SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 31.03.2026 RM'000	**Preceding Year Corresponding Quarter 31.03.2025 RM'000**	**Current Year To-Date 31.03.2026 RM'000**	**Preceding Year Corresponding Period 31.03.2025 RM'000**
Revenue	46,352	88,086	46,352	88,086
Operating expenses	(52,133)	(85,625)	(52,133)	(85,625)
Other income	602	1,955	602	1,955
Finance costs	(659)	(1,030)	(659)	(1,030)
(Loss)/profit before tax	(5,838)	3,386	(5,838)	3,386
Income tax expense	(19)	(941)	(19)	(941)
(Loss)/profit after tax for the financial period	**(5,857)**	**2,445**	**(5,857)**	**2,445**
Other comprehensive income: *Items that will be reclassified subsequently to profit or loss*				
Foreign currency translation	8	7	8	7
Total other comprehensive income for the financial period	8	7	8	7
Total comprehensive (expense)/income for the financial period	(5,849)	2,452	(5,849)	2,452
(Loss)/profit after tax attributable to owner of the company	**(5,857)**	**2,445**	**(5,857)**	**2,445**
Total comprehensive (expense)/income attributable to owner of the company	**(5,849)**	**2,452**	**(5,849)**	**2,452**
Earnings per ordinary share (sen) (2)				
- Basic/Diluted earnings per ordinary shares (sen)	(1.17)	0.49	(1.17)	0.49

Notes:

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

*(2) Basic/Diluted earnings per share ("**EPS**") is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 March 2026 (as at 31 December 2025: 500,000,000 shares). The outstanding ESOS options were excluded from the computation of diluted EPS as the options had not vested as at the financial period end and accordingly were anti-dilutive.*

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1)

	Unaudited as at 31.03.2026 RM'000	Audited as at 31.12.2025 RM'000
Assets		
Non-current assets		
Property, plant and equipment	17,647	18,090
Right-of-use assets	24,556	24,765
Investment properties	28,000	28,000
Total non-current assets	70,203	70,855
Current assets		
Inventories	34,498	57,454
Trade receivables	28,999	42,139
Other receivables, deposits and prepayments	3,993	3,361
Derivative assets	-	52
Current tax assets	12,396	11,712
Short-term investment	23,400	13,704
Deposits with licensed banks	391	359
Cash and bank balances	17,961	28,014
Total current assets	121,638	156,795
Total assets	191,841	227,650
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	58,672	64,521
Total equity	126,091	131,940
Non-current liabilities		
Bank borrowings	21,777	22,260
Lease liabilities	856	1,023
Deferred tax liabilities	5,167	5,167
Total non-current liabilities	27,800	28,450
Current liabilities		
Trade payables	12,491	23,195
Other payables and accruals	9,660	11,714
Bank borrowings	14,768	31,554
Lease liabilities	813	785
Derivative liabilities	218	12
Total current liabilities	37,950	67,260
Total liabilities	65,750	95,710
Total equity and liabilities	191,841	227,650
Net assets per share (RM)	0.25 (2)	0.26 (2)

Notes:

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

(2) Net assets per share is calculated based on the Company's number of 500,000,000 ordinary shares as at 31 March 2026 (as at 31 December 2025: 500,000,000 shares).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [(1)]

	Share capital	Reorganisation reserve	Revaluation reserve	Foreign exchange reserve	Retained profits	Total equity
	Non-distributable				*Distributable*	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2025	67,419	(31,788)	13,911	-	77,871	127,413
Profit after tax for the financial period	-	-	-	-	2,445	2,445
Other comprehensive income for the financial period:						
- Foreign currency translation				7	-	7
Total comprehensive income for the financial period	-	-	-	7	2,445	2,452
Distributions to owners of the Company:-						
- Dividends	-	-	-	-	(3,700)	(3,700)
At 31 March 2025	67,419	(31,788)	13,911	7	76,616	126,165
At 1 January 2026	67,419	(31,788)	17,839	(18)	78,488	131,940
Profit after tax for the financial period	-	-	-	-	(5,857)	(5,857)
Other comprehensive income for the financial period:						
- Foreign currency translation				8	-	8
Total comprehensive income for the financial period	-	-	-	8	(5,857)	(5,849)
Distributions to owners of the Company:						
- Dividends	-	-	-	-	-	-
At 31 March 2026	67,419	(31,788)	17,839	(10)	72,631	126,091

Note:

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (1)

	Current Year To-Date 31.03.2026 RM'000	Preceding Year Corresponding Period 31.03.2025 RM'000
Cash flows for operating activities		
(Loss)/profit before tax	(5,838)	3,386
Adjustments for:		
Depreciation of property, plant and equipment	497	495
Depreciation of right-of-use assets	262	276
Dividend income from short-term deposits	(140)	(306)
(Reversal)/allowance for impairment loss on trade receivable	(99)	879
Loss on disposal of property, plant and equipment	2	-
Provision of inventory written down	128	-
Unrealised gain on foreign exchange	(880)	(1,260)
Interest expenses	659	1,030
Interest income	(31)	(89)
Operating profit before working capital changes	(5,440)	4,411
Changes in working capital:		
Inventories	22,828	12,294
Trade and other receivables	14,673	6,207
Trade and other payables	(12,795)	(15,858)
Cash generated from operations	19,266	7,054
Interest received	31	89
Tax paid	(703)	(2,098)
Net cash from operating activities	18,594	5,045
Cash flows for investing activities		
Dividend income received from short-term investments	140	306
Purchase of property, plant and equipment	(29)	-
Proceeds from disposal of property, plant and equipment	1	(572)
Net cash from/(for) investing activities	112	(266)
Cash flows for financing activities		
Dividends paid	-	(3,700)
Net decrease in fixed deposit pledged	(32)	(34)
(Repayment)/drawdown of borrowings (net)	(17,269)	(15,920)
Interest paid	(659)	(1,011)
Repayment of lease liabilities (net)	(192)	(224)
Net cash for financing activities	(18,152)	(20,889)
Net increase/(decrease) in cash and cash equivalents	554	(16,110)
Effects of foreign exchange differences	(911)	138
Cash and cash equivalents at beginning of period	41,718	75,151
Cash and cash equivalents at end of period	41,361	59,179

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D) (1)

	Current Year To-Date 31.03.2026 RM'000	Preceding Year Corresponding Period 31.03.2025 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment (2)	23,400	31,198
Deposits with licensed banks	391	770
Cash and bank balances	17,961	27,981
	41,752	59,949
Less:		
Deposits pledged to licensed banks	(391)	(770)
	41,361	59,179

Notes:

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

(2) The short-term investment represents the money market funds at fair value. The money market funds represent investment in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with five (5) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.

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

A1 Basis of Preparation

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

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2025. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2025.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the financial year ended 31 December 2025.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 December 2025:

MFRSs and/or Interpretations Committee (“IC”) Interpretations (Including the Consequential Amendments)		**Effective Date**
Amendments to MFRS 10 and MFRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121	: The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency	1-Jan-27
Amendments that are part of Annual Improvements – Volume 11	: Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1-Jan-26
	: Amendments to MFRS 7 Financial Instruments: Disclosures	1-Jan-26
	: Amendments to MFRS 9 Financial Instruments	1-Jan-26
	: Amendments to MFRS 10 Consolidated Financial Statements	1-Jan-26
	: Amendments to MFRS 107 Statement of Cash Flows	1-Jan-26
Amendments to MFRS 9 & 7	: Contracts Referencing Nature-dependent Electricity	1-Jan-26
Amendments to MFRS 9 & 7	: Classification and Measurement of Financial Instruments	1-Jan-26
MFRS 18	: Presentation and Disclosure in Financial Statements	1-Jan-27
MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1-Jan-27
Amendments to MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1-Jan-27

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

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

A4 Seasonal and Cyclical Factors

The principal business operations of the Group have historically shown moderate seasonality, where the revenue of the Group is generally lower at the first half of the calendar year due to the absence of many festive periods and softer demand in United States of America ("USA"), particularly for business-to-consumer ("B2C") segment. Conversely, revenue is typically higher towards the year end, supported by seasonal demand festive sales campaigns.

A5 Extraordinary and Exceptional Items

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

A6 Material Changes in Estimates

There were no material changes in estimates that have a material effect on the current financial quarter and current financial year-to-date other than disclosed in Note B9.

A7 Debt and Equity Securities

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

A8 Dividends Paid

There were no dividends paid during the current financial quarter and current financial year-to-date.

A9 Segmental Reporting

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

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 31.03.2026 RM'000	Preceding Year Corresponding Quarter 31.03.2025 RM'000	Current Year To-Date 31.03.2026 RM'000	Preceding Year Corresponding Period 31.03.2025 RM'000
USA	25,242	48,972	25,242	48,972
United Kingdom	15,950	25,787	15,950	25,787
United Arab Emirates	2,122	4,714	2,122	4,714
Malaysia	2,363	3,547	2,363	3,547
Others	675	5,066	675	5,066
Total	**46,352**	**88,086**	**46,352**	**88,086**

A10 Valuation of property, plant and equipment and investment properties

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

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

There were no material changes in valuation of the property, plant and equipment in the current quarter under review as compared to the financial year ended 31 December 2025.

(b) Investment properties

The Group adopts the fair value model for its investment properties. Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. There were no material changes in valuation of investment properties in the current quarter under review as compared to the financial year ended 31 December 2025.

A11 Material Events after the End of the Reporting Period

Save as disclosed in note B9, there were no material events subsequent to the end of the current financial quarter which have not been reflected in this interim financial report as at the date of this report.

A12 Changes in the Composition of the Group

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

A13 Contingent Liabilities

As at 31 March 2026, a nominal amount of RM53.4 million (as at 31 December 2025: RM53.7 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

Save as disclosed in Note B9 Material Litigation, for which certain provisions have been recognised by the Group, there were no other material contingent liabilities and contingent assets as at 31 March 2026.

A14 Capital Commitments

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

	As at 31.03.2026 RM'000	As at 31.03.2025 RM'000
Property, plant and equipments	267	1,123

A15 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Holding company				
Dividend paid	-	2,738	-	2,738
Companies in which certain directors have substantial financial interest				
Rental expenses	26	23	26	23

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

B1 Review of Group's Performance

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

	Individual Quarter 3-Month Ended				Cumulative Quarter 3-Month Ended			
	31.03.2026	31.03.2025	Variance		31.03.2026	31.03.2025	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
B2B segment	12,061	36,886	(24,825)	(67.3)	12,061	36,886	(24,825)	(67.3)
B2C segment	34,199	51,200	(17,001)	(33.2)	34,199	51,200	(17,001)	(33.2)
Other segments*	92	-	92	100.0	92	-	92	100.0
Total	**46,352**	**88,086**	**(41,734)**	**(47.4)**	**46,352**	**88,086**	**(41,734)**	**(47.4)**
(Loss)/profit before tax	**(5,838)**	**3,386**	**(9,224)**	**(272.4)**	**(5,838)**	**3,386**	**(9,224)**	**(272.4)**

**Other segments represents ancillary income stream which are not material to the Group's overall performance during the current financial quarter.*

The Group recorded a revenue of RM46.4 million for the current financial quarter ended 31 March 2026, representing a decrease of RM41.7 million or 47.4% as compared with the corresponding financial quarter in prior year. The Group generates its revenue from both the business-to-business ("**B2B**") and the business-to-consumer ("**B2C**") market segments.

(a) The B2B segment recorded a revenue of RM12.1 million which is a decrease of 67.3% as compared to the corresponding financial quarter in the prior year of RM36.9 million. The decline was mainly attributable to softer demand globally, as market sentiment continued to be affected by global economic uncertainty and the Middle East conflict.

(b) The B2C segment recorded revenue of RM34.2 million, representing a decrease of 33.2% as compared to RM51.2 million in the corresponding quarter of the prior year. This was primarily due to lower revenue contributions across key markets, particularly in United States of America ("USA") and the United Kingdom ("UK"). In the USA and UK, performance was affected by lower sales volumes arising from reduced customer traffic and lower advertising visibility during the financial quarter. In additions, the Group continued to actively manage its inventory position by streamlining its market presence by exiting certain platforms, such as Amazon, which are less aligned with the Group's product categories. This forms part of the Group's on-going efforts to optimise resource allocation and improve overall operational efficiency by focusing on platforms that are better aligned with its product profile.

The Group recorded a loss before tax ("LBT") of RM5.8 million for the current financial quarter as compared to a profit before tax ("PBT") of RM3.4 million in the corresponding quarter of the prior year. The decrease in PBT was primarily due to the following factors:

(a) The lower revenue recorded during the quarter, in line with reduced sales volumes across both B2B and B2C segments. The imposition of US import tariffs contributed to weaker demand amid continued market uncertainties.

(b) The imposition of tariffs also increased the cost of operating in the USA, and the Group was unable to fully pass on these additional costs to customers or the supply chain in a timely manner. At the same time, pricing adjustments and promotional activities were undertaken to support sales and clear slower-moving inventory, which resulted in lower average selling prices and margin compression.

(c) Despite the lower inventory balance recorded during the current financial quarter as compared to the corresponding financial quarter of the prior year, the Group incurred higher storage costs of RM1.3mil following changes in storage charging policies implemented by certain fulfilment centers, whereby the storage fees are charged based on tiered inventory levels. The increase was also attributable to higher proportion of long aging inventories as well as the Group's inventory positioning strategy undertaken to support the operational continuity and fulfilment requirements across the key markets.

(d) The strengthening of the RM, with the weighted average USD/MYR exchange rate appreciating from 4.4787 to 3.9826 (approximately 11.1%), adversely affected the Group's export-denominated revenue and margins.

(e) The Group recorded a net foreign exchange loss of RM0.7 million in the current quarter, compared to a loss of RM0.4 million in the same quarter last year. The variance of RM0.3 million was mainly due to the strengthening of the RM against the USD.

Overall, the Group's performance for 1QFY2026 reflects a combination of softer market demand, competitive pressures and ongoing inventory optimisation efforts across its key markets. Both the B2B and B2C segments recorded lower sales volumes during the quarter. Within the B2C segment, revenue from USA and UK were declined due to softer demand, lower traffic and conversion rates, as well as inventory availability constraints on selected SKUs.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter 3-Month Ended		Variance	
	31.03.2026	**31.12.2025**		
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
B2B segment	12,061	30,906	(18,845)	(61.0)
B2C segment	34,199	49,860	(15,661)	(31.4)
Other segment	92	-	92	100.0
Total	**46,352**	**80,766**	**(34,414)**	**(42.6)**
(Loss)/profit before tax	**(5,838)**	**52**	**(5,890)**	**(11,326.9)**

The Group's revenue for the current financial quarter ended 31 March 2026, decreased by approximately RM34.4 million or 42.6% to RM46.4 million compared to RM80.8 million recorded in the preceding financial quarter ended 31 December 2025. The decrease was observed across both the B2B and B2C segments, primarily due to the post seasonal slowdown following the year-end peak sales period.

The B2B segment recorded a decrease in revenue of RM18.8 million, representing a decline of approximately 61.0% compared to the immediate preceding quarter. This was mainly attributable to lower demand following the seasonal peak in the UK and USA markets.

The B2C segment recorded a decrease in revenue of RM15.7 million, representing a decline of approximately 31.4% compared to the immediate preceding quarter. The lower contribution was mainly from the UK, USA and Malaysia markets, reflecting softer consumer demand following the year-end and winter sales period.

The Group recorded a loss before tax ("LBT") of RM5.8 million in the current quarter, compared to a profit before tax ("PBT") of RM0.05 million in the preceding quarter. The decline in performance was mainly attributable to the lower revenue across all B2B and B2C segments, the impact of US import tariffs on margins, the post seasonal demand slowdown and the strengthening of the RM, which adversely affected the Group's export revenue and margins. In additions, the storage costs increased by approximately RM1.8mil as compared to the immediate preceding quarter, mainly due to lower than expected sell-through during the last year-end sales period, which resulted in higher long aging inventory levels. The increase was further compounded by changes in storage charging policies implemented by certain fulfilments centers, where storage fees are charged based on tiered inventory levels.

Despite the lower profitability, the Group remains committed to its digital transformation initiatives, with continued investment in its Enterprise Resource Planning ("ERP") system and Robotics Process Automation ("RPA"), aimed at enhancing productivity, scalability and long-term operational efficiency.

B3 Prospects

The operating environment remains challenging in the near term, driven by macroeconomic uncertainties, evolving trade policies and cautious consumer spending across key markets. Tariffs and shifting trade dynamics, particularly in the USA, continue to impact the global furniture industry. In response, the Group is actively diversifying its geographical exposure by strengthening its presence in non USA. markets, including the UK and Canada.
In regards to the tariff matter, the Group has prepared all the necessary steps to obtain the refund and is currently pending processing by the relevant authority. In addition, the Group is actively monitoring the development of the existing tariff regime in the USA.

The Group remains focused on enhancing operational efficiency, maintaining disciplined cost management and advancing digital transformation initiatives to support scalability. Efforts are also ongoing to optimise the SKU portfolio and align product offerings with changing consumer preferences. At the same time, the Group continues to deepen engagement with platform partners and expand its presence across digital marketplaces, supported by ongoing investments in technology, including artificial intelligence and automation. The Group is also re-strategising its advertisement activities to improve customer traffic and strengthen market visibility across its key operating markets.

Despite near-term headwinds, the Group remains confident in its long-term growth prospects, underpinned by its international presence, strong platform partnerships and continued focus on operational excellence.

B4 Profit Forecast

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

B5 Taxation

	Individual Quarter 3-Month Ended		**Cumulative Quarter 3-Month Ended**	
	Current Year Quarter 31.03.2026 RM'000	**Preceding Year Corresponding Quarter 31.03.2025 RM'000**	**Current Year To-Date 31.03.2026 RM'000**	**Preceding Year Corresponding Period 31.03.2025 RM'000**
Malaysia income tax:				
Current income tax expense	19	941	19	941
	19	941	19	941
Effective tax rate (1)	(0.3%) (1)	27.8%	(0.3%) (1)	27.8%

Note:

(1) The Group's effective tax rate in the current financial quarter under review was lower than the statutory tax rate of 24% mainly attributable to the Group recording a loss before tax in the current financial quarter. Nevertheless, certain profitable subsidiaries continued to incur tax expenses at the statutory tax rate of 24%, partly offset by the recognition of the tax exempt income and non-deductible tax expenses.

B6 Status of Corporate Proposals

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

B7 Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2026 are as follows:

	Unaudited as at 31.03.2026 RM'000	Audited as at 31.12.2025 RM'000
Non-current		
Secured		
Term Loans	21,777	22,260
Unsecured		
Lease liabilities	856	1,023
	22,633	**23,283**
Current		
Secured		
Bank borrowings	1,331	1,345
Unsecured		
Bank borrowings	13,437	30,209
Lease liabilities	813	785
	15,581	**32,339**
Total borrowings	**38,214**	**55,622**

All borrowings of the Group are denominated in Ringgit Malaysia (RM).

B8 Derivatives

The Group's outstanding derivatives as at 31 March 2026 are as follows:

	Unaudited As at 31.03.2026			Audited As at 31.12.2025		
	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000
Forward foreign exchange contracts - Less than 1 year	7,457	7,675	(218)	11,028	10,988	40

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

(a) Type of Financial Instrument
The Group's derivative financial instruments consist of forward foreign exchange contracts used to hedge the transactions exposure arising from foreign currency denominated trade receivables and trade payables.

(b) Explanation on the Revaluation
The forward foreign exchange contracts are measured at fair value at each reporting date. The change in fair value represents the difference between the contracted forward rate and the prevailing market forward rate at the end of the reporting period, applied to the notional contract amount. A fair value loss of RM218,000 was recognised for the current quarter ended 31 March 2026 (31 December 2025: gain of RM40,000)

(c) Basis in Arriving at Fair Value
The fair value of forward foreign exchange contracts are determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the contracts. These instruments are classified under Level 2 of the fair value hierarchy as defined in MFRS 13 Fair Value Measurement, as the inputs are observable in the market but not quoted prices for identical instruments in active markets.

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

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

B9 Material Litigation

On 10 October 2025, Synergy House Furniture Sdn. Bhd. ("SHF"), a wholly-owned subsidiary of the Company, received notification that Leyo Holdings Sdn. Bhd. ("Leyo"), as the plaintiff, had filed a civil suit in the High Court of Malaya at Kuala Lumpur against SHF and two third-party manufacturers (collectively, the "Defendants"), alleging breach of contract as well as patent and industrial design infringement arising from certain licence and royalty agreements.

Leyo has claimed, among others, RM 2,873,325 in alleged outstanding royalties against all Defendants jointly and severally. The amount allegedly attributable to SHF is only RM 493,829. The Defendants have filed their defence and counterclaim, disputing the claims and seeking, among others, the refund of royalties paid, damages and legal costs.

For conservative and prudent purposes, the Group has made a full provision of RM 493,829, being the amount allegedly directly attributable to the SHF, together with an estimated legal costs of RM 597,040. Nonetheless, the exact amount of costs cannot be determined at this stage.

The matter is pending trial, which is scheduled to commence in March 2027. Based on legal advice, the directors are of the opinion that SHF has strong merits in its defence and counterclaim.

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

B10 Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	3-Month Ended		3-Month Ended	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
(Loss)/profit after tax (RM'000)	(5,857)	2,445	(5,857)	2,445
Number of ordinary shares ('000)	500,000	500,000	500,000	500,000
Basic/Diluted EPS [(1)]	(1.17)	0.49	(1.17)	0.49

Notes:

(1) Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 March 2026 (as at 31 March 2025: 500,000,000 shares).

(2) Basic EPS and diluted EPS are the same as the outstanding ESOS options had not vested as the end of the current quarter and financial period under review, accordingly, were anti-dilutive. Other than that, the Company does not have any outstanding convertible securities as at the end of the current quarter and financial period under review.

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

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 3-Month Ended	
	Current Year Quarter 31.03.2026 RM'000	**Preceding Year Corresponding Quarter 31.03.2025 RM'000**	**Current Year To-Date 31.03.2026 RM'000**	**Preceding Year Corresponding Period 31.03.2025 RM'000**
Depreciation of property, plant and equipment	497	495	497	495
Depreciation of right-of-use assets	262	276	262	276
Unrealised gain on foreign exchange	(880)	(1,260)	(880)	(1,260)
Realised loss on foreign exchange	1,539	1,649	1,539	1,649
Interest expenses	659	1,030	659	1,030
(Reversal)/Allowance for impairment loss on trade receivable	(99)	879	(99)	879
Provision of inventory written down	128	-	128	-
Interest income	(31)	(89)	(31)	(89)
Dividend income from short-term investment	(140)	(306)	(140)	(306)

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

B12 Dividend

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

BY ORDER OF THE BOARD

SYNERGY HOUSE BERHAD

22 May 2026