



SYNERGY HOUSE BERHAD

Q3FY24 Results Briefing
November 2024

Stock code on Bursa Malaysia: 0279





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AGENDA

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Snapshot of Synergy House



We are a cross-border e-commerce seller and furniture exporter that specialises in beautifully designed and affordable ready-to-assemble home furniture.

Snapshot of Synergy House (Cont'd)



Revenue
Q3FY2024
RM114.0 mil

9MFY2024
RM275.0 mil



Profit after tax
Q3FY2024
RM11.0 mil

9MFY2024
RM15.2 mil



B2B: 52.0%
B2C: 48.0%



**2,733 SKU &
designs on
offer***



**97.2% of 9MFY24
total revenue is
export based**



Total marketplace: 20
**New marketplace in
2024: 7***



AGENDA

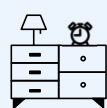
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Q3FY24 Financial Highlights

Group's Performance Q3FY2024 and Q2FY2024

Highlights of Q3FY2024 vs Q2FY2024

RM 'mil	Q3 FY24	Q2 FY24	QoQ (%)
Revenue	114.0	77.4	47.3 ↑
Profit/ (Loss) Before Tax	15.6	(6.4)	343.8 ↑
Profit/ (Loss) After Tax	11.0	(4.8)	329.2 ↑



Sales

1. Overall revenue growth of 47.3% in Q3FY24 as compared to Q2FY24 as both revenue segment increased.
 - a. B2C increased by 13% from RM41.9mil in Q2FY24 to RM47.1mil in Q3FY24. Total units sold was approximately 133k pcs (Q2FY2024: 126k pcs).
 - b. B2B sales grew by 88% from RM35.5mil in Q2FY24 to RM66.8mil in Q3FY24. Total units sold was approximately 310k pcs (Q2FY24: 136k pcs)
 - c. While traditionally Q3 is generally strong for B2B, Q3FY24 B2B were also supported by delayed shipments in Q2FY24 due to the previous issue with Hillsdale.



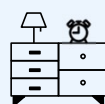
Overall

1. Overall commentary for Q3FY24:
 - a. Higher profitability contributed by higher sales volume despite the weakening of USD/MYR by approximately 4% Q-o-Q.
 - b. Recognised a net gains on foreign exchange and fair value on derivatives of RM2.3 million.
 - c. In-line with growth, basic manpower costs were higher by 8% with an average headcount in Q3FY24 of 229 as compared to Q2FY24 of 203.
 - d. Underprovision of corporate income tax for YA2023 of approximately RM511k recognized in Q3FY24.
 - e. Achieved the highest quarterly net profit after tax.

Q3FY24 Financial Highlights

Group's Performance YTD 9MFY2024 and YTD 9MFY2023

Highlights of YTD 9MFY2024 vs YTD 9MFY2023



Sales

- Overall revenue increased by 53% in 9MFY24 as compared to 9MFY23 as both business segment increased.
 - B2C sales for 9MFY24 was at RM132.7mil as compared to RM77.1mil of 9MFY23 signifying an increase of 72%. Total quantities sold was approximately 379k pieces (9MFY23: 211k pieces). The 9MFY24 B2C sales has surpassed the 12 months FY23 total B2C sales (RM121.7mil) with the peak season of B2C yet to come.
 - B2B sales for 9MFY24 was at RM142.4mil as compared to RM102.3mil of 9MFY23 and also recorded higher volume of sales at approximately 619k pieces (9MFY23: 428k pieces). Both the key markets being US and UK showed higher B2B sales in 9MF24 vs 9MFY23.
 - Recorded a total revenue of RM275mil for 9MFY2024 which has exceeded 12 months FY23 total revenue of RM270mil.



Costs

- Temporary peak in freight costs in Jun'24 and Jul'24 but has since been on a declining trend.
- No major increase in purchase cost expected for the remaining of 2024.
- In-line with growth, headcount has increased whereby average headcount increased by 55% while average basic payroll cost were higher by 59% in 9MFY24.



Margins

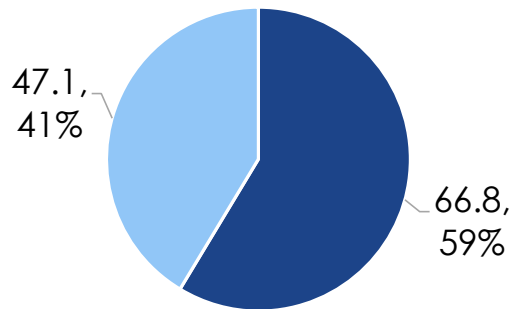
- Overall PAT margin currently is at 5.5% due to the impact of net provision for doubtful debts in Q2FY24.

RM 'mil	9M FY24	9M FY23	QoQ (%)
Revenue	275.0	179.4	53.3 ↑
Profit Before Tax	21.4	23.4	-8.5 ↓
Profit After Tax	15.2	16.9	-10.1 ↓

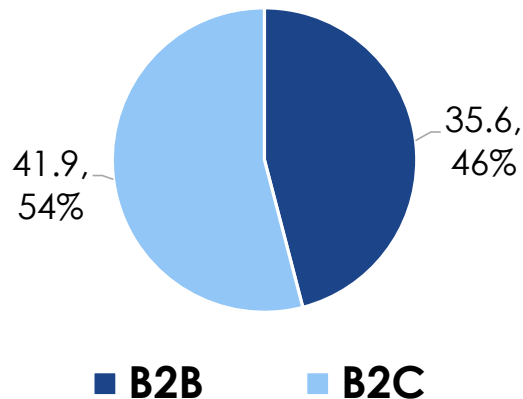
ROE:
13%

Revenue by business segment

Q3 FY24 (RM million)



Q2 FY24 (RM million)

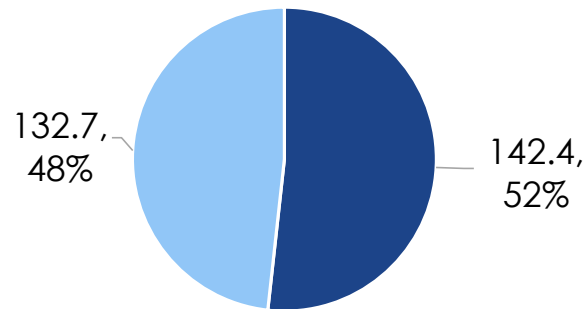


Group's Performance by Business Segment

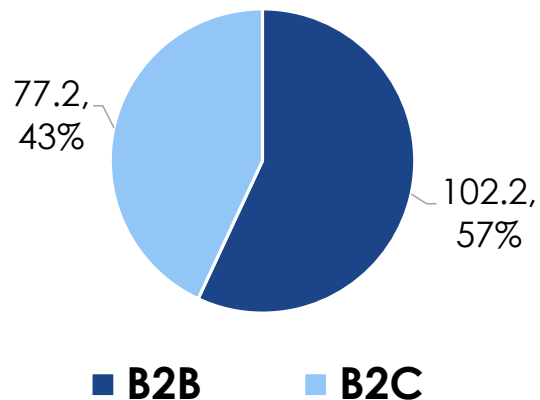
- 1) For Q3FY24, B2C revenue contribution is 41% of total revenue while B2B at 59%.
- 2) Traditionally, B2B is generally higher in quarter 3 due to B2B customers stocking up for year end sales. All key regions for B2B in Q3FY24 showed higher revenue as compared to Q2FY24.
- 3) Key B2C regions being US and UK showed improved revenue in Q3FY24 vs Q2FY24.

Revenue by business segment

9M FY24 (RM million)



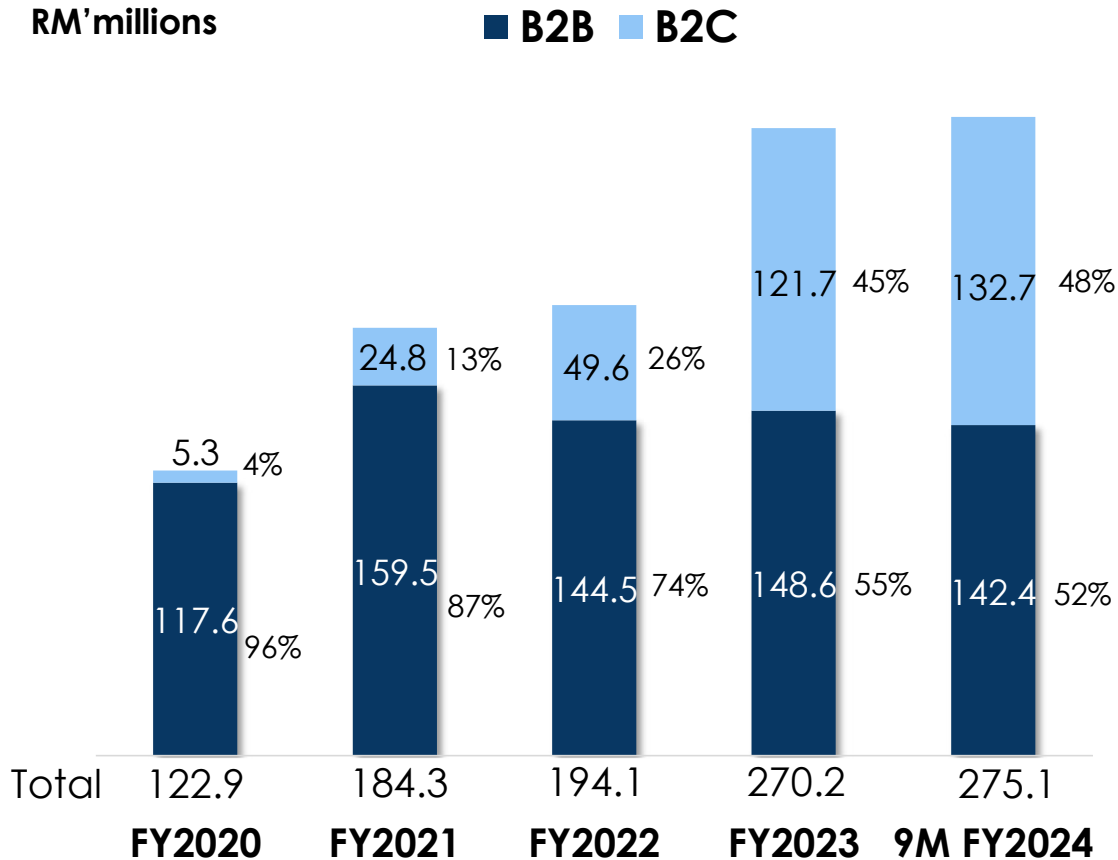
9M FY23 (RM million)



Group's Performance by Business Segment

- 1) For 9MFY24, B2C revenue contribution is 48% of total revenue while B2B at 52%.
- 2) 9MFY24 B2C sales is at RM132.7million, exceeding B2C sales for 9MFY23 of RM77.2million or 72%, having operating in more platforms while existing platforms continues to grow. Total quantities sold has increased by 80%.
- 3) 9MFY24 B2C sales is at RM132.7mil which has exceeded total B2C sales of FY23 of RM121.7million.

Revenue by business segment



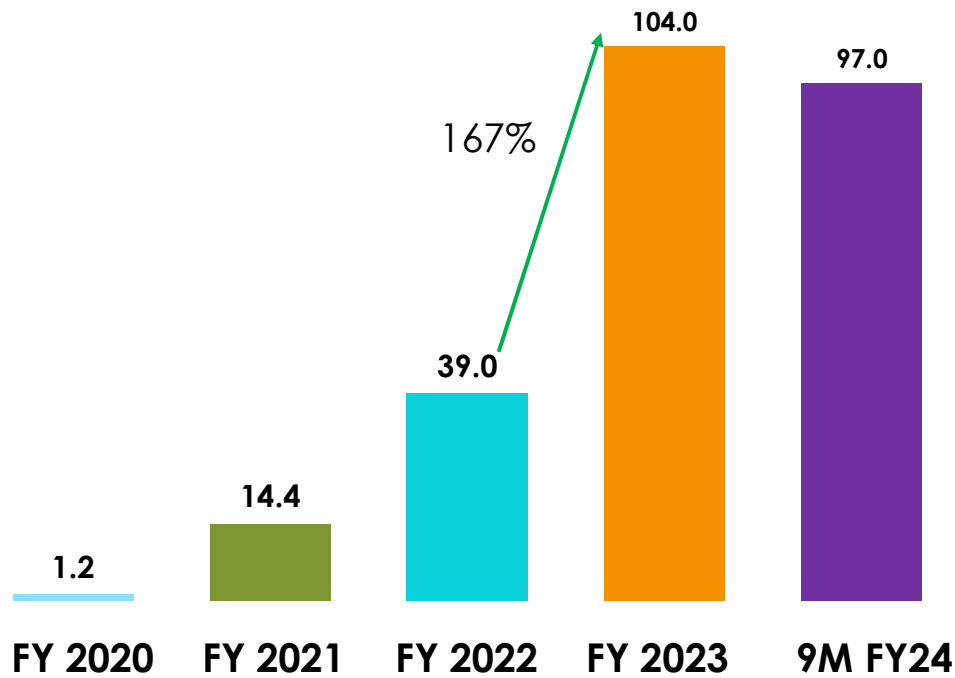
- 1) The Group continues to grow the B2C segment as the main direction of the Group.
- 2) The Group expects the B2C sales contribution to increase further with new countries and platforms, while continuing to expand existing platforms.
- 3) Although the B2C % has exceeded 50% during Q2 FY24, strong B2B sales traditionally in Q3 has reduced the B2C percentage to 48% as at 9MFY24 before the peak season of B2C in Q4.

Note:

* Percentage over respective financial year's total revenue.

B2C Revenue by Countries

Historical Revenue Contribution by USA (RM'mil)

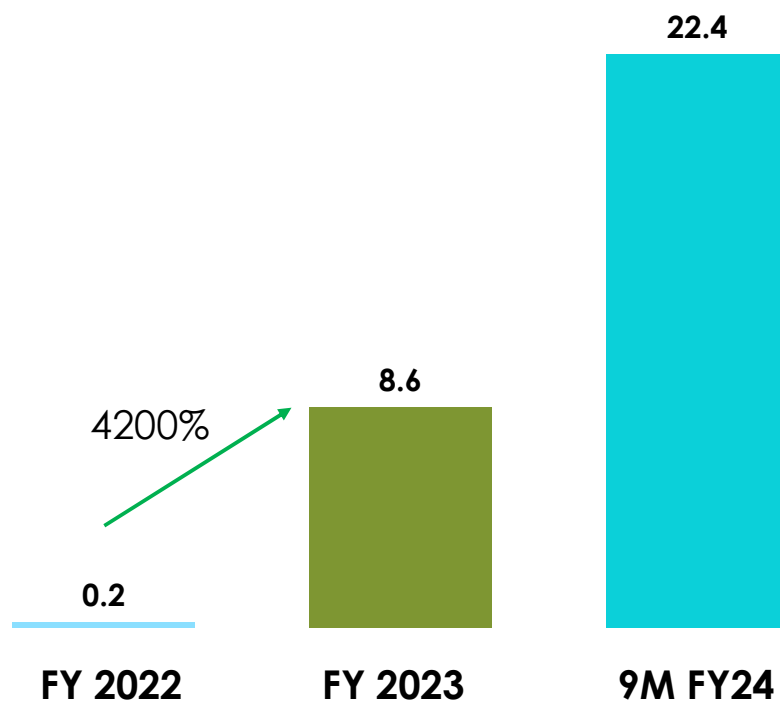


USA

- 1) Commenced selling on B2C USA in FY2020 through Wayfair and have onboarded to more subsequently.
- 2) Q3FY24 (RM32m) sales increased by 4% as compared to Q2FY24 (RM30.7m).
- 3) 9MFY24 sales is currently approximately 93% of FY23 total B2C US sales with the peak season yet to come.
- 4) USA still the largest market for furniture e-commerce globally.

B2C Revenue by Countries (con't)

Historical Revenue Contribution by UK (RM'mil)

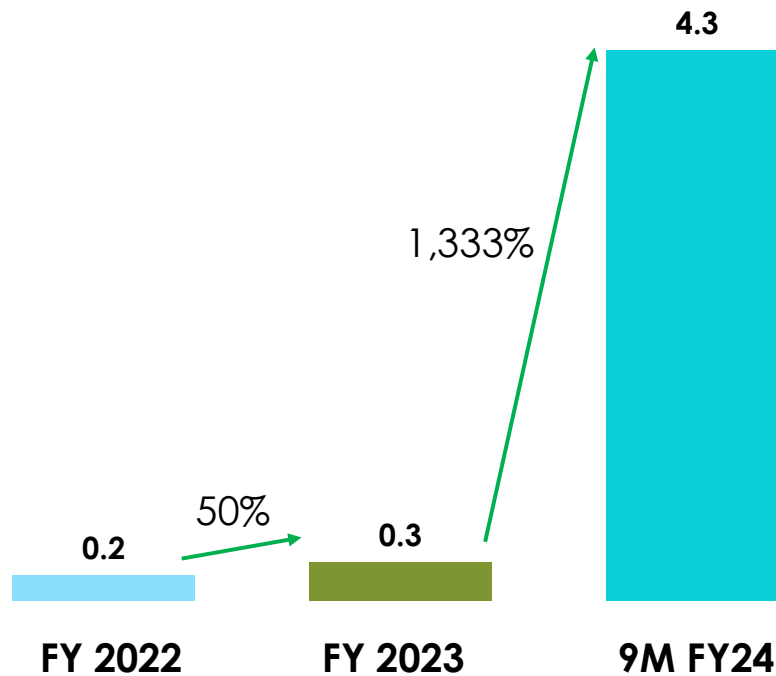


UK

- 1) Commenced selling on B2C UK in FY2022.
- 2) Q3FY24 (RM9.3m) sales increased by 41% as compared to Q2FY24 (RM6.6m).
- 3) 9MFY24 sales in UK has more than doubled as compared to FY2023.

B2C Revenue by Countries (con't)

Historical Revenue Contribution by Canada
(RM'mil)

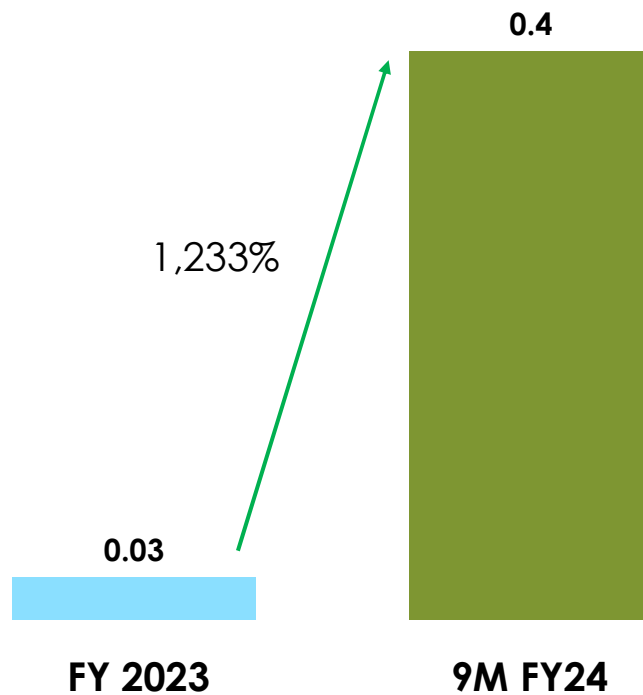


CANADA

- 1) Commenced selling on B2C Canada in FY2022.
- 2) Q3FY24 (RM2.3m) sales increased by 50% as compared to Q2FY24 (RM1.5m).
- 3) 9M FY24 sales is currently approximately 1,333% of FY23 total B2C Canada sales.
- 4) Relatively simpler market to expand as designs are similar to USA demand.

B2C Revenue by Countries (con't)

Historical Revenue Contribution by Germany (RM'mil)

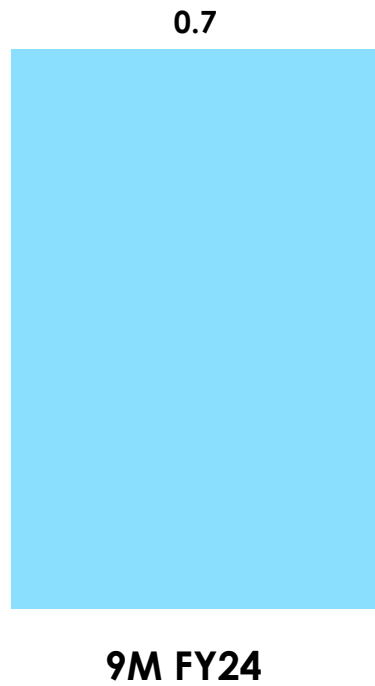


GERMANY

- 1) Commenced selling on B2C Germany in FY2023.
- 2) Q3FY24 (RM0.3m) sales increased by 326% as compared to Q2FY24 (RM0.07m).
- 3) 9M FY24 sales is currently approximately 1,233% of FY23 total B2C Germany sales.

B2C Revenue by Countries (con't)

Historical Revenue Contribution by France (RM'mil)

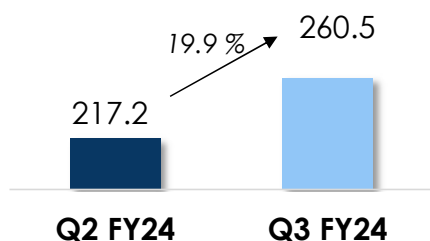


FRANCE

- 1) Commenced selling on B2C France in FY2024.
- 2) Q3FY24 (RM0.5m) sales increased by 270% as compared to Q2FY24 (RM0.1m).

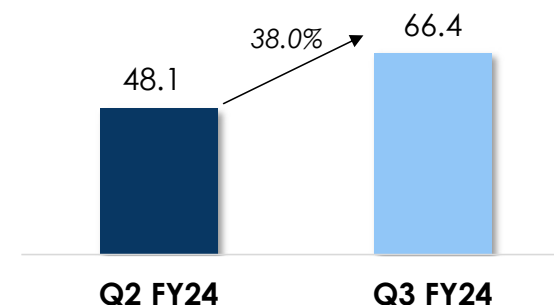
Snapshot of Balance Sheet

**Total assets
(RM'mil)**

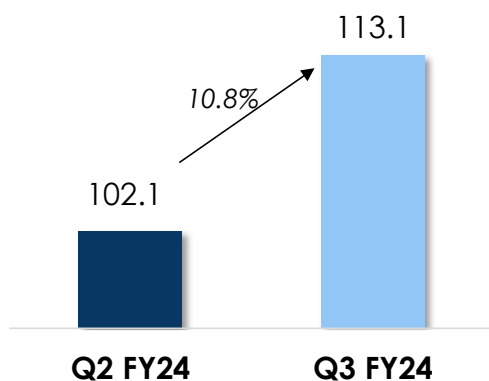


- 1) Balance sheet continues to strengthen with higher shareholder's equity, higher cash balances while gearing relatively maintains.
- 2) Recorded accumulated positive operating cash flow for 9MFY24.

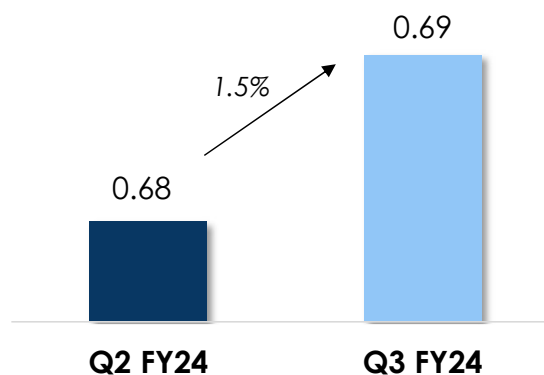
**Total cash
(RM'mil)**



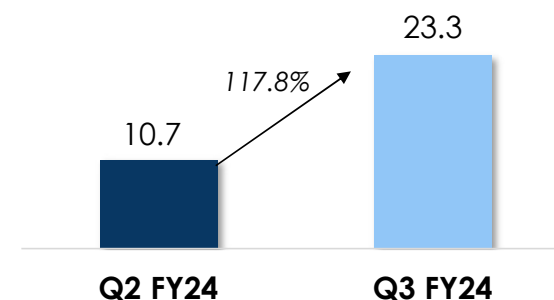
**Total Shareholders' Equity
(RM'mil)**



**Gearing
(times)**



**Accumulated Net Cash Flows
generated from Operating
Activities, (RM'mil)**





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FUTURE OUTLOOK



Revenue

1. Revenue growth trend is healthy as shown by Q3FY24 results.
2. Continue on-board to more platforms and countries and grow the correct products offerings.
3. Explore with Wayfair on other categories and segment of offerings that are available.
4. Exploring higher price point segment in B2C. Recently concluded a visit by an overseas e-commerce platform on samples produced for this new market segment.



Cost structure

1. Negotiated for the successful deferment of the proposed purchase price increase supposedly for Q4 FY24.
2. Synergy is in negotiation with the service provider for the continuation of fixed freight rates for 2025.
3. We expect stabilization of manpower cost as we are nearing the target headcount currently.

FUTURE OUTLOOK

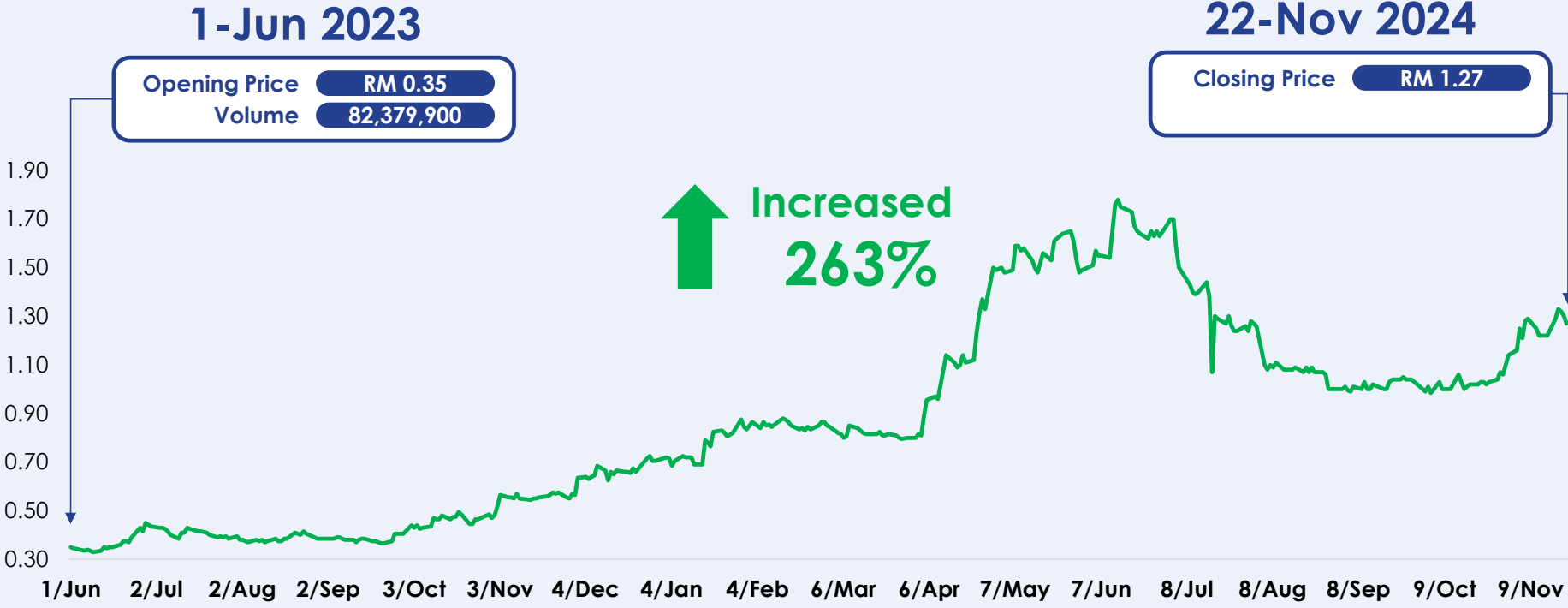


Overall

1. Overall, management continues to be optimistic of the business potential and it's growth opportunity.
2. Furniture e-commerce market is expected to grow steadily on the basis of past growth history and heightened awareness and habits of purchasing through e-commerce.
3. Re-iterate that Synergy is very much on a **growth stage**. Planting the seeds for **long term growth** which could be at the temporary expense of profitability at the moment.
4. **Revenue growth** reflects the opportunity that the Company has in the future.
5. Company is monitoring and assessing the impact to the business based on the recent USA election results.
6. Continue emphasizing the importance of AI usage in business operations.
7. Explore on sourcing of new vendors from other countries to diversify the supply base.

HISTORICAL SHARE PRICE AND VOLUME

Historical Closing Share Price and Volume



Share price performance from 1st June 2023 to 22nd Nov 2024.
IPO price: RM0.43

Total Shareholder's return since IPO:
195%

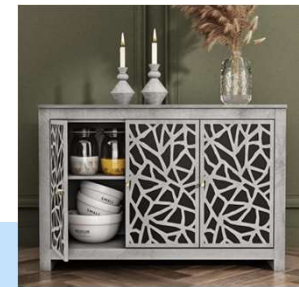
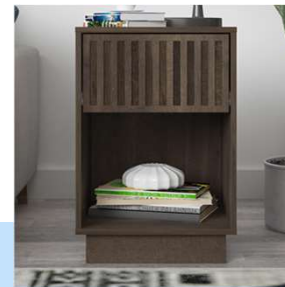
Returns compared to 1st Day IPO:
263%

Market Capitalisation:
RM635 M



SYNERGY HOUSE

Q&A Session





THANK YOU



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