



SYNERGY HOUSE BERHAD

Q2FY23 Results Briefing
August 2023

Stock code on Bursa Malaysia: 0279





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Speakers



Tan Eu Tah
Executive Director



Teh Yee Luen
Executive Director



Kenneth Ng
Group Accountant



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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.



1HFY23 Revenue
RM110.2 mil



B2B: 54.0%
B2C: 46.0%



95.7% of 1HFY23 total revenue is export based



2,155 SKU & designs on offer



Total marketplace: 11
New marketplace in 2023: 1

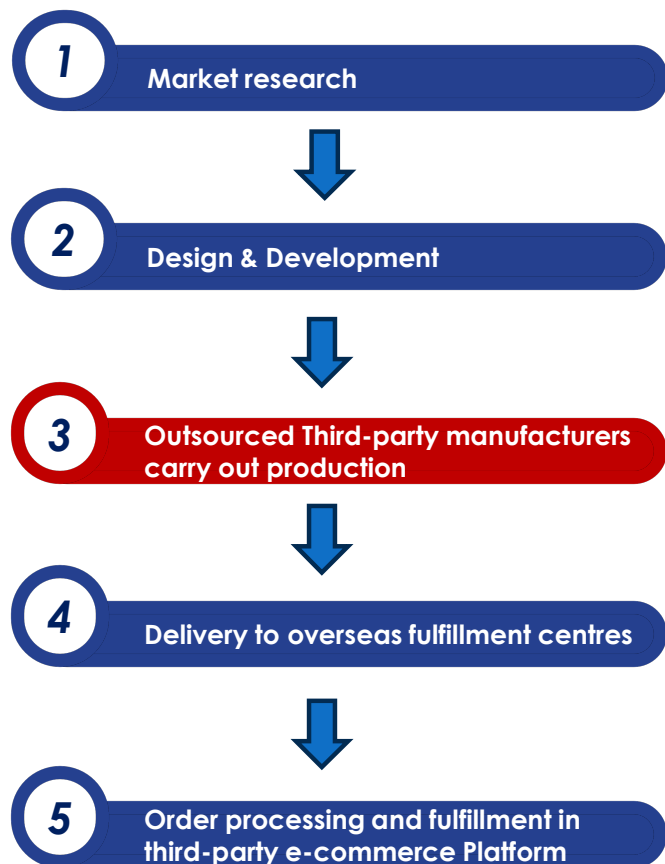


B2C market place total countries: 4

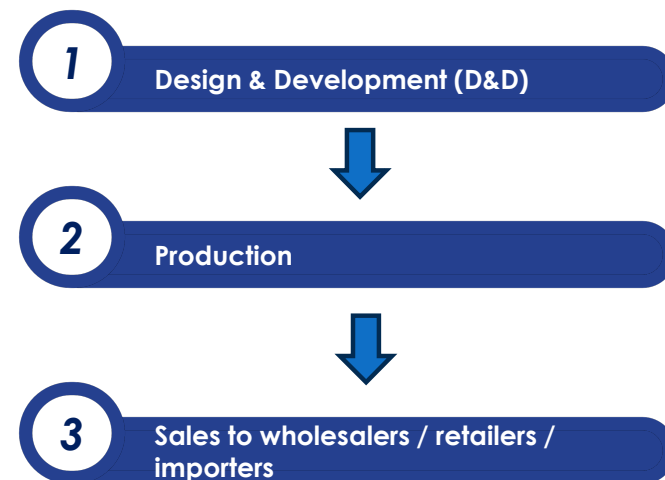
New countries in 2023: Pending 2

Business model

Synergy House



Furniture manufacturers listed in Bursa Securities





B2C Target Markets and Platforms




Current market

Target market and expansion

North America -  USA  CANADA

West Europe -  UK  Germany  France





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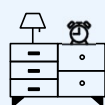
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Q2FY23 Financial Highlights

Group's Performance Q1FY2023 and Q2FY2023

RM 'mil	Q1 FY23	Q2 FY23	QoQ (%)	1H FY23
Revenue	51.6	58.6	13.6 ↑	110.2
Profit Before Tax	3.6	8.5	139.8 ↑	12.1
Profit After Tax	2.6	6.2	136.5 ↑	8.8

Highlights of Q2FY23



Sales

- Overall revenue growth of 13.6% in Q2FY23 as compared to Q1FY23.
 - B2B sales increased by 17% mainly from higher sales in UK and Middle East.
 - B2C sales grew by 10% in Q2FY23 vs Q1FY23.



Costs

- Freight costs remains lower as compared to prior year.
- Cost of purchase remains stable in Q2FY23 as compared to Q1FY23.

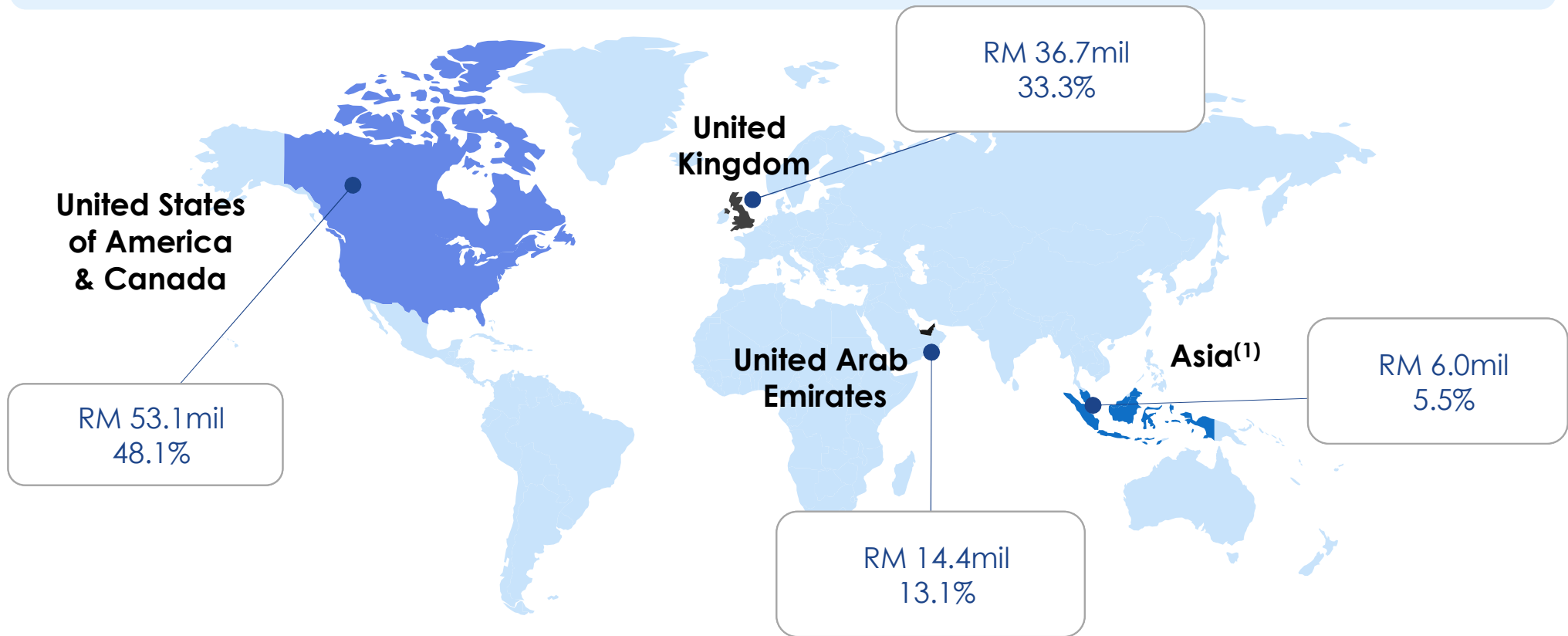


Margins

- Overall PAT margin increased from 5.08% in Q1FY23 to 10.57% in Q2FY23.
- Favourable foreign exchange in Q2FY23 where wafex was higher by 3% as compared to Q1FY23.

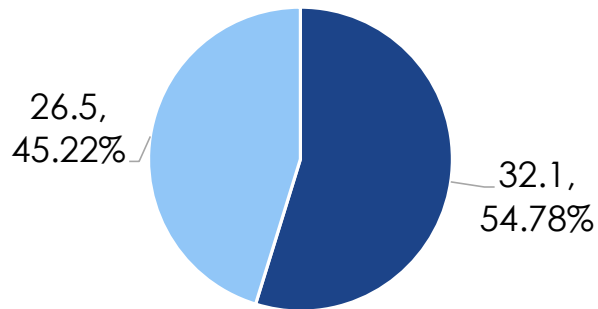
Sales revenue by Region

The classifications of our Group's revenue by geographical market are based on the locations of our customers

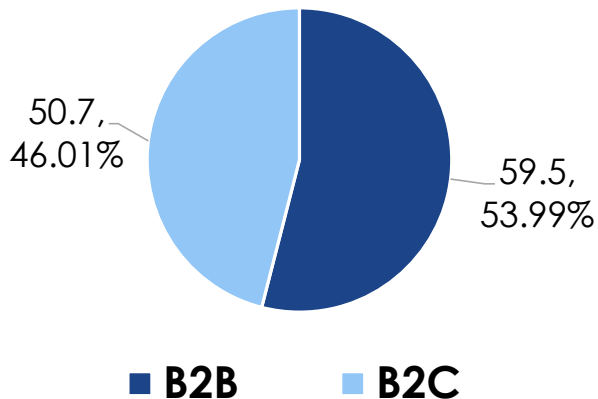


Revenue by business segment

Q2 FY23 (RM million)



1H FY23 (RM million)



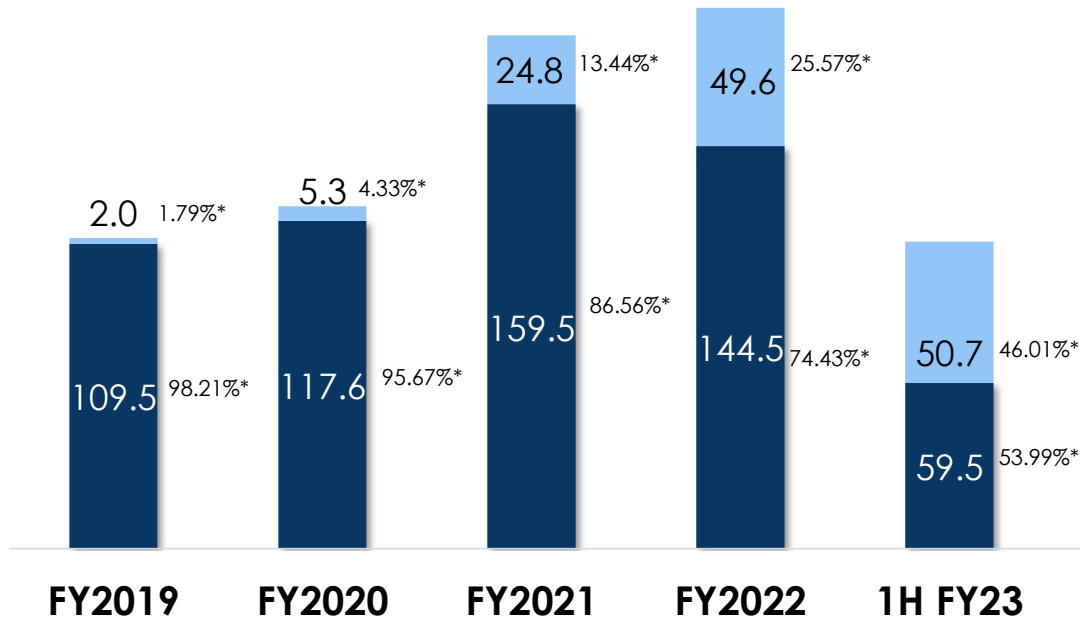
Group's Performance by Business Segment

- 1) For Q2FY23, B2C revenue contribution is 45.22% of total revenue while B2B at 54.78%.
- 2) For 1HFY23, B2C contributed 46.01% of total revenue while B2B contributed 53.99%. In FY22, B2C contributed 25.57% of total revenue, while B2B contributed 74.43%.
- 3) 1HFY23 B2C sales is at RM50.7million, exceeding total 12 months B2C sales for FY22 of RM49.6million, which is in-line with the Group's direction of growing its B2C sales.
- 4) For Q2FY23, sales from both B2B and B2C segment increased as compared to Q1FY23.

Revenue by business segment

RM'millions

■ B2B ■ B2C



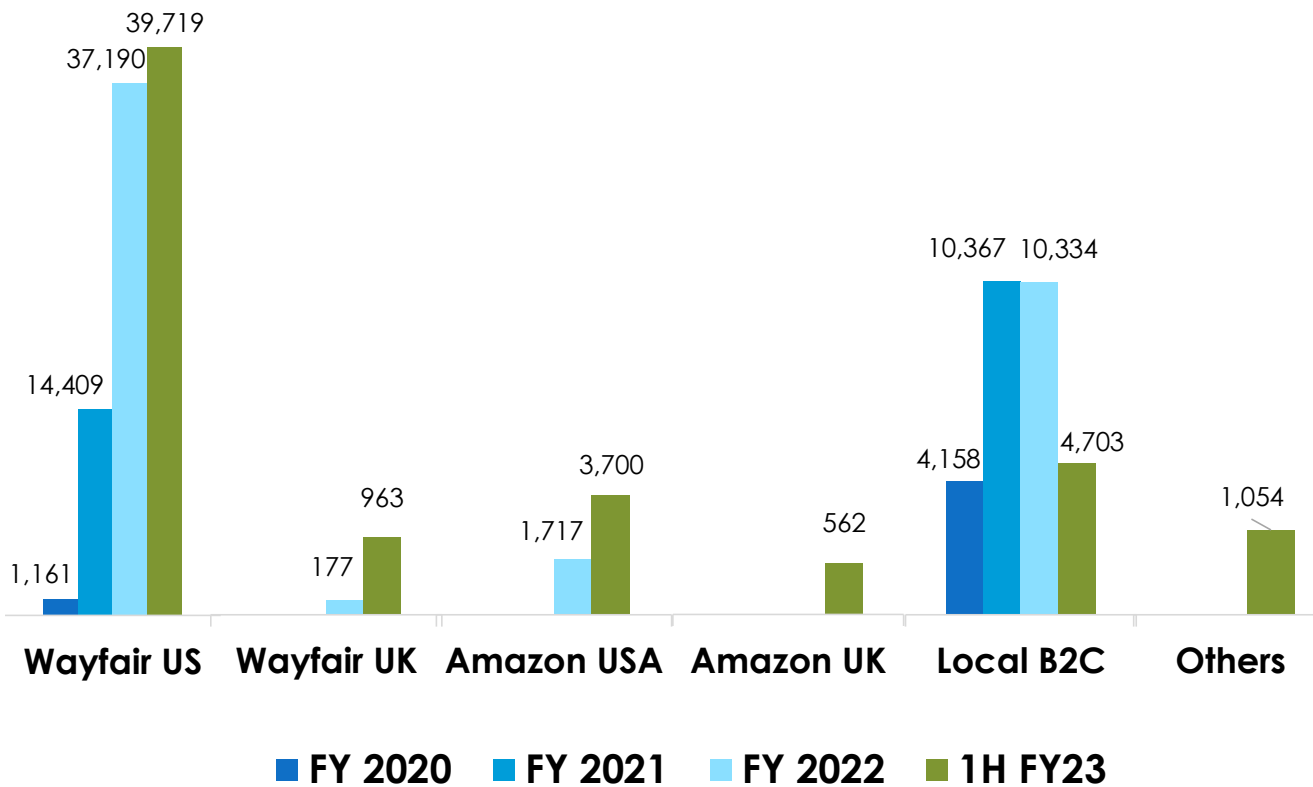
Note:

* Percentage over respective financial year's total revenue.

- 1) The Group continues to grow the B2C segment while B2B remains stable due to the Group's long term customers.
- 2) The Group expects the B2C sales contribution to increase further with new countries and platforms, while continuing to expand existing platforms.

Revenue by business segment

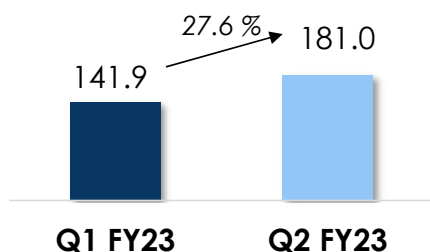
B2C breakdown by key platforms (RM'000)



- 1) All international B2C platforms performed significantly better in 1HFY23 as compared to FY22.
- 2) USA and UK remain the key markets for the B2C presently due to their population size and purchasing power.

Snapshot of Balance Sheet

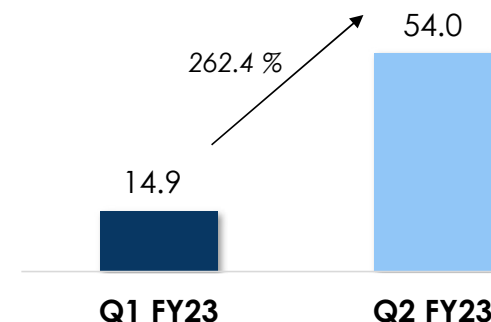
**Total assets
(RM'mil)**



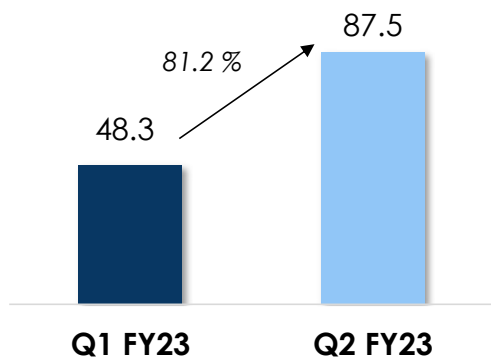
1) Balance sheet continues to strengthen with higher shareholder's equity and reduced gearing.

2) Small negative cash flows from operations is mainly due to increase in inventory holdings.

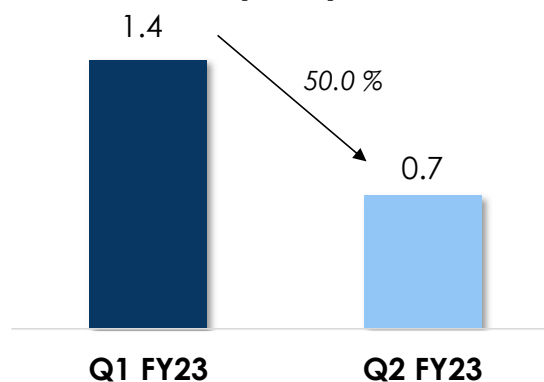
**Total cash
(RM'mil)**



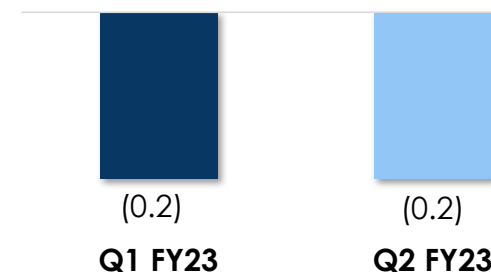
**Total Shareholders' Equity
(RM'mil)**



**Gearing
(times)**



**Quarterly Net Cash Flows
generated from / (used in)
Operating Activities, (RM'mil)**





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Company Highlights

Huge growth potential in the global furniture e-commerce market

- Market is still in its growing stage.
- Synergy House has significant opportunities for expansion in the B2C segment.
- Synergy House's revenue is approximately 95% export based.

Continuous expansion into B2C

- More than 20 years of experience in selling through importers and retailers.
- B2C enabled us to bypass importers and retailers and sell direct to end users through the Internet and IT technology.

Successful business models in other markets

- Similar business models implemented by Chinese companies in various IT and fashion industries.
- Similar business model overseas demonstrated billion-dollar revenue potential.
- New business model in Malaysia.

Unique positioning as a "NEW-Retail" company

- Differentiating ourselves from traditional retailers
- Don't need to be present at target countries and operating in lower-cost Asian countries, particularly Malaysia



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Our Priorities & Strategies

1 Marketplace and offering expansion

- a. Onboarding to new marketplaces in the USA, UK, Canada, Germany and France.
- b. Offer more SKU to the market.
- c. Actively sourcing for well-established third-party manufacturers from Malaysia, China, Indonesia and Vietnam.

2 Marketing Strategies

- a. Strengthening our E-Commerce Department to monitor advertisement and improve visibility of products in marketplace.
- b. Further strengthen the customer service department.
- c. Expanding the market research team and investment in market intelligence software.

3 Internal strengthening

- a. Expansion of D&D team to accelerate the introduction of new SKUs into the market.
- b. Improve inventory management system for sales and replenishment monitoring.
- c. Develop well-organized training module to cultivate and train talented individuals.



SYNERGY HOUSE

Q&A Session





THANK YOU



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