

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter 31.12.2025 RM'000	Preceding Year Corresponding Quarter 31.12.2024 RM'000	Current Year To- Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
Revenue	80,766	117,407	310,950	392,420
Operating expenses	(81,341)	(109,758)	(306,994)	(368,961)
Other income	1,364	1,729	5,430	10,182
Finance costs	(737)	(1,010)	(3,362)	(3,866)
Profit before tax	52	8,368	6,024	29,775
Income tax (expense)/income	(1,992)	4,222	(1,707)	(1,937)
(Loss)/profit after tax for the financial period	(1,940)	12,590	4,317	27,838
Other comprehensive income:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation	33	-	29	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of property, plant and equipment	3,928	6,256	3,928	6,256
Total other comprehensive income for the financial period	3,961	6,256	3,957	6,256
Total comprehensive income for the financial period	2,021	18,846	8,274	34,094
(Loss)/profit after tax attributable to owner of the company	(1,940)	12,590	4,317	27,838
Total comprehensive income attributable to owner of the company	2,021	18,846	8,274	34,094

Earnings per ordinary share (sen) (2)

- Basic/Diluted earnings per ordinary shares (sen)	(0.39)	2.52	0.86	5.57
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(1) *The basis of preparation of the unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*

(2) *Basic/Diluted earnings per share ("EPS") is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 December 2025 (as at 31 December 2024: 500,000,000 shares). Basic EPS and diluted EPS are the same as the Company has no dilutive potential ordinary shares as at the end of the current quarter and financial period under review.*

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited as at 31.12.2025 RM'000	Audited as at 31.12.2024 RM'000
Assets		
Non-current assets		
Property, plant and equipment	18,090	16,010
Right-of-use assets	24,765	22,170
Investment properties	28,000	28,000
Total non-current assets	<u>70,855</u>	<u>66,180</u>
Current assets		
Inventories	57,454	71,178
Trade receivables	42,883	56,884
Other receivables, deposits and prepayments	3,360	5,478
Derivative assets	52	270
Current tax assets	11,721	5,293
Short-term investment	13,704	29,779
Deposits with licensed banks	359	17,736
Cash and bank balances	28,014	28,373
Total current assets	<u>157,547</u>	<u>214,991</u>
Total assets	<u>228,402</u>	<u>281,171</u>
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	64,568	59,994
Total equity	<u>131,987</u>	<u>127,413</u>
Non-current liabilities		
Bank borrowings	22,260	24,240
Lease liabilities	1,023	581
Deferred tax liabilities	5,176	663
Total non-current liabilities	<u>28,459</u>	<u>25,484</u>
Current liabilities		
Trade payables	23,748	45,245
Other payables and accruals	11,857	17,818
Bank borrowings	31,554	63,141
Lease liabilities	785	528
Derivative liabilities	12	1,542
Total current liabilities	<u>67,956</u>	<u>128,274</u>
Total liabilities	<u>96,415</u>	<u>153,758</u>
Total equity and liabilities	<u>228,402</u>	<u>281,171</u>
Net assets per share (RM)	0.26 ⁽²⁾	0.25 ⁽²⁾

Notes:

- (1) The basis of preparation of the unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's number of 500,000,000 ordinary shares as at 31 December 2025 (as at 31 December 2024: 500,000,000 shares).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	<i>Non-distributable</i>			<i>Distributable</i>		Total equity RM'000
	Share capital	Reorganisation reserve	Revaluation reserve	Foreign exchange reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2024	67,419	(31,788)	7,655	-	57,533	100,819
Profit after tax for the financial period	-	-	-	-	27,838	27,838
Other comprehensive income for the financial period:						
- Revaluation of property, plant and equipment	-	-	6,256	-	-	6,256
Total comprehensive income for the financial period	-	-	6,256	-	27,838	34,094
Distributions to owners of the Company:-						
- Dividends	-	-	-	-	(7,500)	(7,500)
At 31 December 2024	67,419	(31,788)	13,911	-	77,871	127,413
At 1 January 2025	67,419	(31,788)	13,911	-	77,871	127,413
Profit after tax for the financial period	-	-	-	-	4,317	4,317
Other comprehensive income for the financial period:						
- Revaluation of property, plant and equipment	-	-	3,928	-	-	3,928
- Foreign currency translation	-	-	-	29	-	29
Total comprehensive income for the financial period	-	-	3,928	29	4,317	8,274
Distributions to owners of the Company:						
- Dividends	-	-	-	-	(3,700)	(3,700)
At 31 December 2025	67,419	(31,788)	17,839	29	78,488	131,987

Note:

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	Current Year To- Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
Cash flows for operating activities		
Profit before tax	6,024	29,775
Adjustments for:		
Bad debts written off	13,448	-
Depreciation of property, plant and equipment	1,936	1,860
Depreciation of right-of-use assets	1,091	797
Loss/(gain) on disposal of property, plant and equipment	25	(40)
Gain on reassessments and modifications	6	-
Fair value (gain)/loss on derivative	(1,312)	1,347
Net fair value changes on revaluation	-	1,239
(Reversal)/allowance for impairment loss on trade receivable	(12,515)	10,485
Property, plant and equipment written off	-	85
Provision/(reversal) of inventories previously written down	148	328
Unrealised loss/(gain) on foreign exchange	667	(1,103)
Interest expenses	3,366	3,866
Interest income	(1,211)	(1,594)
Operating profit before working capital changes	11,673	47,045
Changes in working capital:		
Inventories	13,576	(22,881)
Trade and other receivables	20,103	(1,371)
Trade and other payables	(31,659)	18,618
Cash generated from operations	13,693	41,411
Interest received	1,211	1,594
Tax paid	(4,974)	(13,875)
Tax refunded	113	121
Net cash from operating activities	10,043	29,251
Cash flows for investing activities		
Purchase of property, plant and equipment	(1,048)	(6,108)
Proceeds from disposal of property, plant and equipment	30	69
Net cash (for) investing activities	(1,018)	(6,039)
Cash flows for financing activities		
Net decrease in fixed deposit pledged	377	11,158
Dividends paid	(3,700)	(12,500)
(Repayment)/drawdown of borrowings (net)	(33,568)	23,182
Interest paid	(3,366)	(3,924)
Repayment of lease liabilities (net)	(847)	(82)
Net cash from/(for) financing activities	(41,104)	17,834
Net (decrease)/increase in cash and cash equivalents	(32,079)	41,046
Effects of foreign exchange differences	(1,336)	(661)
Translate reserve	(18)	-
Cash and cash equivalents at beginning of period	75,151	34,766
Cash and cash equivalents at end of period	41,718	75,151

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

	Current Year To- Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment ⁽²⁾	13,704	29,778
Deposits with licensed banks	359	17,736
Cash and bank balances	28,014	28,373
	<u>42,077</u>	<u>75,887</u>
Less:		
Deposits pledged to licensed banks	(359)	(736)
	<u>41,718</u>	<u>75,151</u>

Notes:

- (1) *The basis of preparation of the unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*
- (2) *The short-term investment represents the money market funds at fair value. The money market funds represent investment in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with five (5) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.*

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**A1 Basis of Preparation**

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

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2024.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the financial year ended 31 December 2024.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 December 2024:

MFRSs and/or Interpretations Committee (“IC”) Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121 : The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1-Jan-25
Amendments 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 2024.

A4 Seasonal and Cyclical Factors

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

A5 Extraordinary and Exceptional Items

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

A6 Material Changes in Estimates

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

A7 Debt and Equity Securities

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

A8 Dividends Paid

The second interim single tier dividend of 0.74 sen per ordinary share amounting to approximately RM3.7 million for the financial year ended 31 December 2024 was declared on 28 February 2025 and was paid on 27 March 2025.

A9 Segmental Reporting

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

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter 31.12.2025 RM'000	Preceding Year Corresponding Quarter 31.12.2024 RM'000	Current Year To-Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
USA	47,036	68,902	181,648	215,875
United Kingdom	24,172	35,663	88,738	127,705
United Arab Emirates	5,921	5,992	20,216	27,246
Malaysia	2,243	2,802	10,071	10,589
Asia (excluding Malaysia)	-	-	-	1,431
Others	1,394	4,048	10,277	9,574
Total	80,766	117,407	310,950	392,420

A10 Valuation of property, plant and equipment and investment properties

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

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

During the year, the Group adopted the revaluation on eighteen (18) properties and one (1) land which resulted in a revaluation surplus of RM3,928,072 (net of deferred tax) as at 31 December 2025. The Group's net assets increased by RM0.01 per share as at 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. The Group adopted the revaluation which resulted no revaluation surplus or deficit as at 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

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

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

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

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

A13 Contingent Liabilities

As at 31 December 2025, a nominal amount of RM53.8 million (as at 31 December 2024: RM87.2 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

A14 Capital Commitments

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

	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
Property, plant and equipments	316	390

A15 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Unaudited 31.12.2025 RM'000	Unaudited 31.12.2024 RM'000	Unaudited 31.12.2025 RM'000	Unaudited 31.12.2024 RM'000
Holding company				
Dividend paid	-	3,330	2,738	9,250
Companies in which certain directors have substantial financial interest				
Rental expenses	28	23	112	101

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

B1 Review of Group's Performance

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

	Individual Quarter 3-Month Ended				Cumulative Quarter 12-Month Ended			
	31.12.2025 RM'000	31.12.2024 RM'000	Variance RM'000	%	31.12.2025 RM'000	31.12.2024 RM'000	Variance RM'000	%
Revenue								
B2B segment	30,906	56,064	(25,158)	(44.9)	122,062	198,424	(76,362)	(38.5)
B2C segment	49,860	61,343	(11,483)	(18.7)	188,888	193,996	(5,108)	(2.6)
Total	80,766	117,407	(36,641)	(31.2)	310,950	392,420	(81,470)	(20.8)
Profit before tax	52	8,368	(8,316)	(99.4)	6,024	29,775	(23,751)	(79.8)

The Group recorded a revenue of RM80.8 million for the current financial quarter ended 31 December 2025, representing a decrease of RM36.6 million or 31.2% as compared with the corresponding financial quarter in prior year. The Group generates its revenue from both the business-to-business ("B2B") and the business-to-consumer ("B2C") market segments. The B2B segment recorded a revenue of RM30.9 million which is a decrease of 44.9% as compared to the corresponding financial quarter in the prior year of RM56.1 million. The decline was mainly attributable to softer demand as market sentiment continued to be affected by global economic uncertainty. Whereas the B2C segment posted a decrease of 18.7%, recorded RM49.9 million, as compared to the corresponding financial quarter in the prior year of RM61.3 million due to the reduced revenue contributions across all regions.

The Group recorded a profit before tax (“**PBT**”) of RM0.05 million for the current financial quarter as compared to profit before tax (“**PBT**”) of RM8.4 million in the corresponding financial quarter in the prior year, the decrease in PBT was primarily attributed to:

- (a) The decrease in PBT was in tandem with the lower revenue recorded during the quarter. The imposition of US import tariff in 2025 has resulted in lower B2B sales volume due to the uncertainties in the market and lower profitability in the B2C segment.
- (b) In addition, the imposition of tariff has increased the cost base of operating in the USA and the Group was unable to transfer the cost on a timely manner to the customers or supply chain. Moreover, quarter 4 is the peak season of the year end sales and generally discounts were given to attract more customer traffic instead of increasing selling price.
- (c) The strengthening of the RM, with weighted average USD/MYR exchange rate appreciating from 4.3233 to 4.1801, an improvement of approximately 3.3%, adversely affected the Group’s export denominated revenue and margins;
- (d) The Group recorded a net foreign exchange loss of RM2.2 million in the current financial quarter, compared to a gain of RM0.3 million in the same quarter last year, the variance of RM2.5 million was primarily due to the RM strengthened against the USD;
- (e) Higher operating expenses were mainly arising from increased manpower costs, an increase in depreciation arising from strategic investments in Information Technology (“**IT**”). These investments include the implementation of Robotics Process Automation (“**RPA**”), Artificial Intelligent (“**AI**”) tools, and enhancements to the existing Enterprise Resource Planning (“**ERP**”) system and implementation of Robotics Process Automation (“**RPA**”) and the expansion of the scope of the 8% Service Tax (“**SST**”) on the lease premises, effective from the 1 July 2025.

Overall for 4QFY2025, the Group’s revenue was impacted by both the B2B and B2C segment which recorded lower volume. For the Group’s performance in the B2C segment, the revenue contribution through Wayfair in USA has declined due to the softer demand, however, the revenue from Wayfair in UK delivered improved performance driven by stronger order volumes and a positive mix shift towards higher-value items.

For the financial year to date, the Group recorded a revenue of RM311.0 million, representing a decrease of RM81.5 million or 20.8% as compared with the corresponding period in prior year. The decrease was mainly due to softer demand in the B2B and B2C segment arising from the uncertainties due to the tariffs as well as general softening of the global economy. The Group achieved a lower PBT of RM6.0 million compared to RM29.8 million in the corresponding period last year was mainly due to the following:

- (a) The decrease in PBT was in tandem with the lower revenue recorded during the period. The imposition of US import tariff in 2025 has resulted in lower both B2B and B2C sales volume due to uncertainties in the market and lower profitability in the B2C segment for the current financial year to date;
- (b) The Group recorded a net foreign exchange loss of RM4.8 million in the current financial year to date, representing a variance of RM8.2 million compared to foreign exchange gain of approximately RM3.4 million in the corresponding period last year. This was mainly due to appreciation of the RM against USD, with the weighted average exchange rate for USD/MYR, appreciating from 4.5405 to 4.3060, an improvement of approximately 5.2% which adversely affected the Group’s export denominated revenue and margins;
- (c) Higher operating expenses were mainly arising from increased manpower costs and depreciation arising from IT investments which are intended to improve operational efficiency and support the Group’s long-term growth strategy and enable scalability for current and future business needs while maintaining on optimised workforce. The Group views these initiatives as essential to fostering sustainable growth and strengthening its competitive position in the market.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter 3-Month Ended		Variance	
	31.12.2025 RM'000	30.09.2025 RM'000	RM'000	%
Revenue				
B2B segment	30,906	27,404	3,502	12.8
B2C segment	49,860	45,733	4,127	9.0
Total	80,766	73,137	7,629	10.4
Profit before tax	52	796	(744)	(93.5)

The Group's revenue for the current financial quarter ended 31 December 2025, increased by approximately RM7.6 million or 10.4% to RM80.8 million compared to RM73.1 million recorded in the preceding financial quarter ended 30 September 2025. The increase was observed across both the B2B and B2C segments.

The B2B segment recorded slightly increased revenue in the current financial quarter by RM3.5 million which represents an increase of approximately 12.8% as compared to immediate preceding's financial quarter. The increase in contribution was mainly attributable to higher sales volume in the UK and USA markets. The B2C segment recorded increased revenue in the current financial quarter by RM4.1 million which represents an increase of approximately 9.0% as compared to immediate preceding's financial quarter. The higher contribution is mainly from UK, USA and Malaysia markets, reflecting stronger seasonal demand leading up to the winter and yearend sales period.

However, the Group's PBT decreased by RM0.75 million to RM0.05 million, compared to RM0.8 million in the preceding financial quarter. The lower PBT was mainly attributable to higher operating expenses related to enhancements of ERP, RPA systems and impact of U.S. import tariffs on margins.

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

B3 Prospects

The operating environment for the coming periods remains challenging across most industries including the global furniture sector. Elevated cost structure due to tariffs, cautious consumer spending and ongoing macro-economic uncertainties continue to weigh on demand and pricing dynamics. Notwithstanding these conditions, the Group remains resilient and focused and are prepared to continuously face the challenges ahead. While we acknowledge the tougher operating conditions, the Group will continue strengthening its fundamentals, enhancing operational efficiency, usage of artificial intelligence, improve product offerings as well as exercising prudence in its operations.

The United States Supreme Court issued a ruling concerning the legality of the tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") on 20th February 2026. While the ruling has introduced potential implications for the broader US trade framework, the full operational and administrative impact remains subject to further clarification and implementation guidance by the relevant US authorities. The Group is closely monitoring the official announcements, regulatory updates and industry guidance to manage its export operations to the USA.

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 12-Month Ended	
	Current Year Quarter 31.12.2025 RM'000	Preceding Year Corresponding Quarter 31.12.2024 RM'000	Current Year To-Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
Malaysia income tax:				
Current income tax expense/(income)	(1,796)	(939)	244	4,710
(Over)/under provision in prior year	514	-	(1,811)	510
Deferred tax:				
Current deferred tax expense/(income)	3,274	(3,274)	3,274	(3,274)
(Over)/under provision in prior year	-	(9)	-	(9)
	<u>1,992</u>	<u>(4,222)</u>	<u>1,707</u>	<u>1,937</u>
Effective tax rate ⁽¹⁾	(3,453.8%)	(50.5%)	4.1%	6.5%

Note:

(1) *The higher current income tax expense/(income) in Q4 was mainly due to year-end tax adjustments following the finalisation of the Group's tax computations, including deferred tax reversals relating to prior financial years and tax adjustments on realised foreign exchange losses. Consequently, the effective tax rate for the current quarter exceeded the statutory tax rate of 24%, primarily due to certain expenses are not tax deductible and deferred tax adjustments.*

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 December 2025 are as follows:

	Unaudited as at 31.12.2025 RM'000	Audited as at 31.12.2024 RM'000
Non-current		
<u>Secured</u>		
Bank borrowings	22,260	24,240
<u>Unsecured</u>		
Lease liabilities	1,023	581
	<u>23,283</u>	<u>24,821</u>
Current		
<u>Secured</u>		
Bank borrowings	31,554	63,141
<u>Unsecured</u>		
Lease liabilities	785	528
	<u>32,339</u>	<u>63,669</u>
Total borrowings	<u>55,622</u>	<u>88,490</u>

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

	Amount denominated in foreign currency As at 31.12.2025 '000	As at 31.12.2025 RM'000	Amount denominated in foreign currency As at 31.12.2024 '000	As at 31.12.2024 RM'000
USD	-	-	567	2,528
RM	-	55,622	-	85,962
Total	-	55,622	567	88,490

B8 Derivatives

The Group's outstanding derivatives as at 31 December 2025 are as follows:

	Unaudited As at 31.12.2025			Audited As at 31.12.2024		
	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000	Contract/ notional amount RM'000	Fair value RM'000	Fair value change amount RM'000
Forward foreign exchange contracts - Less than 1 year	11,028	10,988	40	48,726	49,999	(1,273)

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

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

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

B9 Material Litigation

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

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

On 14 October 2025, the Court dismissed Leyo's application for an ad interim injunction pending the inter partes hearing, which has been fixed on 5 November 2025 and was subsequently adjourned to 16 December 2025 at Leyo's request. The hearing was thereafter postponed again at Leyo's request to 17 December 2025.

At the inter partes hearing held on 17 December 2025, Leyo informed the Court of its decision to withdraw its injunction application. The Court recorded the withdrawal and awarded costs in favour of the Second and Third Defendants. The Court has further directed that the trial of the suit be held from 1 March 2027 to 5 March 2027.

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

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

B10 Earnings Per Share

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Profit after tax (RM'000)	(1,940)	12,590	4,317	27,838
Number of ordinary shares ('000)	500,000	500,000	500,000	500,000
Basic/Diluted EPS ⁽¹⁾	(0.39)	2.52	0.86	5.57

Notes:

(1) Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 December 2025 (as at 30 September 2024: 500,000,000 shares).

(2) Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities as at the end of the current quarter and financial period under review.

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

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 12-Month Ended	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Depreciation of property, plant and equipment	481	497	1,936	1,860
Depreciation of right-of-use assets	255	229	1,091	797
Unrealised loss on foreign exchange	1,093	5,682	667	244
Realised (gain)/loss on foreign exchange	1,061	(6,009)	4,084	(3,630)
Interest expenses	737	1,010	3,362	3,867
(Reversal)/Allowance for impairment loss on trade receivable	(13,485)	236	(12,515)	13,634
Bad debt written off	13,448	-	13,448	-
Trade credit insurance receivable	-	-	-	(3,150)
Inventory written off	-	-	-	550
Provision inventory written down	1	-	148	-
Interest income and dividend income	(243)	(772)	(1,211)	(1,594)

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

25 February 2026