("MATRADE") as a Malaysian International Trading Company ("MITC") and being eligible for the tax exemption of 20% of the value of increased export for five (5) consecutive years, beginning from the year of assessment 2024 to year of assessment 2028 subject to certain conditions. Hence, for financial year ended 31 December 2024, the Group was able to benefit on tax exemption of approximately RM6.1 million which resulted in the higher PAT.

For the 12 months financial period ended 31 December 2024, the Group recorded a total revenue of RM392.4 million as compared to RM270.2 million in the prior financial year ended 31 December 2023. This marked an increase of RM122.2 million or 45.2% year-on-year growth whereby encouragingly, both business segments showed promising growth. The Group's direction towards B2C continues to be promising on the growth prospect whereby this segment increased by 59.4% notwithstanding the uncertainties in economic conditions. Despite the higher revenue, the group reported a lower PBT of RM29.8 million for the 12 months financial period ended 31 December 2024, which decreased by RM7.8 million as compared to the preceding year's corresponding financial period mainly due to net provision of doubtful debts and trade credit insurance recovered of RM10.25 million provided in the second financial quarter.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter 3-Month Ended		Variance	
	31.12.2024 RM'000	30.09.2024 RM'000	RM'000	%
Revenue				
B2B segment	56,064	66,848	(10,784)	-16.1%
B2C segment	61,343	47,134	14,209	30.1%
Total	<u>117,407</u>	<u>113,982</u>	3,425	3.0%
Profit before tax	8,368	15,565	(7,197)	-46.2%

The Group's revenue for the current financial quarter ended 31 December 2024 increased by approximately RM3.4 million or 3.0% to RM117.4 million compared to RM114.0 million in the preceding financial quarter ended 30 September 2024. The growth was driven by a surge in revenue from the B2C segment; however, this was partially offset by a decline in revenue from the B2B segment.

For the B2B business segment, the Group recorded lower revenue in the current financial quarter by RM10.8 million which represents a decrease of approximately 16.1% as compared to immediate preceding's financial quarter. The lower contribution is mainly from the USA, UK and Middle East markets. For the B2C business segment, the Group recorded a higher revenue in the current financial quarter by RM14.2 million which represents an increase of approximately 30.1% as compared to immediate preceding's financial quarter. The higher contribution is mainly from the USA and UK markets.

The Group recorded a decrease in PBT by RM7.2 million as compared to immediate preceding financial quarter's profit before tax of RM15.6 million. This was mainly due to higher marketing expenses, increased logistics and fulfillment costs, and higher promotion and price reduction during the year end sales.

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, explore new product categories and higher price range and penetration to new countries;
 - (b) enhancement of revenue through more advertisements and promotions;
 - (c) establishment of e-commerce fulfilment centre locally to cater for overseas B2C sales;
 - (d) purchase of inventories for third party e-commerce fulfilment centres in overseas countries and proposed new warehouse in Muar, Johor in anticipation of increasing B2C sales; and
 - (e) 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. 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, Canada 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 the product development stage with selected vendors as well as registration with logistics partners prior to shipments being shipped.

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 12-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To- Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Malaysia income tax:				
Current income tax expense	(939)	3,884	4,710	10,453
Under provision in prior year	-	-	510	-
Deferred tax		-		-
Current deferred tax expense	(3,274)	-	(3,274)	-
Under provision in prior year	(9)	-	(9)	-
	<u>(4,222)</u>	<u>3,884</u>	<u>1,937</u>	<u>10,453</u>
Effective tax rate	(50.5%) ⁽¹⁾	27.4%	6.5% ⁽¹⁾	27.8%

Note:

(1) The Group's effective tax rate in the current financial quarter under review was lower than the statutory tax rate of 24% mainly due to the tax incentive that the Group enjoyed from 20% of value of increased of export sales, subject to certain conditions as explained in Note B1 above.

B6 Status of Corporate Proposals

On 28 November 2024, the Company announced that it proposed to establish an employees' share option scheme ("ESOS" or "Scheme") involving up to 2.5% of the total number of issued shares of SHB (excluding treasury shares, if any) for the eligible employees of the Company and its subsidiaries ("Proposed ESOS").

Bursa Securities, via its letter dated 13 December 2024, had approved the listing and quotation of new SHB Shares, representing up to 2.5% of SHB's total issued shares (excluding treasury shares, if any), under the Proposed ESOS.

The shareholders of the Company approved the Proposed ESOS at the Extraordinary General Meeting held on 22 January 2025.

The effective date for the implementation of the ESOS was 24 January 2025.

B7 Utilisation of Proceeds

The gross proceeds from the Company's Initial Public Offering amounting to RM34.40 million is intended to be utilised in the following manner:

Details of Utilisation of Proceeds	Proposed Utilisation	Actual Utilisation	Re-allocation ⁽¹⁾	Variation	Balance	Estimated Timeframe for Utilisation from Listing ⁽³⁾
	RM'000	RM'000	RM'000	RM'000	RM'000	
E-commerce fulfilment centres in Muar, Johor and overseas countries						
- Purchase of inventories	10,000	(11,500)	-	⁽²⁾ 1,500	-	Within 18 months
E-commerce fulfilment centre in Muar, Johor						
- Purchase of racking system and forklifts	1,500	-	-	⁽²⁾ (1,500)	-	Within 18 months
E-commerce advertising and promotions	1,000	(1,000)	-	-	-	Within 18 months
Repayment of borrowings	10,000	(10,000)	-	-	-	Within 6 months
Working capital	7,700	(7,821)	121	-	-	Within 12 months
Estimated listing expenses	4,200	(4,079)	(121)	-	-	Within 1 month
Total	34,400	(34,400)	-	-	-	

Notes:

- (1) *The unutilised balance of RM0.12 million from the estimated listing expenses was reallocated for working capital purposes.*
- (2) *The Initial Public Offering ("IPO") Proceeds of RM1.50 million were initially earmarked for the purchase of racking systems and forklift for the Group's new warehouse in Muar, Johor. The Company has resolved to vary the utilisation of the RM1.50 million to fund the purchase of inventories for the Group's e-commerce fulfilment centres in overseas countries as per the announcement dated 1 October 2024 in Bursa Securities. The Group has yet to identify a suitable location for its e-commerce fulfilment center in Muar, Johor that meets the Company's internal requirements. Nonetheless, the delay in securing a location for the Group's new warehouse in Muar, Johor is not expected to significantly impact the operations of the Group's B2C segment due to the Group's existing operational capability and support system to manage the B2C segment supply chain.*
- (3) *There is no change in the timeframe for the use of proceeds.*

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2024 are as follows:

	Unaudited as at 31.12.2024 RM'000	Audited as at 31.12.2023 RM'000
Non-current		
<u>Secured</u>		
Bank borrowings	26,213	26,227
<u>Unsecured</u>		
Lease liabilities	838	201
	27,051	26,428
Current		
<u>Secured</u>		
Bank borrowings	60,691	37,545
<u>Unsecured</u>		
Lease liabilities	748	464
	61,439	38,009
Total borrowings	88,490	64,437

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

	Amount denominated in foreign currency As at 31.12.2024 '000	As at 31.12.2024 RM'000	Amount denominated in foreign currency As at 31.12.2023 '000	As at 31.12.2023 RM'000
USD	567	2,528	381	1,757
RM	-	85,962	-	62,680
Total	567	88,490	381	64,437

B9 Derivatives

The Group's outstanding derivatives as at 31 December 2024 are as follows:

	Unaudited As at 31.12.2024			Audited As at 31.12.2023		
	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)	6,029	5,955	74

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:

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- (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.

B10 Material Litigation

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

B11 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 12-Month Ended	
		Current Year Quarter 31.12.2024	Preceding Year Corresponding Quarter 31.12.2023	Current Year To-Date 31.12.2024	Preceding Year Corresponding Period 31.12.2023
Profit after tax	(RM'000)	12,590	10,270	27,838	27,148
Number of ordinary shares	('000)	500,000	500,000	500,000	500,000
Basic/Diluted EPS ⁽¹⁾	(sen)	2.52	2.05	5.57	5.43

Notes:

- (1) *Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 December 2024 (as at 31 December 2023: 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.*

B12 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 12-Month Ended	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To-Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Depreciation of property, plant and equipment	497	419	1,860	1,357
Depreciation of right-of-use assets	229	90	797	585
Unrealised loss on foreign exchange	5,682	2,245	244	2,431
Realised gain on foreign exchange	(6,009)	(836)	(3,642)	(2,465)
Interest expenses	1,010	1,122	3,866	3,865
Allowance for impairment loss on trade receivable	236	-	13,635	-
Trade credit insurance claimed	-	-	(3,150)	-
Inventories written off	-	-	550	-
Gain on reassessment and modification of leases	-	-	-	(2)
Interest income	(772)	(143)	(1,594)	(285)

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

B13 Dividend

On 28 February 2025, the Board of Directors of the Company had declared a second interim single tier dividend of 0.74 sen per ordinary share amounting to approximately RM3.7 million in respect of the financial year ended 31 December 2024 to all holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 March 2025, which is payable on 27 March 2025.

BY ORDER OF THE BOARD

SYNERGY HOUSE BERHAD

28 February 2025