

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (the “**Board**”) of LY Corporation Limited (the “**Company**” or “**LY Corporation**”, together with its subsidiaries, the “**Group**”, “**we**” or “**us**”), is pleased to present the Group’s sustainability report (this “**Report**”) for the financial year ended 31 December 2025 (“**FY2025**”).

We aim to continue championing sustainability whilst expanding our business. We recognise that as a business, we have the opportunity to impact people and improve communities by transforming their societies with sustainable practices and beliefs.

Being in the wooden furniture business gives us a unique responsibility and opportunity to influence how wood is sourced and used. Our operations start at the very heart of the supply chain, where responsible sourcing decisions can protect forests and promote biodiversity. This direct involvement means compliance with environmental regulations isn’t just an obligation; it’s a commitment to shaping a more sustainable future for our industry.

In FY2025, the solar photovoltaic systems at our Batu Pahat facilities generated approximately 3,638.1 MWh of renewable energy, showing improvement over FY2024 and reducing carbon emissions by an estimated 2,757.7 tonnes, reinforcing our long-term commitment to sustainability.

We are also progressively aligning our climate-related disclosures with the requirements of the new sustainability disclosure standards issued by the International Sustainability Standards Board (“**ISSB**”). While the application of the IFRS Sustainability Disclosure Standards (“**IFRS SDS**”) is not yet required by prevailing regulations in Singapore, we strive to be at the forefront of sustainability reporting and to better prepare ourselves for the upcoming regulations while we remained committed to continue using the GRI Standards (as defined herein) to report our impacts.

Our Sustainability Steering Committee provides strategic oversight of the Group’s sustainability agenda, advising the Board and the Management on key policies and initiatives. Through annual materiality assessments, the Sustainability Steering Committee ensures our sustainability priorities are aligned with long-term business objectives. The Sustainability Working Committee supports execution across operations. As the Group continues to grow, we remain committed to refining our performance metrics and strengthening stakeholder engagement so that we can achieve our goal of building a resilient, future-ready business that delivers sustainable value.

We sincerely thank our Management, employees, customers, suppliers, and partners for their continued commitment to our sustainability journey. Each stakeholder plays a key role in fostering responsible practices across our value chain. Together, we are driving environmental stewardship and long-term resilience, while creating shared value and meaningful impact.

The Board of Directors
LY Corporation Limited



SUSTAINABILITY REPORT

ABOUT THIS REPORT

This Report is published annually to outline the Group's sustainability approaches, initiatives and strategies. The information presented in this Report covers the reporting period from 1 January 2025 to 31 December 2025 ("FY2025"), unless stated otherwise. This Report has been reviewed by the Board in compliance with Rule 711B of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This Report has not been subjected to external assurance.

REPORTING FRAMEWORK

This Report is prepared with reference to the Global Reporting Initiative Standards ("GRI Standards") and published in pursuant to 711(A) and 711(B) Listing Manual Section B: Rules of Catalist of the SGX-ST. The Company has selected the GRI Standards as it is a globally recognised and widely adopted framework, which enables its stakeholders to compare sustainability performance against industry peers.

The contents of this Report were developed using the four (4) reporting principles established by the GRI Standards as follows:

1. Stakeholder inclusiveness: The Report's context was determined based on engagement and discussions with various stakeholders that the Group considers to be accountable.
2. Sustainability context: The Report covers the Group's performance in the context of sustainability which includes Economic, Environmental, Social and Governance ("EESG") aspects.
3. Materiality: Material issues in the Report are determined through stakeholder engagements and internal discussions.
4. Completeness: The Report covers the impacts of the Group's sustainability efforts during the reporting period using all relevant information collected.

Whilst the mandate in Singapore has not come into force, we are also gradually incorporating IFRS SDS requirements for climate-related disclosures early, to be prepared for upcoming changes in the SGX-ST listing rules for ISSB-aligned climate reporting and future legislative mandate.

SCOPE OF REPORT

This Report covers all aspects of our furniture designing, manufacturing, trading and sales in Malaysia for FY2025, which is aligned with our financial statements and includes the following entities:

- LY Furniture Sdn. Bhd. and its subsidiaries, Leyo Manufacturing Sdn. Bhd. and LY Hostel Management Sdn. Bhd. (collectively "LY Furniture");
- Leyo Holdings Sdn. Bhd. and its subsidiary, Titan Hardware Sdn. Bhd. (collectively "LHG"); and
- LY Unity Sdn. Bhd. and its subsidiaries, Unity Kitchen (KL) Sdn. Bhd., Unity Manufacturing Sdn. Bhd. and Unity Kitchen Design Sdn. Bhd. ("LY Unity").

FEEDBACK

This Report forms part of the Annual Report for FY2025 ("2025 Annual Report") and can be viewed or downloaded from <https://www.lycorp.co>. As part of the Group's continued efforts to improve its reporting, it welcomes stakeholders to submit their feedback to the following personnel:

- Mr. Tan Yong Chuan, Chief Executive Officer (CEO) at tanyc@lyfurniture.com
- Ms. Teo Gin Lian, Chief Financial Officer (CFO) at teogl@lyfurniture.com

SUSTAINABILITY REPORT

KEY HIGHLIGHTS AND TARGETS

Dimensions	Material Topics	Time Horizon	Targets	FY2025 Achievements
Economic	Economic Agility	Ongoing	<ul style="list-style-type: none"> To expand the Group's presence into new markets and strengthen its product offerings. 	<ul style="list-style-type: none"> Participated in myriad of interior design and furniture exhibitions such as the Malaysian Wood Expo 2025, HOMEDEC 2025, Home Living 2025 and Perfect Lifestyle 2025.
	Quality of Product and Services	Ongoing	<ul style="list-style-type: none"> For LY Furniture, to achieve no more than five (5) significant customer chargeback cases. For LY Unity, to achieve less than 5% of warranty claims for its products 	<ul style="list-style-type: none"> Achieved zero cases of significant chargeback under LY Furniture and LHG. LHG which was included in FY2024's report no longer sells goods; hence it is being removed in this year's report. (FY2023 and FY2024: zero cases). In FY2025, there was 1.1% of warranty claimed against total sales. Since LY Unity's acquisition was in August 2024, FY2025 will be used as the base year to track its product and services performance.
	Customer Satisfaction	Ongoing	<ul style="list-style-type: none"> To achieve an average of above 4.0 across all three (3) aspects (timeliness, responsiveness and quality) for the customer satisfaction survey for LY Furniture. 	<ul style="list-style-type: none"> Obtained an average score of 4.09 out of 5 across all three (3) aspects for LY Furniture (FY2023: 4.09 and FY2024: 3.78).
Environmental	Climate Change	Short-Term (1-3 years)	<ul style="list-style-type: none"> To maintain zero incidents of environmental policy related fines. Continue with sustainable practices in office spaces. 	<ul style="list-style-type: none"> Monitored potential risks and opportunities that climate change poses to operations. Tracked Scope 1, Scope 2 and Scope 3 Greenhouse Gas emissions.
		Medium-Term (by 2030)	<ul style="list-style-type: none"> Reduce Greenhouse Gas ("GHG") emission levels and emission intensities by 8% by 2030 (in comparison with 2022). Include other categories of Scope 3 GHG emissions (e.g. employee commute). 	
		Long-Term (by 2050)	<ul style="list-style-type: none"> Reduce GHG emission levels and emission intensities by 15% by 2030 (in comparison with 2022). Explore other clean or renewable energy sources. 	
	Energy Usage	Ongoing	<ul style="list-style-type: none"> Continue venturing into efficient and renewable solar solutions to enhance our energy efficiency and reduce the environmental impact of our operations. 	<ul style="list-style-type: none"> Generated a total of 3,638.1 MWh of solar energy, which is equivalent to approximately 2,757.7 tonnes of carbon dioxide (CO₂) avoidance (FY2023: 3,572.6 MWh and 2,215 tonnes of CO₂ and FY2024: 3,590 MWh and 2,722 tonnes of CO₂)

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Dimensions	Material Topics	Time Horizon	Targets	FY2025 Achievements	
	Water Consumption	Short-Term (1-3 years)	<ul style="list-style-type: none"> Reduce water intensities by 5% (in comparison with 2022 at the intensity of 95.0 m³/employee). 	<ul style="list-style-type: none"> Adopted more water efficient fixtures and fittings to reduce water consumption. Performed frequent checks and maintenance on pipes and installations to prevent potential water leakages. 88.1 m³ per employee of water was consumed in FY2025, representing a 7.3% reduction from FY2022 baseline (FY2022: 95.0 m³ per employee). 	
		Medium-Term (by 2030)	<ul style="list-style-type: none"> Reduce water intensities by 8% (in comparison with 2022 at the intensity of 95.0 m³/employee). 		
		Long-Term (by 2050)	<ul style="list-style-type: none"> Reduce water intensities by 15% (in comparison with 2022 at the intensity of 95.0 m³/employee). 		
	Waste Management	Short-Term (1-3 years)	<ul style="list-style-type: none"> Reduce waste directed to disposal intensities by 5% (in comparison with 2023). 	<ul style="list-style-type: none"> 2.68 tonnes per employee of hazardous and non-hazardous waste were directed to disposal in FY2025, representing a 20% reduction from FY2023 baseline (FY2023: 3.37 tonnes per employee). 	
		Medium-Term (by 2030)	<ul style="list-style-type: none"> Reduce waste directed to disposal intensities by 8% (in comparison with 2023). 		
		Long-Term (by 2050)	<ul style="list-style-type: none"> Reduce waste directed to disposal intensities by 15% (in comparison with 2023). 		
	Material Use	Ongoing	<ul style="list-style-type: none"> Explore ways to increase adoption of renewable sources of energy and environmental-friendly production methods. 	<ul style="list-style-type: none"> 99.2% of wood obtained from a sustainable source (FY2023: 95.2% and FY2024: 99.3%). 	
	Social	Talent Attraction and Retention	Ongoing	<ul style="list-style-type: none"> Improve employee recruitment and retention and increase ratio of local workers. 	<ul style="list-style-type: none"> Provided fair and competitive compensation packages to ensure that employees' well-being, and career progression are well-taken care of.
		Training and Development	Short-Term (1-3 years)	<ul style="list-style-type: none"> To provide an average of 8 hours of training per employee for the Group. 	<ul style="list-style-type: none"> Attained an average 14.4 training hours per employee (FY2023: 10.0 and FY2024: 13.9).
Medium-Term (by 2030)			<ul style="list-style-type: none"> To provide an average of 12 hours of training per employee for the Group. 		
Long-Term (by 2050)			<ul style="list-style-type: none"> To provide an average of 15 hours of training per employee for the Group. 		
Workplace Health and Safety	Ongoing	<ul style="list-style-type: none"> To achieve zero major (i.e., leave of absence of more than 4 calendar days) case of workplace injuries and fatalities. 	<ul style="list-style-type: none"> 4 cases of work-related injuries/ill health under LY Corporation (FY2023: 4 and FY2024: 2). 		
Governance	Corporate Governance	Ongoing	<ul style="list-style-type: none"> To achieve zero non-compliance with the principles of the Code of Corporate Governance 2018 (the "Code") 	<ul style="list-style-type: none"> Complied with principles of the Code and provided explanations where there are deviations to the Code. 	
	Ethics, Bribery and Corruption	Ongoing	<ul style="list-style-type: none"> To achieve zero cases which are unethical, fraudulent or corrupt in nature. 	<ul style="list-style-type: none"> Achieved 0 cases which are unethical, fraudulent or corrupt in nature (FY2023 and FY2024: zero cases). 	
	Regulatory Compliance	Ongoing	<ul style="list-style-type: none"> To achieve zero significant fines and reportable cases of non-compliance with all applicable laws, rules and regulations. 	<ul style="list-style-type: none"> Achieved zero significant fines and zero reported cases of non-compliance with all applicable laws, rules and regulations (FY2023 and FY2024: zero significant fines and zero reported cases). 	

SUSTAINABILITY REPORT

MANAGING SUSTAINABILITY AT LY CORPORATION

Effective sustainability governance is central to our long-term success. The Sustainability Steering Committee (“SSC”) provides strategic oversight, ensuring accountability and transparency across all initiatives. Supported by the Sustainability Working Committee (“SWC”), the SSC drives execution and monitors performance against our objectives. Comprising Heads of Finance, Sales & Marketing, Administration, Purchasing & Procurement, and Operations, this cross-functional structure embeds sustainability into every aspect of our business, reinforcing our commitment to responsible growth and stakeholder trust.



SUSTAINABILITY STEERING COMMITTEE

Sustainability Steering Committee



Role

The SSC provides oversight and updates the Board and Management on the Group’s policies, strategies and initiatives regarding sustainability measures and corporate social responsibility.

Performance Goals

The SSC determines and monitors the goals established for its performance regarding sustainability measures and corporate social responsibility and assesses the Group’s progress against those goals.



Periodic Feedback

The SSC receives regular feedback from the Management regarding key stakeholders’ relationship management, especially those that may have a significant impact on the Group’s business activities and performance.

Reporting and Disclosure

The SSC issues the sustainability reports and is also responsible for reporting to the Board on sustainability matters as needed, but minimally on an annual basis.



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SUSTAINABILITY WORKING COMMITTEE

The SWC comprises of representatives from various departments, including Accounts & Finance, Sales & Marketing, Administration, Purchasing & Procurement and Operations. Under the guidance of the SSC, these representatives are responsible for the execution of the Group’s sustainability initiatives.

Sustainability Working Committee

Finance	Sales & Marketing	Administration	Purchasing & Procurement	Operations
<ul style="list-style-type: none"> Ensure that accounts are prepared accurately and timely Provide required data for the purposes of monitoring and reporting on sustainability topics 	<ul style="list-style-type: none"> Secure new customers and orders Procure repeat orders from existing customers Address customers’ requirements and concerns over our products 	<ul style="list-style-type: none"> Work along with the Health, Safety & Environmental Department to handle workplace health and safety matters and proper disposal of waste 	<ul style="list-style-type: none"> Ensure that materials purchased for production meet our quality standards and customers’ requirements 	<ul style="list-style-type: none"> Ensure that products are produced in accordance with customers’ specifications and delivered to our customers timely Ensure minimal wastage during production



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Engaging stakeholders is essential to shaping our sustainability strategy and responding effectively to evolving expectations. We actively seek input from diverse stakeholder groups to ensure our objectives remain aligned with their needs and priorities. Regular assessments of these perspectives allow us to anticipate changes, address emerging concerns, and integrate them into our decision-making process. The following table summarises our engagement activities, highlights key stakeholder concerns, and outlines the commitments we have made to address them.

Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Investors	Annual general meeting	Annual	<ul style="list-style-type: none"> Sustainable profitability and shareholders' return Long-term business growth Accurate, timely and transparent disclosure of information High standards of corporate governance 	<ul style="list-style-type: none"> Strive to generate sustainable long-term profitability Adhere to timely, transparent and accurate dissemination of pertinent information to the market Ensure good corporate governance are in place in accordance with principles and provisions of the Code
	Annual report	Annual		
	Financial result announcements	Bi-annual		
	Other corporate announcements	Ad-hoc		
	Company website	Throughout the year		
Employees and Workers	Performance reviews with Heads of Department	Quarterly	<ul style="list-style-type: none"> Job security Safe working environment Fair and competitive employment practices Staff development and well-being Work-life balance Competitive remuneration and benefits 	<ul style="list-style-type: none"> Seek to ensure the job security of employees when making business decisions Create a safe and cohesive working environment Provide fair and equal opportunities to all employees Provide talks and trainings on safety Share economic value generated by the Group with employees through increments and bonuses
	Training and development	Throughout the year		
	Feedback platform	Throughout the year		
Customers	Emails	Throughout the year	<ul style="list-style-type: none"> Quality of finished goods Timely delivery of finished goods Competitive pricing Timely response to customers' feedbacks and complaints 	<ul style="list-style-type: none"> Deliver products with high standards of quality and consistency according to customers' specifications Ensure timely shipment of products Price negotiation with clients to ensure competitive pricing in the market while maintaining the Group's profit margin Prompt to deliver after-sales services upon customers' requests
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with customers	Throughout the year		
Suppliers/ Sub-contractors	Emails	Throughout the year	<ul style="list-style-type: none"> Provide suppliers with consistent/greater business opportunities Meeting the Group's quality requirements 	<ul style="list-style-type: none"> Committed to making sustainable procurement choices Providing timely feedback on quality of materials/products to suppliers/sub-contractors
	Tele-conversations	Throughout the year		
	Physical and/or virtual meetups with suppliers/sub-contractors	Ad-hoc		

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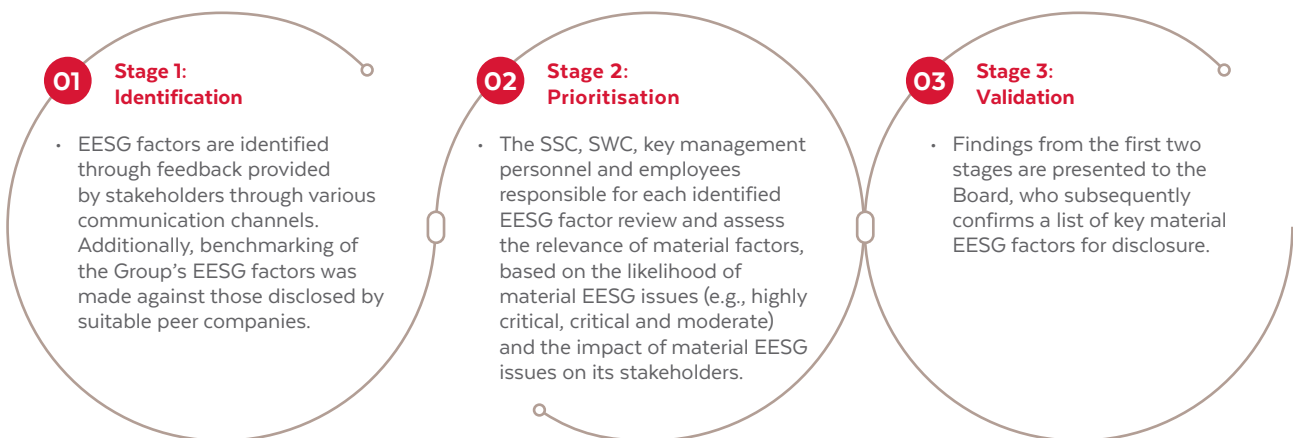
Stakeholder	Engagement Platforms	Frequency	Key Feedback/Concern	Commitments to Sustainability
Government/ Regulators	Correspondences through emails and letters	Throughout the year	<ul style="list-style-type: none"> • Compliance with laws, rules and regulations • Corporate governance • Safe working environment 	<ul style="list-style-type: none"> • Strict compliance with relevant laws, rules and regulations • Fair and reasonable business practices • Prioritise employees' health and safety • Provide directors and employees regular trainings to update them of latest regulations and practices
	Meetings, briefings and regular reporting	Ad-hoc		
The Community	Community outreach initiatives	Ad-hoc	<ul style="list-style-type: none"> • Eco-sustainable business practices • Responsible and ethical business practices • Contribution to local community 	<ul style="list-style-type: none"> • Understand and support initiatives by local community/ government



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MATERIALITY ASSESSMENT

At LY Corporation, we have developed our materiality assessment procedures to ensure that material topics reported are aligned with key sustainability priorities. We regularly review and benchmark our operations ensuring that reported topics remain relevant with our sustainability goals. Through ongoing stakeholder engagement, we identify the issues that matter most to our communities and our business. These insights guide our materiality assessment, helping us prioritise actions that deliver the greatest positive impact (whether economically, environmentally, socially, or human rights). This ensures our sustainability strategy remains relevant, responsive, and impactful. The materiality assessment is presented below:



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Through the materiality assessment, the SSC confirms that there are no changes to the 14 material topics. These topics remain relevant and continue to be aligned with the Group's business practices and sustainability strategies. Accordingly, the material topics are categorised as "Highly Critical," "Critical," or "Moderate."

Highly Critical	Critical	Moderate
Climate Change	Material Use	Energy Usage
Talent Acquisition and Retention	Workplace Health and Safety	Water Consumption
Training and Development	Corporate Governance	Waste Management
Ethics, Bribery and Corruption	Customer Satisfaction	
Regulatory Compliance	Economic Agility	
Quality of Products and Services		

MATERIAL TOPICS - AT A GLANCE

For each material topic, the Group reports on its significance to business, economy, environment and people, as well as measures that were taken to address these material aspects.

Material Topic	Significance of Impact	How the Group Is Addressing the Issue
Economic		
Economic Agility	<p>The Group recognises the importance to adapt to the constantly evolving business environment in the furniture industry.</p> <p>The Group aims to be adaptable and expand into new markets and product offerings to diversify risks and increase market presence.</p>	<p>The Group strives to continue expanding its presence into new markets and strengthening product offerings through collaboration with business partners and participation in business fairs.</p> <p>It is also believed that the Group's strategy for diversification over the years will help mitigate the financial impact of global market events.</p>
Quality of Products and Services	<p>The Group believes that providing customers with products and services of the highest quality is the cornerstone of business growth.</p> <p>The Group recognises that delivering consistently excellent quality products and services is critical for customer satisfaction and brand loyalty.</p>	<p>The Group upholds its standard of delivering quality products and services through rigorous quality control inspections and a dedication to customer service. The Group also invests in human capital through the provision of regular training.</p> <p>The Group's quality assurance policy emphasises the importance of ensuring that products are of excellent quality before delivery to customers.</p>
Customer Satisfaction	<p>The Group recognises the importance of quality in its products and services, as it forms a large part of its branding.</p> <p>The Group is committed to providing customers with high-quality furniture and services, while seeking to maintain long-term business relationships.</p>	<p>The Group is dedicated to engaging in open communication with customers and listening to their views and concerns.</p> <p>The Group has established feedback channels to receive prompt feedback and has formalised processes in place to receive, escalate, follow up, and report on customers' feedback.</p>

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Material Topic	Significance of Impact	How the Group Is Addressing the Issue
Environmental		
Energy Usage	The Group recognises that investing in energy conservation not only reduces its carbon footprint but also contributes to cost savings.	<p>The Group continually reviews its production processes to optimise energy use.</p> <p>The Group has adopted renewable energy solutions, which improve energy efficiency and diversify its energy supply.</p>
Water Consumption	The Group recognises that water is a finite resource and that businesses play an important role in ensuring the sustainability of water resources.	The Group strives to minimise water consumption and improve water usage efficiency through active monitoring. Additionally, the Group seeks to instil a sense of environmental stewardship in its employees by regularly reminding them to minimise water usage.
Material Use	The Group believes in providing the best quality products to customers without compromising the environment.	<p>The Group is committed to achieving its economic goals in a sustainable and environmentally friendly manner.</p> <p>The Board and Management recognise the importance of using materials that align with the Group's quality policy. The Group continues to strive towards making sustainable procurement choices.</p>
Waste Management	The Group recognises that minimising waste production helps reduce environmental degradation and conserve resources.	The Group aims to effectively manage and minimise waste generated from its business activities through resourceful usage and the adoption of recycling initiatives. Additionally, we have improved our waste management processes to ensure that there is no environmental pollution caused by unmanaged hazardous waste.
Climate Change	The Group recognises the impact that climate change may have on its business and acknowledges the importance of participating in global efforts to mitigate the environmental impact of its operations.	The Group conducts regular risk assessments and continuously monitors potential risks and opportunities arising from climate change that may affect its operations.
Social		
Talent Attraction and Retention	The Group believes that attracting and retaining competent employees is crucial to the success of its business.	The Group strives to provide fair and competitive compensation packages for its employees, while also ensuring their well-being, welfare, and career progression are well-supported.
Training and Development	The Group believes that its productivity and profitability depend on the capacity and quality of its human capital. Investing in training and development programmes to nurture skilled and competent employees creates long-term value for the Group.	<p>The Group strives to retain its talent pool by offering both in-house and external training programmes to enhance their skill sets and support their professional development.</p> <p>The Group advocates for a positive working environment by providing orientation, as well as on-the-job supervision and guidance.</p>
Workplace Health and Safety	The Group is committed to providing a safe and healthy working environment for all employees.	<p>The Group has established a Safety, Health, and Environment Policy, and the Safety, Health, and Environment Committee is responsible for ensuring that the policy is understood and adhered to by all employees and workers.</p> <p>Regular training programmes are provided to promote health and safety awareness among employees.</p>

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Material Topic	Significance of Impact	How the Group Is Addressing the Issue
Governance		
Corporate Governance	The Group is committed to establishing a strong corporate governance culture with zero tolerance towards unethical practices.	<p>The Group strives to uphold the highest standards of corporate governance, transparency, and compliance with the principles of the Code.</p> <p>The Group has established an employee code of conduct, which all employees are expected to comply with, as part of its commitment to maintaining ethical standards.</p>
Ethics, Bribery and Corruption	The Group believes that upholding high ethical standards and conducting business with integrity is fundamental to its success. Therefore, the Group is committed to building a positive corporate image through exemplary corporate governance and business ethics.	<p>The Group maintains zero tolerance towards unethical practices, bribery, corruption, and fraud.</p> <p>The Group has a whistle-blowing policy in place to facilitate the reporting and follow-up of concerns related to malpractice or any suspicion of fraudulent or inappropriate activities within the Group.</p> <p>The Group has established internal controls and written policies covering areas such as Conflict of Interest, Whistleblowing, Employee Code of Conduct, and Anti-Bribery & Anti-Corruption to guide employees in their business conduct.</p>
Regulatory Compliance	<p>The Group is committed to maintaining a strong ethical culture and ensuring continuous compliance with all regulatory requirements.</p> <p>Any breach of laws, rules, and regulations could significantly harm the Group's business operations and negatively impact its reputation in the industry.</p>	<p>The Board and Management set a strong tone at the top, with zero tolerance towards any non-compliance with the Group's policies, applicable laws, rules, and regulations.</p> <p>The Group upholds a strong ethical culture, and all employees are instilled with the importance of regulatory compliance from their orientation training onward.</p>

ECONOMIC

The Group is committed to achieving sustainable economic performance that balances profitability with environmental and social responsibility. Our strategy prioritises long-term resilience over short-term gains, ensuring responsible yet lasting financial growth. By strengthening operational efficiency, fostering innovation, and maintaining a customer-first approach, we aim to create shared value for all stakeholders. This commitment drives us to deliver high-quality, competitively priced products while embedding sustainability into every aspect of our operations, building a business that thrives today and for generations to come.

For detailed information on its financial performance, please refer to the financial statements in the FY2025 Annual Report.

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ECONOMIC AGILITY

Impact on the Group

We believe that economic agility is a key driver of resilience and long-term success. By maintaining strong operational readiness, we can quickly adapt to shifting market conditions, regulatory changes, and evolving sustainability expectations. This flexibility allows us to seize growth opportunities, mitigate risks, and allocate resources efficiently. Ensuring that our business remains competitive, future-ready, and aligned with stakeholder priorities.

Management Approach

Our approach to economic agility is to stay on ahead of the latest industry norms and developments. We continuously monitor global and local trends, integrate stakeholder feedback, and adapt our business practices to align with emerging sustainability priorities. This approach ensures that we not only mitigate risks but also seize opportunities to innovate, strengthen resilience, and create long-term value for our stakeholders and the communities we serve.

Economic Value Generated and Distributed

Financial Year	FY2023 RM'000	FY2024 RM'000 (Restated) [#]	FY2025 RM'000
Economic Value Generated	205,054	228,815	201,074
	Operating Costs	175,561	190,784
	Employee Wages and Benefits	35,007	41,393
Economic Value Distributed	Capital Providers	2,523	2,248
	Government	140	177
	Communities	35	24
	Total Economic Value Distributed	213,266	234,626
Economic Value Distributed	(8,212)	(5,811)	(19,411)

Note:

Certain comparative figures have been adjusted retrospectively as a result of the following events:

- Completion of purchase price allocation exercise in current financial year in respect of the acquisition of LY Unity, which was completed in prior financial year. The restatement reflects the finalised fair values of identifiable assets and liabilities as at acquisition date.
- Reclassification for certain class of transactions to conform to current year's presentation. The reclassification has no impact on the Group's net profit or net assets for the financial year.

Looking ahead, the Group is committed to sustainable growth that prioritises longevity over short-term gains. We will continue to adapt to evolving market conditions by embedding responsible practices into every aspect of our operations, from sourcing materials ethically to addressing stakeholder concerns transparently. Our strategy focuses on expanding into new markets and enhancing product offerings while ensuring that growth aligns with environmental stewardship and social responsibility. By doing so, we aim to build a future-ready business that creates lasting value for stakeholders and contributes positively to the communities we serve.

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QUALITY OF PRODUCTS AND SERVICES

Since its founding in 1976, the Group has built its success on a clear business philosophy: delivering exceptional quality and service while continuously evolving to meet the needs of a changing world. Today, this commitment extends beyond products, it drives our pursuit of sustainable practices and long-term value creation for all stakeholders.

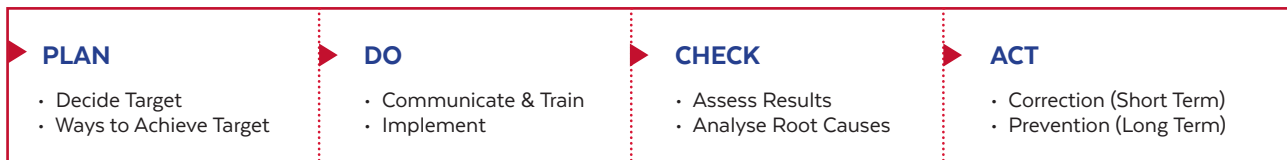
Impact on the Group

Delivering superior products and exceptional service has been instrumental in building trust with customers, suppliers, and partners. This trust forms the foundation of enduring relationships, enabling the Group to retain loyal customers while attracting new ones across diverse markets.

Consistent quality has also positioned the Group as a reliable and reputable industry leader. By exceeding expectations, the Group has strengthened its brand credibility, creating a competitive advantage that supports sustainable growth. This reputation not only drives customer confidence but also opens doors to strategic partnerships and new market opportunities.

Management Approach

The Group's Quality Policy forms the foundation of our business philosophy, ensuring that excellence remains at the heart of everything we do. Guided by the Plan-Do-Check-Act (PDCA) approach, we embed continuous improvement into all processes which drives efficiency, prevents stagnation, and elevates customer satisfaction. This disciplined framework not only safeguards our high-quality standards but also supports our commitment to sustainable growth. By integrating quality management with responsible sourcing and operational innovation, we position the Group to deliver long-term value while meeting the evolving expectations of stakeholders and markets.



The Group recognises that investing in human capital is fundamental to achieving sustainable growth and maintaining high-quality standards. By equipping employees with the knowledge and skills to uphold rigorous quality assurance processes, we strengthen both operational excellence and our ESG commitments.

Our training programmes go beyond compliance. Our training programmes aim to empower employees to adapt to evolving industry standards while fostering a culture of accountability and continuous improvement. In FY2025, the Group continues its series of in-house training sessions, including ISO-related courses led by internal experts and external specialists. These initiatives ensure that our workforce remains capable of implementing robust quality systems, supporting responsible business practices, and creating long-term value for stakeholders.

As a testament to its commitment to upholding high quality standards, there were zero significant customer chargeback cases of more than RM50,000 in FY2025.

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CUSTOMER SATISFACTION

Customer satisfaction is a cornerstone of the Group’s brand identity and a key contributor to its long-term economic sustainability. The Group is deeply committed to delivering exceptional products and services that not only meet but exceed customer expectations. This commitment drives continuous improvement across all business functions and reinforces customer loyalty, which is vital to sustained financial performance.

The Group views customer feedback as a strategic asset. All feedback is treated with seriousness and care and is channelled through a robust feedback management process led by the Sales and Marketing team. Upon receiving feedback, the team conducts a thorough investigation and coordinates with relevant departments to address any issues. Customers are then provided with prompt, transparent responses, reaffirming their value to the business.

In line with ISO 9001:2015 standards, LY Furniture conducts an annual customer satisfaction survey, overseen by the Executive Director of Sales and Marketing. This survey is a key tool for identifying areas of improvement and guiding corrective actions. It evaluates critical aspects such as product quality, service responsiveness, delivery reliability, and overall customer experience.

By embedding customer satisfaction into its economic strategy, the Group ensures that its growth is built on trust, responsiveness, and a deep understanding of customer needs.



To uphold its commitment to customer satisfaction, the Group invites customers to evaluate its products and services based on three key criteria. Feedback is collected using a five-point scale, ranging from 1 (Not Satisfied) to 5 (Fully Satisfied), allowing the Group to measure performance and identify areas for improvement.

In recognition of its ongoing efforts to enhance quality and service delivery, LY Furniture achieved an average satisfaction score of 4.09 across all evaluated criteria in FY2025. This result reflects the Group’s dedication to continuous improvement and its responsiveness to customer needs, reinforcing customer satisfaction as a core driver of sustainable economic value.

MOVING FORWARD

Even as the Group moves forward, it continues to redouble its efforts to grow through innovation. The Group constantly and continuously strives to explore new opportunities and expand its range of products. The Group’s dedication to deliver exceptional value to its stakeholders remains unparalleled as the Group continues to discover new ways to enhance its quality standards. Finally, exceeding customer expectations and provide unparalleled satisfaction through its products and services remains as the Group’s top priority.

SUSTAINABILITY REPORT

ENVIRONMENTAL

CLIMATE CHANGE

As a signatory to the Paris Agreement, Malaysia has reaffirmed its commitment to reducing economy-wide carbon intensity (relative to GDP) by 45% by 2030, compared to 2005 levels, and to achieving net-zero greenhouse gas emissions by 2050. These targets are supported by the National Climate Change Policy 2.0, which outlines a comprehensive framework for low-carbon development, climate adaptation, financing, and cross-border collaboration.

In support of Malaysia's climate change objectives, the Group is committed to implementing targeted operational adjustments that align with the national agenda. Specifically, we are focused on reducing our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions through a comprehensive strategy aimed at decreasing energy consumption and increasing energy efficiency across our operations. These initiatives include optimising manufacturing processes, investing in energy-efficient technologies, and exploring the use of renewable energy sources where feasible. By taking these proactive steps, the Group not only supports the government's climate ambitions but also reinforces our commitment to sustainable growth and environmental stewardship.

CLIMATE-RELATED RISK ANALYSIS

GOVERNANCE

The Group's approach to sustainability and climate governance is anchored in strong leadership and clear accountability. The Board holds ultimate responsibility for overseeing the Group's sustainability strategy, including climate-related risks and opportunities. This responsibility includes reviewing and approving sustainability policies, practices, and disclosures, ensuring they are integrated into the Group's overall business strategy.

The Board conducts regular assessments of environmental trends, evaluates the potential operational impacts of climate change, and ensures that strategic risk management processes are in place. These assessments help the Group anticipate and respond to emerging risks and opportunities in a timely and effective manner.

In addition, the Board considers the broader impact of the Group's actions on stakeholders, including customers, employees, investors, and communities, when evaluating sustainability-related decisions. Senior management supports the Board by implementing approved strategies and maintaining oversight of operational execution, ensuring that sustainability objectives are embedded across all levels of the organisation.

Refer to our Sustainability Steering Committee structure on pages 17 and 18 of this Report for further details.

GROUP STRATEGY

The Group's sustainability strategy is designed to position LY Corporation as a climate-resilient and environmentally responsible business. This involves proactively identifying, assessing, and managing both physical risks (such as extreme weather events) and transition risks (such as regulatory changes and market shifts) associated with climate change.

In support of the global transition to a low-carbon economy, the Group is committed to achieving net-zero greenhouse gas emissions by 2050. This commitment is embedded in its strategic planning and operational decision-making, ensuring that climate-related considerations are integrated into long-term business resilience and growth.

The Group maintains transparent communication with stakeholders regarding its climate strategy. It highlights how climate-related risks and opportunities may influence its future financial performance and strategic direction.

To support this transition, the Group has established clear and measurable emissions reduction targets and continues to enhance its climate-related disclosures and performance monitoring. These efforts reflect the Group's dedication to sustainable value creation and its role in contributing to a low-carbon future.

SUSTAINABILITY REPORT

Scenario Analysis

The Group adopts the IPCC's 6th climate risk assessment scenarios to evaluate the potential outcomes of different climate action pathways and incorporate both risks and opportunities into its strategic planning. Accordingly, the Group identified seven key climate-related risks and two climate-related opportunities. The Group's adopted scenarios are outlined below:

LY Corporation Scenario	IPCC 6th Assessment Report	IPCC - Warming by 2100 (best estimate)
Strong Mitigation Scenario	SSP ⁽¹⁾ 1 - 2.6 "Low GHG emission scenarios"	1.3-2.4°C (1.8°C)
Delayed and Disorderly Scenario	SSP2 - 4.5 "Intermediate GHG emission scenarios"	2.1-3.5°C (2.7°C)
Business as Usual Scenario	SSP3 - 7.0 "High GHG emission scenarios"	2.6-4.6°C (3.6°C)

Note:

(1) SSP refers to Shared Socio-Economic Pathways that look at a wider range of options or scenarios simulated by future climate change.

Scenario	Assumption	Potential Outcomes
Strong Mitigation Scenario (below 2°C)	GHG emissions are effectively controlled, aiming to keep global warming below an estimated 2 degrees Celsius. Achieving net-zero CO2 emissions is anticipated in the latter half of the century. The mitigation strategy closely aligns with the "Low GHG Emission Scenarios" SSP1-2.6 scenario outlined in the IPCC's 6th Assessment Report.	The main risk for LY Corporation in this context is transitional, arising from policy changes. Goods and services, including energy, may become more expensive due to increased pricing of GHG emissions.
Delayed and Disorderly Scenario	The physical damage from climate change is more severe in this scenario, and the mitigation/transition is disorderly as the global community adapts to a changing world. The emission profile in this scenario closely aligns with the "Intermediate GHG Emission Scenarios" SSP2-4.5 scenario outlined in the IPCC's 6th Assessment Report.	The transition risks to LY Corporation in this scenario are less severe than in the Strong Mitigation Scenario. However, the physical risks and the impacts of adaptation are more severe, particularly towards the end of the long-term horizon.
Business as Usual Scenario	In this scenario, global emissions of GHGs continue to rise at approximately current levels, leading to a significant increase in the pace and severity of global warming. The emission profile in this scenario closely resembles the "High GHG Emission Scenarios" SSP3-7.0 scenario outlined in the IPCC's 6th Assessment Report.	The primary risk for LY Corporation in this scenario arises from the accelerating severity of both acute and chronic physical risks of climate change. Long-term effects, such as the increasingly severe impact of extreme weather and rising temperatures, pose significant challenges.

RISK MANAGEMENT

Effective risk management is fundamental to the Group's ability to achieve its strategic objectives and maintain long-term resilience. The Group has established structured processes to identify, assess, and manage risks, including those related to climate change. These processes are overseen by the Board of Directors and senior management, ensuring that climate-related risks are integrated into the Group's overall risk management framework.

Climate-Related Risks and Opportunities

In FY2025, the SSC conducted a reassessment to identify Climate-Related Risks and Opportunities ("CRROs") across the Group. The evaluation considered three different time horizons: short-term (1-3 years), medium-term (by 2030), and long-term (by 2050). The findings were documented in a CRROs register, which was subsequently reviewed and approved by the SSC.

SUSTAINABILITY REPORT

These time horizons were used due to our operational requirements and to keep our sustainability strategy in line with Malaysia's climate goals. To ensure that we remain compliant with any climate change regulations, we have aligned our CRROs with Malaysia's climate change goal of achieving net zero greenhouse gas emissions by 2050.

According to the National Water Research Institute Malaysia and Ministry of Energy Transition & Water Transformation, the annual surface temperature will see an increase of 1.29 - 1.37 degrees Celsius by 2050. Additionally, rainfall is expected to increase by 11% in 2050 with its intensity also expected to increase by 18% over a period of 25 years. These physical changes to the environment present challenges to the Group in terms of increased energy costs as well as presenting challenges to our established infrastructure.

In September 2025, the Group experienced issues with shipments of raw materials due to typhoon Ragasa. The typhoon disrupted our supply chains, delaying shipments of raw materials from our suppliers in China. As climate change progresses and worsens, such events will occur at an increasing rate. Thus, to ensure the Group's longevity, we believe in managing such risks to minimise disruptions to its business.

Transition risks and opportunities

The Group has conducted a detailed assessment of transition risks and opportunities. This process involved evaluating the likelihood and potential impact of each item, supported by the assumptions used to estimate financial implications. The results of this assessment, including the specific risks and opportunities identified, are outlined below.

Increased pricing of GHG emissions

Risk	Energy costs may fluctuate, and the Group is subject to a carbon tax based on its carbon emissions.
Risk Driver	The carbon tax might manifest as higher electricity tariffs, as power providers transfer the carbon tax costs to end-users.
Company-Specific Description	While the Group is not directly impacted by the current increase in carbon taxes, it acknowledges the potential risk of climate change if stricter policies and higher prices for greenhouse gas emissions are implemented in the future. If the Group fails to take action to reduce emissions, meeting regulatory requirements could become costly. In FY2025, the Malaysian government has announced plans to introduce a carbon tax framework, with initial rates on polluting industries expected to start at RM15/tCO ₂ e. ¹ For every S\$5/tCO ₂ e (approximately RM18/tCO ₂ e) increase, electricity tariffs could rise by about 1%. ² Therefore, in the short and medium term, the Group might see a 3% and 9% increase in electricity tariffs respectively, should the carbon tax rate increase as anticipated.
Time Horizon	Short to medium term.
Potential Financial Figure	Short-Term: RM4,635,000 Medium-Term: RM4,841,000
Explanation of Financial Impact Figure	Climate change regulations may result in slight energy price increases. It is estimated that total energy costs account for less than 5% of LY Corporation's annual operating costs. Considering potential carbon tax increases in Malaysia, the Group's energy spending could reach RM5,000,000 in the medium term. However, this is expected to have a minimal impact on the overall financial position of the Group, as it actively manages this exposure by incorporating renewable energy sources, such as solar energy.

¹ <https://www.thestar.com.my/business/business-news/2025/11/05/malaysia-considers-carbon-tax-at-rm15-a-tonne-to-cut-pollution>

² <https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/carbontax/>

SUSTAINABILITY REPORT

Enhanced emissions-reporting obligations

Risk	Risk of regulatory changes towards enhanced emission-reporting obligations such as GRI Standards, IFRS SDS and or other standards.
Risk Driver	Nationwide drive to decarbonisation. Increased focus on sustainability.
Company-Specific Description	The evolving emission-reporting regulation and obligation will increase professional fees, training expenses and administrative expenses of the Group to meet reporting requirements.
Time Horizon	Medium to long term.
Potential Financial Figure	Medium-Term: RM970,000 Long-Term: RM1,016,000
Explanation of Financial Impact Figure	As per industry expectations, it is projected that all related expenses for supporting sustainability reporting in Malaysia will likely see a rise of 5% to 10% in the medium to long term. To address this potential risk, the Group consistently monitors regulatory requirements and assess its capabilities to meet them.

Mandates on regulation of existing products and services

Risk	Regulations governing existing wood products and manufacturing services, alongside changing customer behaviour and a long-term shift in their preferences towards sustainable manufacturing practices.
Risk Driver	Changing investor expectation. Evolving and more stringent rules and regulations.
Company-Specific Description	As the Group is committed to a more environmentally friendly and sustainable future, it is dedicated to minimising and managing its environmental footprint. Specifically, LY Furniture achieved the Certificate for Chain-of-Custody of Forest-Based Products Programme for the Endorsement of Forest Certification (“PEFC”) in 2021. Further details on the benefits of the PEFC Certification are provided below.
Time Horizon	Medium to long term.

Increased cost of raw materials

Risk	Increased cost of raw materials.
Risk Driver	Fluctuations in currency exchange rates. Market demand and competition.
Company-Specific Description	Increased costs associated with sourcing raw materials will lead to higher operating expenses, such as travelling expenses/transport charges/license fees.
Time Horizon	Medium to long term.
Potential Financial Figure	Medium-Term: RM2,322,000 Long-Term: RM2,533,000
Explanation of Financial Impact Figure	It is anticipated that related expenses may increase by 10-20% in the medium to long term. To address this potential risk, the Group is diversifying its suppliers and maintaining a stockpile of raw materials to account for potential delays due to disruptions in the global supply chain.

SUSTAINABILITY REPORT

Efficiency improvements in operations and resource usage

Opportunity	Adoption of resource efficient practices through using more efficient modes of transport/logistics/operational processes and equipment. Explore solar energy as renewable energy sources, and promotion of recycling/digitalisation/water-savings sustainable habits in office space.
Opportunity Driver	Initiatives and efforts in business practices to support Corporate Social Responsibility.
Company-Specific Description	The Group has adopted resource-efficient practices in its office spaces by implementing recycling initiatives and minimising paper usage, which is expected to lead to a reduction in costs associated with filing, printing & stationery/postage, and travelling expenses/transport charges within the Group. Moreover, the Group has capitalised on solar energy to generate electricity and reduce operating costs.
Time Horizon	Short to medium term.
Potential Financial Figure	Short-Term Cost Savings: RM817,000 Medium-Term Cost Savings: RM856,000
Explanation of Financial Impact Figure	The Group embraces sustainable manufacturing practices, focusing on environmental conservation and the efficient use of energy and natural resources. This includes sustainably sourcing raw materials, recycling wood waste, and incorporating environmentally friendly materials into production processes. It is anticipated that cost reductions within the Group are estimated to range from 5% to 10% in the short to medium term.

Development of low emission goods and services

Opportunity	Development and/or expansion of low emission goods and services, as well as diversification of business activities into the manufacturing of millwork products and kitchen cabinets.
Opportunity Driver	Cost savings and operational efficiency. Competitive edge.
Company-Specific Description	The Group's goal is marked by an expansion into emerging markets and product lines to enhance its market presence. Through intensified promotion and marketing of millwork products, coupled with the acquisition of new customers, the Group has successfully diversified its portfolio to include the manufacturing of millwork products. Furthermore, the Group has extended its diversification efforts to include the production of kitchen cabinets. The Group will disclose the potential financial impact when the opportunity materialises.

SUSTAINABILITY REPORT

Physical risks and opportunities

The Group has assessed the physical risks and opportunities arising from the business-as-usual scenario. This evaluation provides the Group with a clearer understanding of how future developments may impact its operations. The following section highlights the key risks and their potential financial impacts.

Acute increased severity of extreme weather events

Risk	Risk of extreme weather events such as flash flood, intense rainfall and heat waves impacting the Group's warehouses, factory and office building.
Risk Driver	Increased intense rainfall and flash flood leading to urban flooding, potentially causing damage to buildings and transportation networks.
Company-Specific Description	More frequent extreme weather events, such as flash flooding and intense rainfall, could disrupt the transportation networks used by employees to commute to the office. This may lead to an increase in various expenses, including general expenses and insurance charges for the Group.
Time Horizon	Long term.
Potential Financial Figure	RM3,426,000
Explanation of Financial Impact Figure	Studies have shown that all regions in Malaysia could experience an increase in rainfall amounts by 2030. Additionally, severe dry spells are projected to occur between 2025 and 2035 in Peninsular Malaysia, and between 2045 and 2055 in East Malaysia. It is estimated that all associated costs could increase by 10% in the long term. However, the Group plans to conduct regular assessments of the adequacy of its insurance coverage to protect against climate-related risks.

Chronic rising mean temperatures

Risk	Risk of rising mean temperature could result in higher usage of air conditioners to maintain comfortable indoor temperatures.
Risk Driver	Increased daily mean temperature and mean sea level rise, leading to changes in weather patterns.
Company-Specific Description	Rising global average temperatures could lead to increased water and electricity costs in offices.
Time Horizon	Long term.
Potential Financial Figure	RM4,613,000
Explanation of Financial Impact Figure	Research has shown that the average air temperature in Malaysia may increase by 0.5 to 1 degree Celsius by 2030 and could further rise by 0.9 to 1.6 degrees Celsius by 2050. It is estimated that a 1-degree Celsius rise in temperature could result in approximately a 4% to 5% increase in electricity consumption. This suggests a 20% rise in electricity tariffs in the long term. To address this risk, the Group will continuously monitor electricity bills and practice sustainability habits to reduce electricity consumption.

SUSTAINABILITY REPORT

METRICS

Greenhouse gas emissions

The Group's greenhouse gas (GHG) emissions primarily originate from electricity consumption and the use of fossil fuels, including diesel and unleaded petrol. In line with its commitment to environmental sustainability, the Group maintains a robust GHG monitoring and reporting framework.

The main sources of our Scope 1 and 2 Emissions are from:

- **Scope 1 (Direct Emissions):** These arise from sources owned or controlled by the Group, notably the operation of motor vehicles and on-site furnaces.
- **Scope 2 (Indirect Emissions):** These result from the consumption of purchased electricity used in operations.

The Group continues to track and report its emissions regularly, ensuring transparency and accountability in its climate-related performance.

Scope 1 Emissions

To further strengthen its commitment to lowering GHG emissions, the Group has introduced several targeted initiatives. These include:

1. Optimising delivery and logistics routes for the transport of timber and finished goods, as well as implementing regular maintenance schedules for forklifts, trucks, and other fuel-powered machinery to ensure peak efficiency and reduced emissions.
2. Encouraging load consolidation where we maximise the load capacity of each delivery when transporting materials and products and explores collaboration with suppliers and distributors to establish shared transportation networks, thereby reducing the number of deliveries required.

By implementing these industry-specific measures, the Group aims to significantly reduce its fuel consumption and Scope 1 GHG emissions while supporting broader sustainability goals. The Group's Scope 1 GHG emissions for FY2025, FY2024, and FY2023 are presented below to demonstrate year-on-year progress in emissions management.

Pollutant	CO ₂	CH ₄	N ₂ O
Emission Factor - Diesel (kg/TJ) ³	74,100	3.9	3.9
Emission Factor - Petrol (kg/TJ) ⁴	69,300	33	3.2
Global Warming Potential (GWP) ⁵	1	27	273

³ Retrieved from: Road Transport N₂O and CH₄ Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

⁴ Retrieved from: Road Transport N₂O and CH₄ Default Emission Factors and Uncertainty Ranges (Chapter 3: Mobile Combustion) of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

⁵ IPCC Global Warming Potential Values. *GHG Protocol* (August 2024) Retrieved from: [https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20\(August%202024\).pdf](https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20(August%202024).pdf).

SUSTAINABILITY REPORT

Financial Year	FY2023		FY2024		FY2025	
Fuel Used	Diesel	Unleaded petrol	Diesel	Unleaded petrol	Diesel	Unleaded petrol
Fuel Consumed (litre)	68,512	28,598	86,465	28,117	73,527	44,701
CO ₂ Emissions (tCO ₂ e)	175.07	63.82	230.01	62.74	199.14	101.55
CH ₄ Emissions (tCO ₂ e)	0.26	0.85	0.33	0.81	0.28	1.31
N ₂ O Emissions (tCO ₂ e)	2.24	0.78	3.30	0.79	2.86	1.28
Total GHG Emissions (tCO₂e)	178	65	234	64	202	104
	243		298		306	
Number of employees	1,145		1,365		1,212	
GHG Intensity (tCO ₂ e/employee)	0.21		0.22		0.25	

Scope 2 Emissions

Electricity is a critical resource underpinning the Group's operations. Given its central role, electricity consumption represents a significant area where meaningful sustainability gains can be achieved. Recognising this, the Group is committed to reducing its environmental footprint by adopting energy-efficient technologies and sustainable operational practices. These efforts not only contribute to cost savings but also align with broader climate goals. As part of this commitment, the Group closely monitors its electricity usage and associated emissions.

The Scope 2 GHG emissions for FY2025, which reflect indirect emissions from purchased electricity, are as follows:

Pollutants	CO ₂
Operating Margin (OM) Grid Emission Factor (GEF)	0.758 ⁶

Financial Year	FY2023	FY2024	FY2025
Electricity Consumed (kWh)	7,657,364	10,214,953	7,951,300
Solar energy (kWh)	3,572,600	3,590,383	3,638,093
Purchased energy (kWh)	4,084,764	6,624,570	4,313,207
Scope 2 CO ₂ Emissions (tCO ₂ e)	2,532.55	5,021.00	3,269.4
Number of Employees	1,145	1,365	1,212
GHG Intensity (tCO ₂ e/employee)	2.21	3.68	2.70

MATERIAL USE

Impact on the Group

Material sourcing has a direct impact on LY Furniture's sustainability performance and market competitiveness. By prioritising certified sustainable materials, the company strengthens its environmental credentials, meets global compliance standards, and appeals to eco-conscious consumers. This approach also supports responsible forestry, benefiting local farmers and communities through fair trade and long-term economic opportunities. Through sustainable sourcing, LY Furniture is building a resilient supply chain while positioning itself as a leader in ethical manufacturing.

⁶ Peninsular Malaysia Energy Commission 2021 Grid EF @ 0.758 kgCO₂e/kWh. Retrieved from: <https://www.mgta.gov.my/lcos-personal-calculator/>.

SUSTAINABILITY REPORT

Management Approach

In line with its commitment to sustainable growth, the Group actively monitors and manages the resources it consumes across its operations. A key focus area is the responsible sourcing of wood (timber), a core material in its manufacturing processes. In FY2025, 99.2% of the wood sourced by the Group came from sustainable sources (FY2024: 99.3%), reflecting its continued progress in embedding sustainability into procurement practices.

The Group is dedicated to becoming an industry leader in sustainable material usage and sourcing. This commitment is evident in its rigorous supplier selection process, which prioritises environmental responsibility. Suppliers are evaluated based on their ecological impact, and only those demonstrating minimal or no adverse effects are considered for collaboration. Annual reviews are conducted to ensure ongoing compliance with the Group's sustainability standards and alignment with its values.

A significant milestone in this journey was achieved in 2021, when LY Furniture, a subsidiary of the Group, was awarded the Certificate for Chain-of-Custody of Forest-Based Products under the Programme for the Endorsement of Forest Certification (PEFC). This certification covers the purchase and use of PEFC-certified and PEFC-controlled source materials, including sawn timber, wood panels, veneer, paper, and dowels as well as the production and sale of certified wooden frames, indoor furniture, architectural joinery, mouldings, skirting boards, and architraves. The certification remains valid until the end of 2026.

As of 1st September 2025, the Malaysian government has implemented a 5% sales tax on sawn timber which applies to all sawn timber that is either regulated by a local manufacturer or imported. However, LY Furniture was able to secure an exemption from this tax as LY Furniture is eligible to apply for an exemption from sales tax under Item 1 Schedule C, Sales Tax (Person Exempted From Payment of Tax) Order 2018, and our operations will remain unaffected by the sales tax.

ENERGY USAGE

Impact on the Group

LY Furniture believes in responsible manufacturing and is committed to reducing its carbon footprint. Energy usage represents a significant opportunity for the Group to lower its environmental impact. Through the implementation of energy-saving measures, LY Furniture has improved its environmental performance, reduced operational costs, and supported compliance with regulatory and ESG requirements. These initiatives not only enhance the Group's reputation as a responsible manufacturer but also contribute to long-term business resilience and sustainable growth.

Management Approach

LY Furniture adopts a proactive and integrated management approach to sustainability, recognising that responsible resource use and energy efficiency are essential to long-term business resilience. The Group's strategy focuses on embedding environmental considerations into operational decision-making, with particular emphasis on material sourcing and energy consumption. By aligning its practices with global sustainability standards and certifications, LY Furniture aims to lead the industry in ethical manufacturing while generating positive environmental and social impact.

LY Furniture is actively transitioning toward more sustainable energy sources as part of its broader commitment to environmental responsibility. The Group recognises that investing in energy conservation not only reduces its carbon footprint but also delivers long-term cost savings. Electricity consumption is closely monitored, with ongoing efforts to optimise usage across operations. In 2025, LY Furniture's electrical supplier in Malaysia Tenaga Nasional Berhad (TNB) restructured its electrical tariffs. These tariffs could potentially result in an overall increase in LY Furniture's electrical costs due to our electrical usage due to our operational requirements. To deal with these increased costs, LY Furniture has begun seeking out renewable and alternative energy sources as part of its energy transition strategy.

A key initiative in this transition is the adoption of solar energy solutions, which enhance energy efficiency and diversify the Group's energy mix in a sustainable manner. In FY2025, the solar photovoltaic system generated 3,638.1 MWh of clean energy (FY2024: 3,590.4 MWh), helping the Group avoid approximately 2,757.7 tonnes of carbon dioxide emissions (FY2024: 2,722 tonnes). These results reflect LY Furniture's growing shift towards renewable energy and its commitment to reducing environmental impact through innovative and responsible energy practices.

SUSTAINABILITY REPORT

WATER CONSUMPTION

Impact on the Group

Water consumption plays a vital role in LY Furniture’s manufacturing operations, particularly in processes such as material treatment and facility maintenance. Recognising the importance of preserving natural resources in the regions where it operates, the Group is committed to responsible water management. By monitoring usage and implementing conservation measures, LY Furniture aims to minimise its impact on local water systems, safeguard community access to clean water, and support the long-term sustainability of surrounding ecosystems. These efforts reflect the Group’s broader commitment to operating in harmony with the environment and contributing positively to the communities it serves.

As of 1 August 2025, our water supplier Ranhill SAJ has implemented a new water tariff which ranges from 1RM – 1.75RM/m³. Such an increase reflects the increase scarcity of water and its availability. These changes have reinvigorated the Group’s commitment to reducing its water consumption to mark our contribution to sustainable resource usage.

Management Approach

LY Furniture recognises the importance of preserving natural water resources in the regions where it operates. Water is essential to various manufacturing processes, including material treatment and facility maintenance. To minimise its environmental impact, the Group actively monitors water consumption and implements conservation measures aimed at reducing waste and protecting local ecosystems. These efforts not only support sustainable operations but also help safeguard community access to clean water, reinforcing LY Furniture’s commitment to responsible resource management and environmental stewardship.

Below is the annual data for our water usage:

Financial Year	FY2023	FY2024	FY2025
Water Consumed (cubic meters)	99,827	113,785	106,815
Number of Employees	1,145	1,365	1,212
Water Intensity (Total water consumption/Number of employee)	87.2	83.4	88.1

In FY2025, we have achieved a total water consumption of 106,815 m³ (FY2024: 113,785), and our water consumption intensity is 88.1 m³/employee (FY2024: 83.4).

WASTE MANAGEMENT

Impact on the Group

Efficient waste management plays a vital role in supporting resource sustainability and environmental protection. For LY Furniture, implementing responsible waste practices helps reduce landfill contributions, lower operational costs, and improve overall environmental performance. By minimising waste generation and promoting recycling and reuse, the Group not only conserves valuable resources but also aligns with regulatory requirements and sustainability targets. These efforts contribute to cleaner production processes, enhance the company’s reputation as an environmentally conscious manufacturer, and support the long-term health of the communities and ecosystems surrounding its operations.

Management Approach

The Group is dedicated to reducing and managing waste produced from its operations by implementing resource-efficient strategies and encouraging recycling efforts. Our main initiatives circle around reusing waste products in our operations. For example, wood waste is used to supplement feedstock for our boilers while sawdust generated in our operations is sold to other companies for use in their operations. The Group aims to not only reduce the amount of waste it produces but also to maximise usage of all its waste.

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Additionally, the Group recognises that its manufacturing processes creates hazardous waste as by products. Hence, the Group takes extra care regarding the disposal of such hazardous waste. These measures help protect the local biodiversity and communities from any potential ill effects of incomplete disposal. Finally, improper disposal and management of hazardous waste could result in fines, shutdowns or legal actions from the affected party, ultimately causing financial and reputational damage for the Group.

In FY2025, the tipping fees for landfills has also increased, as a result, the Group has aims to reduce and manage its waste disposal before to minimise the costs related to disposing its waste.

The following section provides data on waste generated, non-hazardous waste diverted from disposal, and waste directed to disposal in FY2025:

Type of waste	Hazardous/Non-hazardous	Type of input	Activities that generate the waste
Contaminated empty drums/ container from LYFSB	Hazardous	Raw material	Manufacturing process
Carton from LYFSB and LEM	Non-hazardous	Waste	
Plastic from LYFSB and LEM			
Scrap Iron from LYFSB			
Battery from LYFSB			

Waste diverted from disposal - non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	FY2025	Recovery method
		Amount generated (metric tons)			
LYFSB	Carton	26.2	20.3	12.5	Recycling (offsite)
	Plastic	22.9	28.8	25.5	
	Scrap Iron	25.6	106.1	52.6	
LEM	Carton	3.4	1.9	1.2	
	Plastic	3.3	2.1	1.2	
	Scrap Iron	NA	NA	0.1	
TOTAL		81.4	159.2	93.1	

Waste directed to disposal - hazardous waste

Entity	Types of hazardous	FY2023	FY2024	FY2025	Recovering method
		Amount generated (metric tons)			
LYFSB	Contaminated empty drum/container	35.0	69.9	41.0	Offsite
	Contaminated rags	55.6	74.9	55.9	
	Paint sludge	26.3	38.0	24.4	
	Spent lubricating oil	NA	NA	0.5	
LEM	Contaminated container	NA	0.05	NA	
	Contaminated rags/Hand gloves	NA	0.19	NA	
Total		116.9	183.0	121.8	
Number of employees		1,145	1,365	1,212	
Intensity (Total disposal/Number of employee)		0.10	0.13	0.10	

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Waste directed to disposal – non-hazardous waste

Entity	Types of non-hazardous	FY2023	FY2024	FY2025	Recovering method
		Amount generated (metric tons)			
LYFSB	Saw dust	2,022.7	2,485.3	1,177.9	Incineration (without energy recovery)
	Scrap medium density fireboard (“MDF”)/ chipboard (“CB”)/Plywood	835.3	1,104.6	994.3	Incineration (with energy recovery)
	Rubbish	287.6	634.4	638.9	Landfilling
	Veneer	59.0	51.8	39.4	Landfilling
LEM	Scrap MDF/CB	352.0	337.9	188.0	Incineration (with energy recovery)
	Saw dust	93.2	79.2	80.3	Incineration (without energy recovery)
	Rubbish	86.4	22.0	10.0	Landfilling
Total		3,736.2	4,715.2	3,128.8	
Number of employees		1,145	1,365	1,212	
Intensity (Total disposal/Number of employee)		3.26	3.45	2.58	

MOVING FORWARD

Remaining committed to energy conservation and environmental protection, LY Furniture is refining its waste management approach by focusing on both waste reduction and increased recycling. These dual strategies are central to enhancing resource efficiency across its operations. By minimising waste generation and maximising material recovery, the Group aims to reduce its environmental footprint while supporting circular economy principles. LY Furniture also remains dedicated to maintaining its strong compliance record, with zero penalties for environmental violations in all jurisdictions where it operates.

SOCIAL

The name “LY,” derived from “Lian You” (联友), meaning “uniting friends,” reflects the Group’s founding philosophy of collaboration and shared growth. This principle has guided LY Furniture since its inception, shaping its evolution from a local manufacturer into a globally conscious enterprise. In today’s fast-paced and interconnected market, the Group continues to embrace this spirit by actively engaging with stakeholders across its value chain.

For the Group, collaboration is not just a value, it is a strategy. LY Furniture recognises that its strength lies in the people and communities that support its business. Employees, customers, and shareholders form the foundation of its long-term success. As such, the Group is committed to empowering its workforce through development opportunities, fostering a culture of mutual respect and growth. At the same time, LY Furniture is taking deliberate steps to give back to the communities where it operates, investing in local initiatives and partnerships that reflect its belief in shared prosperity.

By staying true to the meaning behind its name, LY Furniture continues to build a business rooted in unity, responsibility, and progress.

SUSTAINABILITY REPORT

TALENT ATTRACTION AND RETENTION

Impact on the Group

Strong and fair employment practices are fundamental to LY Furniture's long-standing commitment to building a responsible and resilient organisation. The Group believes in attracting and retaining talent by building a strong and positive working environment. A strong talent and attraction and retention program allow the Group to locate and obtain talents that share the Group's sustainability and strategic values. Additionally, by decreasing the turnover, the Group also contributes to the local community by providing job security.

On the other hand, a poor talent attraction and retention system could result in increased costs required to search and obtain top-tier talent. Additionally, the Group might face greater challenges in locating talent who share the Group's sustainability and strategic values, resulting in overall inefficiencies within the Group.

The Group aims to provide its employees with a fair, conducive and safe working environment. By doing so, the Group believes that the top talent will drive further innovations and productivity within the Group ensuring that the Group is readily equipped to evolve alongside any future industry changes.

Management Approach



Medical Allowances

Allowances are available for our employees to seek medical help should they need to. These medical allowances include:

- A yearly allowance of RM500
- A free yearly medical checkup
- A RM100 - RM300 family allowance



Annual Leave

We provide a competitive package of 14 days leave per year, above the Malaysian government's standard number of annual leaves.



Long Service Awards

Showing appreciation for employees who have been with us for 5 or more years. Employees are given an award ceremony, alongside a monetary incentive for their years of service.

LY Furniture's employment policies are built on the principles of fairness, equality, and meritocracy. These values have guided the Group since its founding. At the core of its compensation strategy is a commitment to aligning employee qualifications and experience with job requirements, ensuring that all staff are rewarded equitably. To maintain competitiveness, the Group regularly benchmarks its benefit packages against industry standards, offering provisions such as medical allowances, annual leave, and special leave for key life events including marriage, prenatal care, and paternity.

The Group's recruitment process is designed to be robust, transparent, and merit-based, while also prioritising employee well-being and career development. Discrimination of any kind, whether based on race, ethnicity, age, gender, or nationality, is strictly prohibited and actively condemned. In recognition of loyalty and long-term contributions, LY Furniture presents long service awards to employees who have served for over five years, reinforcing its culture of appreciation and respect. Through these comprehensive policies, the Group aims to attract and retain individuals who embody its values and contribute meaningfully to its continued growth.

SUSTAINABILITY REPORT

Employees' Profile

As part of its commitment to fair employment practices, the Group maintains a stable and transparent workforce structure. As of 31 December 2025, the Group employed 13 temporary staff, comprising 8 males and 5 females. The Group has consistently avoided non-guaranteed hour arrangements, with no such employment recorded in FY2025 or the two preceding financial years.

This reflects the Group's ongoing efforts to provide secure and equitable employment opportunities. A comparative breakdown of the Group's employee profile across FY2023, FY2024, and FY2025 is provided below to illustrate its continued focus on workforce stability and inclusivity.

Workforce	No. of headcount			% of total headcount		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
By Gender						
Male	933	1,137	988	81.5	83.3	81.5
Female	212	228	224	18.5	16.7	18.5
By Age Group						
18-30 years old	407	582	443	35.5	42.6	36.6
31-50 years old	657	703	693	57.4	51.5	57.2
Over 50 years old	81	80	76	7.1	5.9	6.2
By Region						
Malaysia	663	698	727	57.9	51.1	60.0
Bangladesh	193	176	157	16.9	12.9	13.0
China	1	1	1	0.1	0.1	0.1
Myanmar	101	91	77	8.8	6.7	6.3
Nepal	182	395	246	15.9	28.9	20.3
Pakistan	5	4	4	0.4	0.3	0.3
TOTAL	1,145	1,365	1,212	100.0	100.0	100.0

SUSTAINABILITY REPORT

The Group, however, also closely monitors its new hire and turnover rates to assess the health of its employee body. In FY2025, the Group saw 538 new hires, which represents a new hire rate of 41.8%. Moreover, the Group also saw 691 employee turnover, which represents a turnover rate of 53.6%. Comparing from FY2024 to FY2025, the Group saw an increase of 7.4% in its new hire rate and a 15.0% increase in its turnover rate.

No. and Rate ⁷ of new hires						
Financial Year	FY2023		FY2024		FY2025	
Performance indicator	No.	Rate	No.	Rate	No.	Rate
By Gender						
Male	479	43.9	414	33.0	505	39.2
Female	67	6.1	18	1.4	33	2.6
By Age Group						
18 - 30 years old	210	19.2	246	19.6	160	12.4
31 - 50 years old	319	29.2	183	14.6	375	29.1
Over 50 years old	17	1.6	3	0.2	3	0.3
By Region						
Malaysia	438	28.6	200	46.3	538	41.8
Nepalese	107	3.2	232	53.7	0	0
Bangladeshi	1	5.8	0	0	0	0
Myanmar	0	10.7	0	0	0	0
Pakistani	438	0.3	200	46.3	0	0
Indian	107	0	232	53.7	0	0
Overall						
Total	546	50.0	432	34.4	538	41.8

⁷ Rate of new hires was calculated by: Number of new hires/Average number of employees at the beginning of period and end of period.

SUSTAINABILITY REPORT

No. and Rate ⁸ of turnover						
Financial Year	FY2023		FY2024		FY2025	
Performance indicator	No.	Rate	No.	Rate	No.	Rate
By Gender						
Male	463	43.9	438	34.9	657	51.0
Female	68	6.1	46	3.7	34	2.6
By Age Group						
18 - 30 years old	199	19.2	154	12.3	250	19.4
31 - 50 years old	314	29.2	298	23.7	422	32.8
Over 50 years old	18	1.6	32	2.5	19	1.4
By Region						
Malaysia	312	28.6	430	34.3	509	39.5
Nepalese	35	3.2	276	2.1	149	11.6
Bangladeshi	63	5.8	17	1.4	19	1.4
Myanmar	117	10.7	10	0.8	14	1.1
Pakistani	4	0.3	1	0.1	0	0
Overall						
Total	531	48.6	484	38.6	691	53.6

TRAINING AND DEVELOPMENT

Impact on the Group

The Group places a strong emphasis on empowering its people through a steadfast commitment to continuous learning and professional development. We recognise that our employees are not just contributors but the driving force behind our achievements, and their ongoing growth remains central to our vision for enduring success. By prioritising their advancement, we ensure that both our workforce and the organisation remain agile, innovative, and ahead of the curve.

A strong training and development programme allows the Group to continue innovating and to adopt new technologies that build a sustainable environment. A key example would be the Group's adoption of solar energy to supplement its energy requirements. Continued training and development will equip the group's employees with skills that allow them to take advantage of new technologies. Additionally, a better trained workforce will have the opportunity to develop within the Group, reducing our overall manpower costs to hire new employees.

A weak employee development system that provides minimal development opportunity will cause the Group into a cycle of rehiring to improve the Group's capabilities. Such a system, could result in economic and manpower inefficiencies, increasing manpower costs for the Group whilst reducing employee morale.

⁸ Rate of turnovers was calculated by: Number of leavers/Average number of employees at the beginning of period and end of period.

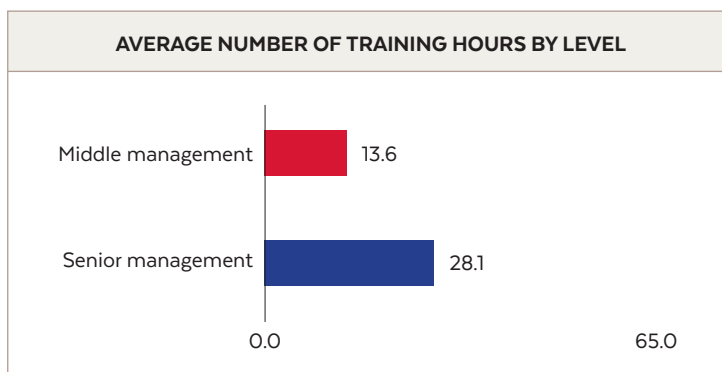
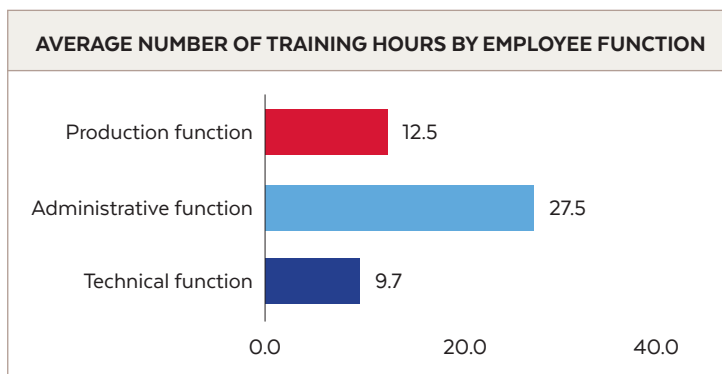
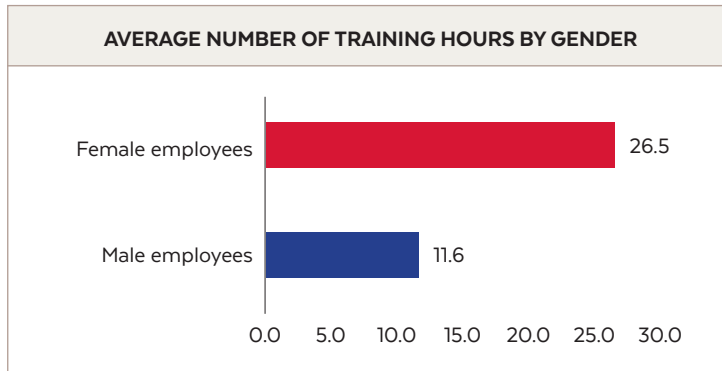
SUSTAINABILITY REPORT

Management Approach

Through a robust mix of internal and external training programs, the Group equips its workforce with future-ready skills, industry insights, and cutting-edge knowledge. These initiatives not only help employees stay aligned with the latest market trends and technological advancements but also accelerate their professional development and career progression.

By investing in our people, we foster a culture of innovation, agility, and excellence. These values help to ensure that both our team and the organisation continue to lead and shape the future of the industry.

The following outlines the employee training statistics for FY2025:



SUSTAINABILITY REPORT

Notes:

- 1: Senior management refers to employees with designation of Assistant Manager and above (excluding general workers from production function).
- 2: Middle management refers to employees with designation of Executive and below (including general workers from production function).
- 3: Average number of training hours by male or female employees = Total number of training hours by male or female employees/total number of male or female employees.
- 4: Average number of training hours by production or administrative or technical function = Total number of training hours by production or administrative or technical function/total number of employees from production or administrative or technical function.
- 5: Average number of training hours by middle or senior management = Total number of training hours by middle or senior management/total number of employees from middle or senior management.

As part of Group's commitment to employee development, the Group has implemented a quarterly and yearly performance review system for LY Furniture and LY Unity respectively. This policy ensures that employees receive regular, structured feedback across key performance areas, including work quality, accountability, timeliness, collaboration, and critical thinking.

The review process serves as a developmental tool, helping employees identify growth opportunities, track progress, and align their performance with both personal career goals and organisational objectives. It reinforces a culture of continuous improvement and supports the Group's broader training and capability-building efforts.

In FY2025, 81.5% of our employees received a regular performance review.

WORKPLACE HEALTH AND SAFETY

Impact on the Group

At LY Furniture, safeguarding the well-being of our workforce is a top priority and a cornerstone of our operational philosophy. As a manufacturing company, we recognise the critical importance of maintaining a safe and healthy work environment which not only meets regulatory standards but also leads the industry in safety excellence. Our goal is simple yet profound: to ensure every employee returns home safely to their families each day. Through proactive safety policies, continuous risk assessments, and a culture of accountability, LY Furniture strives to set the benchmark for occupational health and safety in the manufacturing sector.

An efficient and effective workplace health and safety management system ensures that our employees will leave the Group without any adverse health effects regardless of the length of their stay. A reduced accident rate also assists the Group in becoming more efficient and strategising as it minimises any business disruptions that may occur due to a moderate or severe injury.

An ineffective workplace health and safety management system could result in severe injury or even death amongst our employee population. A high-profile safety breach could result in irreparable reputational damage for the Group, alongside fees or fines in the form of legal recourse. An unsafe and dangerous workplace is the antithesis to the Group's values, and it will do all it can to protect its workers safety and livelihood.

Management Approach

At LY Furniture, the health and safety of our employees is a foundational priority and a key pillar of our operational excellence. To foster a culture of safety and accountability, the Group has implemented a comprehensive Occupational Safety and Health Policy ("OSH Policy"). The OSH Policy outlines clear responsibilities for both management and employees while the management tasks to ensure compliance with all relevant regulations, while employees undergo mandatory training on safe work practices.

To reinforce this commitment, LY Furniture has achieved ISO 45001:2018 certification, demonstrating our adherence to international standards in occupational health and safety management. Oversight of the OSH Policy is entrusted to a dedicated Safety, Health, and Environment ("SHE") Committee, comprising both management leaders and trained employee representatives from our factories and warehouses. This structure ensures that safety practices are consistently applied and continuously improved across all operations.

SUSTAINABILITY REPORT

For a clearer view of our work related, the following model is employed for all work activities to facilitate the identification of work-related hazards that pose a risk of causing high-consequence injuries:



This model allows the Group to foster a proactive safety culture where employees are empowered to identify and report potential hazards without hesitation. As part of the fourth step in the hazard response framework, employees are authorised to remove themselves from tasks they deem unsafe. This is an important safeguard reinforced by the SHE Policy, which protects them from any form of reprisal.

To further strengthen workplace safety, the Group mandates the use of personal protective equipment (“PPE”) for relevant tasks and has installed machine covers to reduce noise levels and eliminate pinch hazards. These measures reflect LY Furniture’s commitment to leading the manufacturing industry in occupational health and safety, ensuring that every employee works in a secure environment and returns home safely to their families.

In FY2025, the breakdown of the injury rate, in comparison to the previous year, is as follows:

Indicator	Total Number and Rate ⁹					
	FY2023		FY2024		FY2025	
	No.	Rate	No.	Rate	No.	Rate
Fatalities as a result of work-related injury	0	0	0	0	0	0
High-consequence work-related injuries ¹	0	0	0	0	0	0
Number of recordable work-related injuries ² , excluding high-consequence work-related injuries	4	0.42	2	0.18	4	0.37
Number of hours worked	1,904,749		2,229,720		2,156,214	

Notes:

- High-consequence work-related injuries refers to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.
- Recordable work-related injuries refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
- Number of hours worked is calculated as: Average number of employees during the year x number of hours worked a week x 52 weeks in a year

LY Furniture remains steadfast in its commitment to creating a safe and resilient workplace as part of its broader sustainability goals. While the Group strives for zero workplace injuries, it also proactively prepares for emergency situations to ensure the well-being of its employees. All factories and warehouses are equipped with first-aid rooms, staffed by trained first aiders and supported by Emergency Response Teams (“ERT”) capable of managing on-site incidents. For cases requiring advanced medical care, transportation is arranged to nearby clinics with specialised facilities.

⁹ Rate of fatalities/high-consequence work-related injuries/Recordable work-related injuries was calculated by Number of fatalities/high-consequence/recordable as a result of work-related injury/Number of hours worked X 200,000.

SUSTAINABILITY REPORT

To strengthen emergency preparedness, regular fire drills are conducted to familiarise employees with evacuation procedures and fire safety equipment. Additionally, all employees are covered by personal accident and life insurance and have access to a network of panel clinics for routine health check-ups and treatments.

These measures reflect LY Furniture’s holistic approach to occupational health and safety which seeks to ensure that every employee is protected, supported, and able to return home safely each day, while reinforcing the Group’s role as a responsible and sustainable manufacturer.

MOVING FORWARD

LY Furniture is committed to developing a skilled, adaptable workforce through continuous training and professional growth. At the heart of this commitment is a strong focus on workplace safety. The Group aims to achieve zero major workplace incidents by fostering a safety-first culture, where every employee is empowered, informed, and protected.

Through robust safety policies, proactive risk management, and ongoing engagement, LY Furniture ensures its people can work confidently and return home safely each day. Beyond the workplace, the Group also continues to expand its community engagement efforts, reinforcing its role as a responsible and sustainability-driven organisation.

GOVERNANCE

At the heart of the Group’s sustainability journey lies a steadfast commitment to ethical leadership and sound corporate governance. Both the Board and Management play a pivotal role in fostering a principled corporate culture that supports long-term value creation and organisational resilience.

The Group maintains a robust framework of internal controls and governance practices, aligned with the principles set out in the Code. These practices are not only designed to ensure compliance but also to embed sustainability into the Group’s strategic and operational decision-making processes.

By upholding high standards of integrity and accountability, the Group seeks to create enduring value for all stakeholders while cultivating a responsible and transparent business environment. Sustainability measures are implemented across all levels of the organisation, reinforcing the Group’s dedication to good governance as a cornerstone of its sustainability strategy.

The Board comprises a diverse and well-balanced team of directors, bringing together a wide range of skills, experiences, and perspectives. This diversity enables the Group to navigate complex challenges and pursue its long-term objectives with confidence and clarity. Further details on the composition and roles of the Board and Management can be found in the earlier sections of the 2025 Annual Report.

Description	Percentage (%)
Board Independence The number of independent board of directors as a percentage of all directors.	20.0
Women on the Board The number of female board directors as a percentage of all directors.	20.0

SUSTAINABILITY REPORT

CORPORATE GOVERNANCE

Impact on the Group

At LY Corporation, strong corporate governance forms the foundation of our sustainable business practices. By fostering a culture of transparency, accountability, and ethical leadership, the Board and Management have enabled the Group to navigate complex challenges while maintaining stakeholder trust. Our adherence to the Code ensures that decision-making processes are guided by integrity and long-term value creation. This disciplined approach has not only strengthened internal controls and risk management but also enhanced investor confidence and operational resilience. As a result, LY Corporation continues to deliver consistent performance, uphold social responsibility, and contribute meaningfully to the broader sustainability agenda.

Management Approach

LY Corporation adopts a proactive and structured approach to corporate governance, recognising its critical role in driving sustainable business performance. The Group's governance framework is closely aligned with the Code and is regularly reviewed to reflect the latest regulatory updates and industry best practices. To ensure effective oversight and accountability, the Board has established three key committees, the Nominating Committee ("NC"), Remuneration Committee ("RC"), and Audit and Risk Committee ("ARC") to maintain our high standards of corporate governance. These specialised committees support the Board in maintaining transparency, managing risks, and upholding ethical standards across the organisation. The table below highlights these key corporate committees:

 <p>Nominating Committee (NC)</p> <ul style="list-style-type: none"> • Select and recommend board and executive candidates • Oversee board composition and succession planning 	 <p>Remuneration Committee (RC)</p> <ul style="list-style-type: none"> • Set and review executive pay and incentives • Ensure fair and performance-linked compensation 	 <p>Audit and Risk Committee (ARC)</p> <ul style="list-style-type: none"> • Monitor financial reporting and audits • Oversee internal controls and risk management
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Through these initiatives, LY Corporation reinforces a culture of integrity and responsible leadership, which underpins its long-term sustainability strategy and stakeholder confidence.

ETHICS, BRIBERY AND CORRUPTION

Impact on the Group

At LY Corporation, ethical business conduct and a strong anti-corruption stance are central to our governance framework and sustainability values. By embedding integrity into every aspect of our operations, from procurement to partnerships, we foster a culture of trust and accountability. Our zero-tolerance approach to corruption, supported by clear policies and regular staff training, has enabled the Group to build and sustain long-term relationships with reputable suppliers, customers, and business partners. These ethical foundations not only safeguard the Group's reputation but also enhance our ability to collaborate with like-minded organisations that value transparency and responsible business practices. As a result, LY Corporation continues to strengthen its network of strategic alliances, driving mutual growth and reinforcing our position as a trusted partner in the global furniture industry.

SUSTAINABILITY REPORT

A secure anti bribery and anti-corruption system provides a myriad of benefits to the Group. Chiefly, it ensures that our supply chains and operations remain compliant with ethical and environmental standards that the Group upholds. Additionally, the Group will be able to build strong, meaningful and lasting relationships its suppliers and competitors.

Failure to maintain a flawless track record of business ethics and anti-corruption could cause the Group to endure legal recourse, which could hinder its operations and affect the Group economically. Finally, a high-profile case of corruption or bribery could irreparably damage the Group's reputation, affecting its ability to continue operations and collaborate with business partners.

Management Approach

LY Furniture places strong emphasis on integrity and ethical conduct as foundational pillars of its governance and sustainability strategy. Recognising that ethical behaviour is essential for maintaining brand credibility and achieving long-term strategic goals, the Group has adopted a strict zero-tolerance policy towards bribery, fraud, and corruption. This commitment is reflected in a comprehensive framework of internal controls and written policies, including those on Conflict of Interest, Whistleblowing, Employee Code of Conduct, and Anti-Bribery & Anti-Corruption. These policies are clearly communicated to all employees, with new hires receiving dedicated onboarding to ensure alignment with the Group's ethical standards.

To reinforce accountability, the Group requires annual declarations from employees and maintains a whistle-blowing channel that allows for confidential reporting of concerns directly to the Board. In FY2025, there were no reported cases of unethical, fraudulent, or corrupt behaviour, underscoring the effectiveness of these measures. Through this proactive approach, LY Corporation continues to foster a culture of transparency and responsibility, which supports stakeholder trust and sustainable business growth. The key components to our ethics strategy are outlined below:

Conflict of Interest Policy

- Employees must not accept gifts, entertainment or favours that may influence one's objectivity in exercising judgment on behalf of the Company
- Potential scenarios where interests may be conflicted
- Reporting procedures if conflicts of interests arise

Whistle-blowing Policy

- Guidelines for employees to raise concerns of malpractice or any suspicion of fraudulent or inappropriate activities within the Group to the Investigation Committee ("IC")
- Escalation process to IC or where appropriate or required, to relevant government authorities for further investigation or action
- Procedures in place to protect anonymity of whistle-blowers and notifying them of the outcome

Employee Code of Conduct

- Contains a comprehensive list of examples of employee misconduct
- Misconduct includes violation of safety rules, forgery, theft, sexual harassment and sleeping on the job
- Code of Conduct is easily accessible by all employees through the Group's shared drive

Anti-Bribery & Anti-Corruption Policy

- Iteration that the Group is committed to conduct its business dealings with integrity and has a zero-tolerance approach against all form of bribery and corruption
- Guidelines to identify potential and corruption risks that may affect the Group
- Guidelines towards Conflict of Interest, Gifts, Entertainment, Corporate Hospitality and Travel, Dealing with Public Officials, and Corporate Social Responsibility and Donations
- Iteration that facilitation payments are strictly prohibited and the guidelines for employees should they encounter any request for facilitation payments

SUSTAINABILITY REPORT

The Group's commitment to ethical conduct is reflected not only in its policies but also in its continuous efforts to embed these values into daily operations. As outlined in the preceding table, the Group has strengthened its internal framework to ensure that all employees are well-versed in the Employee Code of Conduct. This begins at onboarding, where new hires are introduced to the Employee Code of Conduct, and continues through regular refresher training sessions aimed at reinforcing ethical standards. Upholding integrity is a non-negotiable expectation across all levels of the organisation. Employees who engage in misconduct or fail to meet performance standards may face disciplinary action, including termination. These measures underscore the Group's proactive stance in cultivating a responsible and principled workforce.

In FY2025, there were no instances of employee misconduct leading to dismissal.

REGULATORY COMPLIANCE

Impact on the Group

Regulatory compliance is a cornerstone of LY Corporation's operational integrity and long-term sustainability. The Group recognises that adherence to relevant laws and industry standards is not merely a legal obligation, but a strategic imperative that safeguards its reputation, financial stability, and stakeholder trust. In the furniture sector, non-compliance can result in severe consequences, including but not limited to, fines, forced product recalls, and reputational damage.

A strong regulatory compliance framework ensures that the Group remains accountable to initiatives and values that it wishes to uphold. By ensuring that the Group remains accountable to both its values and relevant laws and regulations, the Group can enable its employees to excel as operations can continue smoothly.

Conversely, an inefficient regulatory compliance framework could potentially cause the Group to run afoul with relevant laws and regulations. These regulatory infractions could potentially lead to business disruptions as investigations are carried out. Additionally, an overhaul of the Group's compliance management framework, should it be insufficient, would result in higher costs to the Group.

Management Approach

Regulatory compliance is fundamental to LY Corporation's responsible business conduct and long-term sustainability. Failure to comply with applicable laws and regulations can result in legal and financial repercussions, as well as reputational harm. As such, the Group has implemented rigorous internal policies and procedures to ensure full alignment with Malaysia's labour laws and international human rights standards.

In particular, the Group has taken proactive steps to ensure its labour practices reflect both legal requirements and ethical expectations. LY Corporation's policies explicitly prohibit discrimination, child labour, and forced labour across all operations and business activities. These commitments are embedded in the Group's employment practices and are reinforced through regular training and clear Employee Code of Conduct.

By establishing well-defined labour standards, the Group demonstrates its dedication to socially responsible behaviour and the protection of human rights. The Group promotes equality, fairness, and dignity in the workplace, aligning with key legislation such as the Employment Acts (of Singapore and Malaysia), Workplace Fairness Act (of Singapore), and international conventions on labour rights. These efforts not only safeguard the welfare of employees but also strengthen the Group's reputation as a trusted and ethical partner in the global marketplace.

SUSTAINABILITY REPORT

The following table outlines the key laws, rules, and regulations that guide the Group's labour and human rights compliance framework:

Ministry of International Trade and Industry
<ul style="list-style-type: none"> Industrial Co-ordination Act (1975)
Department of Occupational Safety and Health
<ul style="list-style-type: none"> Factories and Machinery Act (1967)
Ministry of Human Resource
<ul style="list-style-type: none"> Employment Act (1955)
Department of Environment
<ul style="list-style-type: none"> Environmental Quality Act (1974)
Personal Data Protection
<ul style="list-style-type: none"> Malaysia Personal Data Protection Act (2010) Singapore Personal Data Protection Act (2012)
Singapore Exchange Limited
<ul style="list-style-type: none"> SGX-ST Catalist Rules
Monetary Authority of Singapore
<ul style="list-style-type: none"> Code of Corporate Governance 2018
Singapore Companies Act 1967
Malaysia Companies Act 2016
Malaysia Timber Industry Board
<ul style="list-style-type: none"> Malaysian Timber Industry Board (Incorporation) Act (1973) Timber Industrialisation Methods (Registration) (1991)

In FY2025, a total of RM16,627 were lost due to fines regarding the following non-compliance issues. These fines were related to traffic penalties and absconding foreign workers. The Group has launched an investigation into all its incidents and is looking into ways to reduce such incidents as much as possible going forward.

MOVING FORWARD

LY Corporation places strong emphasis on cultivating a resilient corporate governance culture and ensuring full compliance with all applicable laws, regulations, and standards across the regions in which it operates. This commitment reflects the Group's dedication to ethical business conduct, transparency, and accountability. Beyond fulfilling legal obligations, the Group views regulatory compliance as a strategic enabler of trust, operational excellence, and long-term sustainability. By consistently upholding these standards, the Group reinforces its reputation as a responsible and conscientious organisation, trusted by stakeholders and partners alike.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	LY Corporation Limited has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report 2025: Corporate Profile, pages 1 and 10
	2-2 Entities included in the organisation's sustainability reporting	Sustainability Report: About this Report, page 14
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this Report – Scope of Report, page 14
	2-4 Restatements of information	Sustainability Report: Economic – Economic Agility, page 25
	2-5 External assurance	LY Corporation has not sought external assurance for this reporting period, and may consider it in the future.
	2-6 Activities, value chain and other business relationships	Annual Report 2025: Corporate Profile, pages 1 and 10 Annual Report 2025: Message to Shareholders, pages 2 to 3
	2-7 Employees	Sustainability Report: Social – Employees' Profile, pages 41 to 43
	2-8 Workers who are not employees	There were no workers who are not employees.
	2-9 Governance structure and composition	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-10 Nomination and selection of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93
	2-11 Chair of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-13 Delegation of responsibility for managing impacts	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-15 Conflicts of interest	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-16 Communication of critical concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50

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GRI Standard	Disclosure Number & Title	Section Reference
	2-17 Collective knowledge of the highest governance body	This covers confidential information of LY Corporation's board meetings and are not to be disclosed due to confidentiality reasons.
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-19 Remuneration policies	Annual Report: Corporate Governance Report, pages 57 to 93
	2-20 Process to determine remuneration	Annual Report: Corporate Governance Report, pages 57 to 93
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Report: Sustainability Steering Committee, pages 17 to 18
	2-23 Policy commitments	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> • Governance – Ethics, Bribery and Corruption, pages 48 to 50 • Governance – Regulatory Compliance, pages 50 to 51
	2-24 Embedding policy commitments	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> • Governance – Ethics, Bribery and Corruption, pages 48 to 50 • Governance – Regulatory Compliance, pages 50 to 51
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Governance – Ethics, Bribery and Corruption, pages 48 to 50
	2-27 Compliance with laws and regulations	Annual Report 2025: Corporate Governance Report, pages 57 to 93 Sustainability Report: <ul style="list-style-type: none"> • Governance – Ethics, Bribery and Corruption, pages 48 to 50 • Governance – Regulatory Compliance, pages 50 to 51
	2-28 Membership associations	Currently, the Group does not hold significant roles in any membership associations.
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement, pages 19 to 20
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment, pages 21 to 24
	3-2 List of material topics	

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GRI Standard	Disclosure Number & Title	Section Reference
Topic-specific disclosure		
Economic Agility GRI 3: Material Topics 2021/GRI 201: Economic Performance 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Economic Agility, page 25
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Agility, page 25
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report: Climate Report, pages 28 to 33
Ethics, Bribery and Corruption GRI 3: Material Topics 2021/GRI 205: Anti-Corruption 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Ethics, Bribery, and Corruption, pages 48 to 50
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: Ethics, Bribery and Corruption, pages 48 to 50
	205-3 Confirmed incidents of corruption and actions taken	
Energy Use GRI 3: Material Topics 2021/GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Energy Usage, page 36
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Greenhouse Gas Emissions, pages 34 to 35 • Energy Usage, page 36
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
Water Consumption GRI 3: Material Topics 2021/GRI 303: Water and Effluents 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Water Consumption, page 37
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: Water Consumption, page 37
Climate Change GRI 3: Material Topics 2021/GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Climate Changes, pages 28 to 34
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: Greenhouse Gas Emissions, pages 34 to 35
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	

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GRI Standard	Disclosure Number & Title	Section Reference
Waste Management GRI 3: Material Topics 2021/GRI 306: Waste 2020		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Waste Management, pages 37 to 39
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: Waste Management, pages 37 to 39
	306-4 Waste diverted from disposal	
	306-5 Waste diverted to disposal	
Talent Attraction and Retention GRI 3: Material Topics 2021/GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Talent Attraction and Retention, page 40
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Talent Attraction and Retention, pages 40 to 43
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Workplace Health and Safety GRI 3: Material Topics 2021/GRI 403: Occupational Health and Safety 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Workplace Health and Safety, pages 45 to 47
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Workplace Health and Safety, pages 45 to 47
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
Training and Development GRI 3: Material Topics 2021/GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Training and Development, pages 44 to 45
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Training and Development, pages 43 to 45
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	

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GRI Standard	Disclosure Number & Title	Section Reference
Regulatory Compliance GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016/GRI 408: Child Labour 2016/GRI 409: Forced or Compulsory Labour 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Materiality Assessment, pages 22 to 24 Sustainability Report: Regulatory Compliance, pages 50 to 51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Talent Attraction and Retention, page 40
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Sustainability Report: Regulatory Compliance, pages 50 to 51
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Report: Regulatory Compliance, pages 50 to 51