

SYNERGY HOUSE



GROWING
business to make a lasting impact



CORPORATE PRESENTATION

MARCH 2025



We are a cross-border e-commerce seller and furniture exporter that specializes in beautifully designed and affordable ready-to-assemble (RTA) home furniture



Bedroom Furniture



Living Room Furniture



Dining Room Furniture



**PRODUCT
CATEGORY**



TARGET CUSTOMERS

Young adults and students

Who have not yet settled down and often need to move around cities or countries in search of jobs or educational opportunities.

Renting rooms or houses

No budget for expensive furniture

Wish to have stylish yet affordable furniture

Since they are busy and ecommerce platforms open 24/7, they will prefer to browse and shop furniture online instead of shopping around traditional furniture stores.





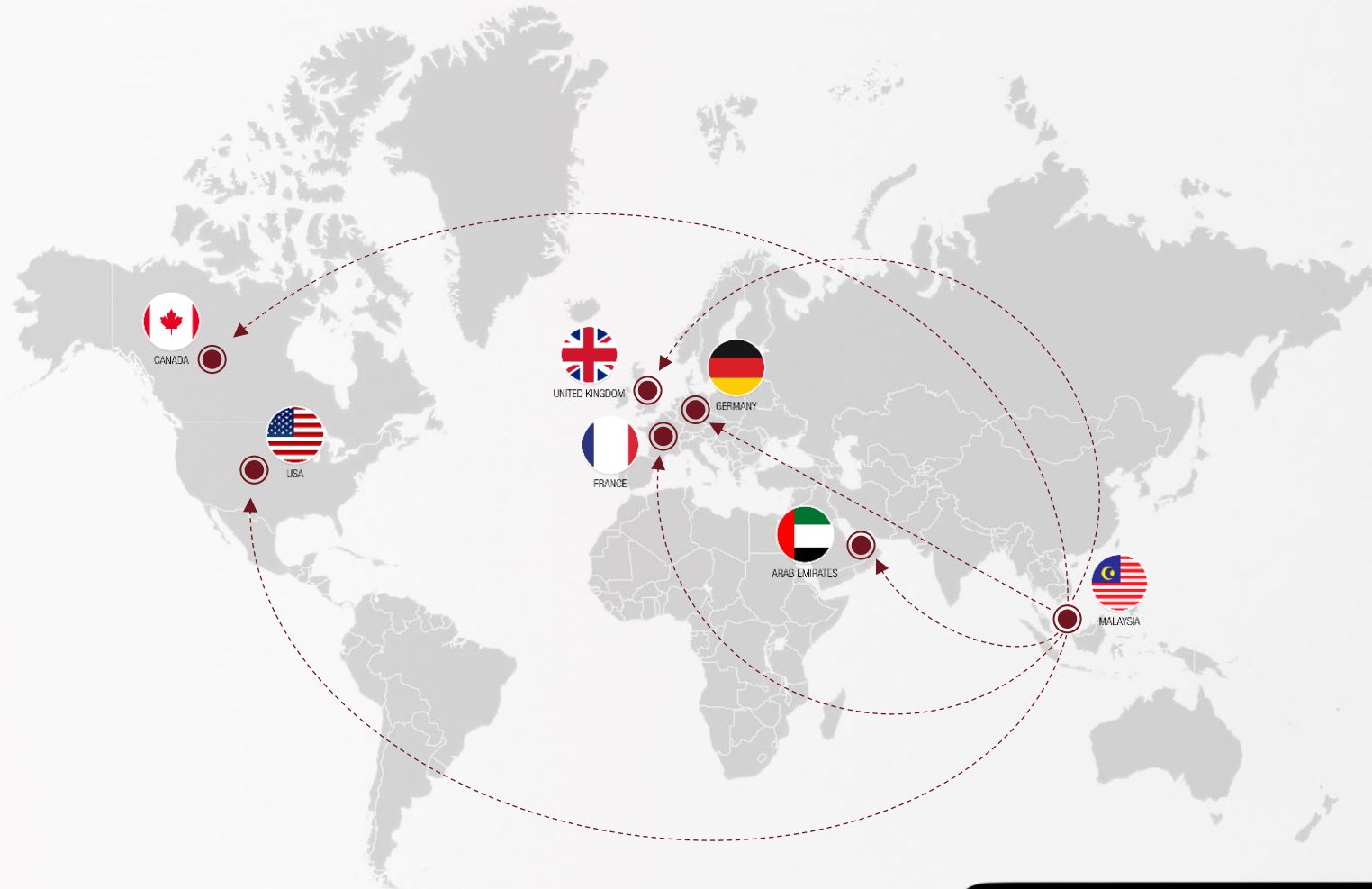
SYNERGY HOUSE SNAPSHOT

As at 31 December 2024

7 Markets

>15 Marketplaces

>2,900 SKUs



RM392.4 million

Revenue FY2024



RM27.8 million

PATMI FY2024

97.3%

Export Revenue

51% - B2B

49% - B2C

SEGMENTAL BREAKDOWN



STAGE 1

Design and Development (D&D)

1



CONCEPTUALISATION

- Consumer-Centric Design Approach
- Survey, feedbacks, market trends
- Market Viability and Differentiation

2



PRODUCT DEVELOPMENT

- Develops prototypes based on drawings and specification.

3



TESTING

- Prototypes are tested by D&D team and in-house QC
- Formal testing assesses compliance with relevant country standards.
- Commitment to meeting international standards for product excellence.

4



PRODUCT LAUNCH

- B2B: to be promoted to our existing and potential customers
- B2C: will be listed on our in-house online store & third-party e-commerce platform.



STAGE 2

Sales and production

B2B

B2C

STAGE 2

Sales and Production

B2B

1 INQUIRY AND QUOTATION

- Inquiries received from B2B customers (online retailers, chain-store retailers, wholesalers).
- Quotations prepared based on requested quantities, furniture types, and specifications.

2 SALES ORDER CONFIRMATION

- Customer agreement leads to confirmation of sales orders.
- Purchase orders issued by customers.

3 MANUFACTURER ASSIGNMENT

- Suitable third-party manufacturers identified based on production capabilities.
- Manufacturers assigned to manufacture products as per purchase orders.

4 THIRD PARTY MANUFACTURERS PRODUCTION

- Third-party manufacturers handle entire production process.
- Arrange delivery to Port upon completion of production.



B2C

1 DESIGN APPROVAL & MANUFACTURER ASSIGNMENT

- Product designs selected for direct sales to B2C customers.
- Assigned third-party manufacturers for production process.

2 THIRD-PARTY MANUFACTURERS PRODUCTION

- Third-party manufacturers carry out production of our product.

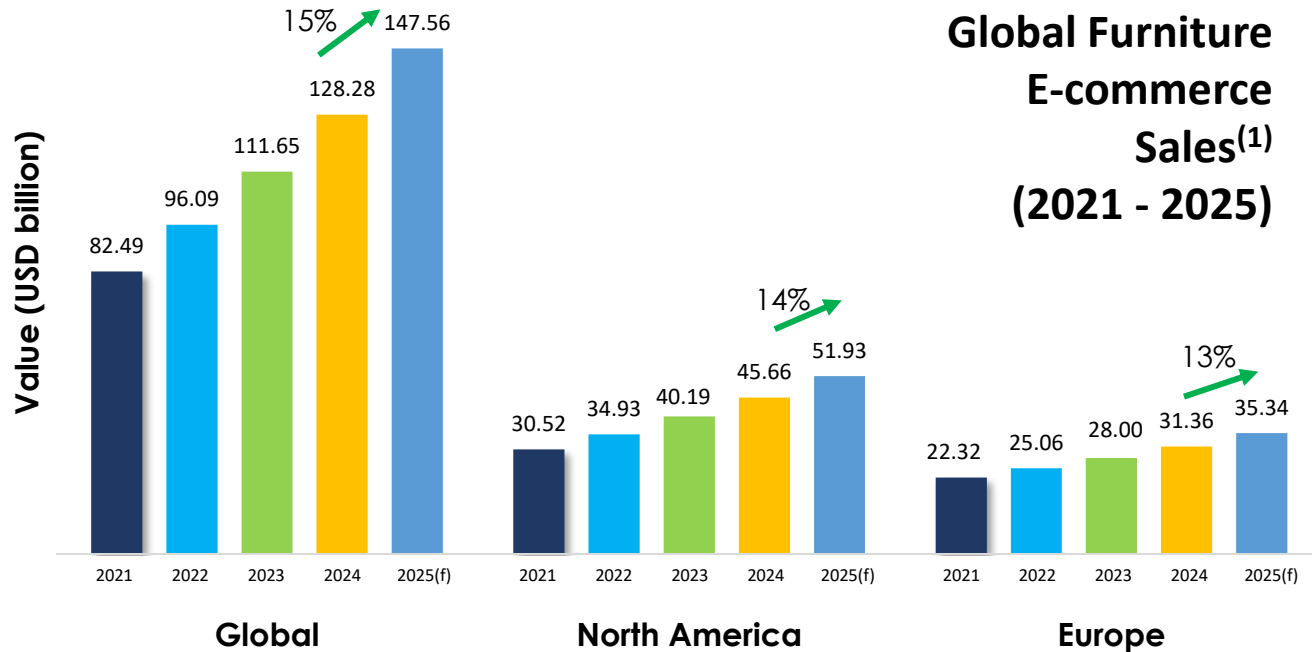
3 EXPORT & INVENTORY STORAGE

- Completed products are stored locally and in overseas third-party e-commerce fulfillment centers.

4 ORDER PROCESSING AND FULFILLMENT

- B2C customers place orders via in-house online store or third-party e-commerce platforms.
- Sales orders processed for customer delivery or self-pickup.
- Fulfillment of orders performed by 3PL or the platform.

Global furniture e-commerce sales projected to grow to **USD147.6 billion** in 2025 from **USD111.7 billion** in 2023.



BOUNDLESS GROWTH AHEAD: TAPPING INTO A USD 87 BILLION⁽³⁾ MARKET

Furniture e-commerce market for USA and Europe in 2024:

USD 77 billion

Synergy House total B2C sales for FY2024:

USD 43 million

Commanding less than **0.06%** of the furniture e-commerce market share in the USA and Europe, there is much potential for Synergy House to benefit from the overall market share which is still growing.

(1) Information extracted from a research by QY Research

(2) 2025 is based on forecast

(3) North America & Europe only



SOCIAL

Sedex Members Ethical Trade Audit (SMETA)

- Carry out yearly SMETA audits on our key suppliers to ensure social compliances (eg. labour standards and health & safety).

Promoting good health and healthy working relationship at the workplace

- Encourage participation in weekly sports activity and gym.
- Organizing monthly company events if possible.



ENVIRONMENTAL

Use of particle board in some of our home furniture

- Particle boards are generally made from scraps of other timber products.
- Minimal waste and lower environmental impact when manufactured.

Our home furniture are packaged in flat-packed form

- Maximises container utilisation during transportation which translates to less carbon footprint as compared to transporting furniture sold in Completely Built Up (CBU) form.

Lower usage of chemicals

- Compliances to CARB P2 and TSCA Title VI regulations for lower formaldehyde contents in the product for selected region.

Promotes local purchases

- Approximately 95% of total purchases are made from local suppliers

Forest Stewardship Council (FSC)

- Our Group holds a valid FSC Chain of Custody certificate.
- Encourages suppliers to obtain FSC as well.



Packaging

- Focus on usage of biodegradable carton packaging which is more environmentally friendly.
- Optimum amount of polyfoam used in our packaging owing to various tests performed (drop tests, vibration, compression).
- Promotes green packaging via the removal of polyfoam in packaging for 1 customer.



GOVERNANCE

Anti-Bribery and Corruption Policy

Internal Controls Policy

Business ethics and conduct for employees

Whistleblowing Policy

Conflicts of Interest Policy

Whistleblower channel

whistleblower@synergy-house.com



FINANCIAL PERFORMANCE

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FINANCIAL PERFORMANCE

4QFY2024 Financial Review

FYE 31 Dec (RM mil)	Q4FY24	Q4FY23	% chg	FY24 (Unaudited)	FY23 (Audited)	% chg
Revenue	117.4	90.8	+ 29%	392.4	270.2	+ 45%
Operating Expenses	109.8	78.1	+ 41%	369.0	233.6	+ 58%
PBT	8.4	14.2	- 41%	29.8	37.6	- 21%
PATMI	12.6	10.3	+ 22%	27.8	27.1	+ 3%
Net EPS (sen) ⁽¹⁾	2.52	2.05	+ 23%	5.57	5.43	+ 3%
DPS (sen)	0.74	-	-	1.64	1.00	-
PBT margin	7.2%	15.6%		7.6%	13.9%	
PAT margin	10.7%	11.3%		7.1%	10.0%	

⁽¹⁾ EPS is calculated based on the Company's total number of 500.0m ordinary shares as at 31 Dec 2024

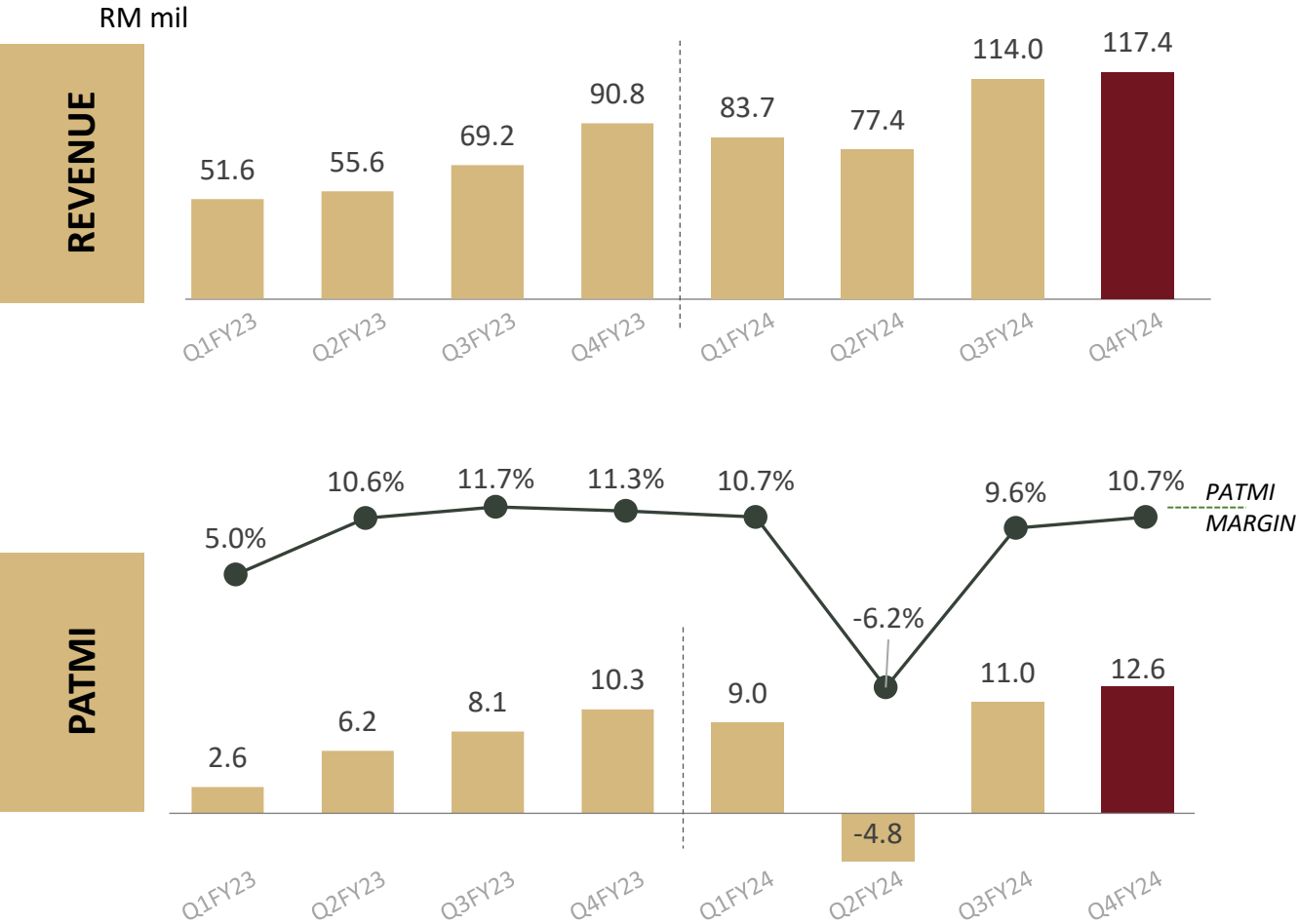
Achieved Record Revenue of RM392m in FY24

- **FY24 Revenue** rose 45% to RM392.4m, mainly driven by:
 - **B2C** sales increased to RM194.0m (+59%), quantity sold was approximately 566k pieces (FY23: 332k pieces)
 - **B2B** increase to RM198.4m (+34%), quantity sold was approximately 883k pieces (FY23: 616k pieces)
 - Export sales accounting for 97.3% of Group total revenue
 - ✓ Key export markets include USA, UK, UAE, Germany, Canada, and France
- **FY24 PBT** stood at RM29.8m compared to RM37.6m in FY23
 - Mainly due to net provision of doubtful debts and trade credit insurance recovered of RM10.3m provided in 2QFY24
 - No major increase in purchase cost in 4QFY24
 - In line with growth, headcount increased by 50% while avg. basic payroll cost up by 56% in FY24. Expect to maintain current headcount for FY25 due to internal improvement of processes.
- **4QFY24 PATMI** rose 22% to RM12.6m
 - Eligible for tax exemption of approx. RM6.1m
 - Tax exemption is from YA2024 to YA2028 subject to conditions
 - Competitive pricing strategy during promotion and festive season to gain market share
 - Average USD WAFEX of 4.32 in 4QFY24 vs 4.71 in 4QFY23.



FINANCIAL PERFORMANCE

Quarterly Performance Review



Record Quarterly Revenue (RM117.4m) & PATMI (RM12.6m) in 4QFY24

- Quarterly revenue on steady growth trend, driven by B2B and B2C segments
- The blip in revenue / PATMI in 2QFY24 mainly due to
 - B2B: Lower revenue contribution from Middle East due to deferment of delivery due to logistics issues
 - B2C: Despite higher quantity sold, revenue was lower due to
 - ✓ Insufficient stock to meet customers' demand
 - ✓ Loss of sales opportunity in UK – inventories damaged by fire incident in third-party logistics facility
 - ✓ Higher cost (compared to competitors) for incorporating new safety measures in our products
 - ✓ Reduced selling price to clear non-performing inventories
 - ✓ Made a full provision for doubtful debts of RM13.4m (Hillsdale) and claimed trade credit insurance receivables of RM3.15m, amounting to a net impact of RM10.25m
 - ☐ Adjusting for the one-off provision, Synergy would have made a PBT of RM3.8m and PATMI of RM2.8m in 2QFY24
 - ✓ Higher operating cost due to increase in headcount



FINANCIAL PERFORMANCE

Financial Position

RM MIL	31 Dec 2024 (Unaudited)	31 Dec 2023 (Audited)	% chg
Non-Current Assets	66.2	55.6	+ 19%
Current Assets	215.3	164.8	+ 31%
Total Assets	281.5	220.4	+ 28%
Non-Current Liabilities	25.5	29.1	- 12%
Current Liabilities	128.6	90.5	+ 42%
Total Liabilities	154.1	119.6	+ 29%
Total Equity	127.4	100.8	+ 26%
Total Equity & Liabilities	281.5	220.4	+ 28%

Net Gearing (x)	0.10	0.17	
Net Asset / Share (RM)	0.25	0.20	-

➤ *Net assets per share is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 December 2024*

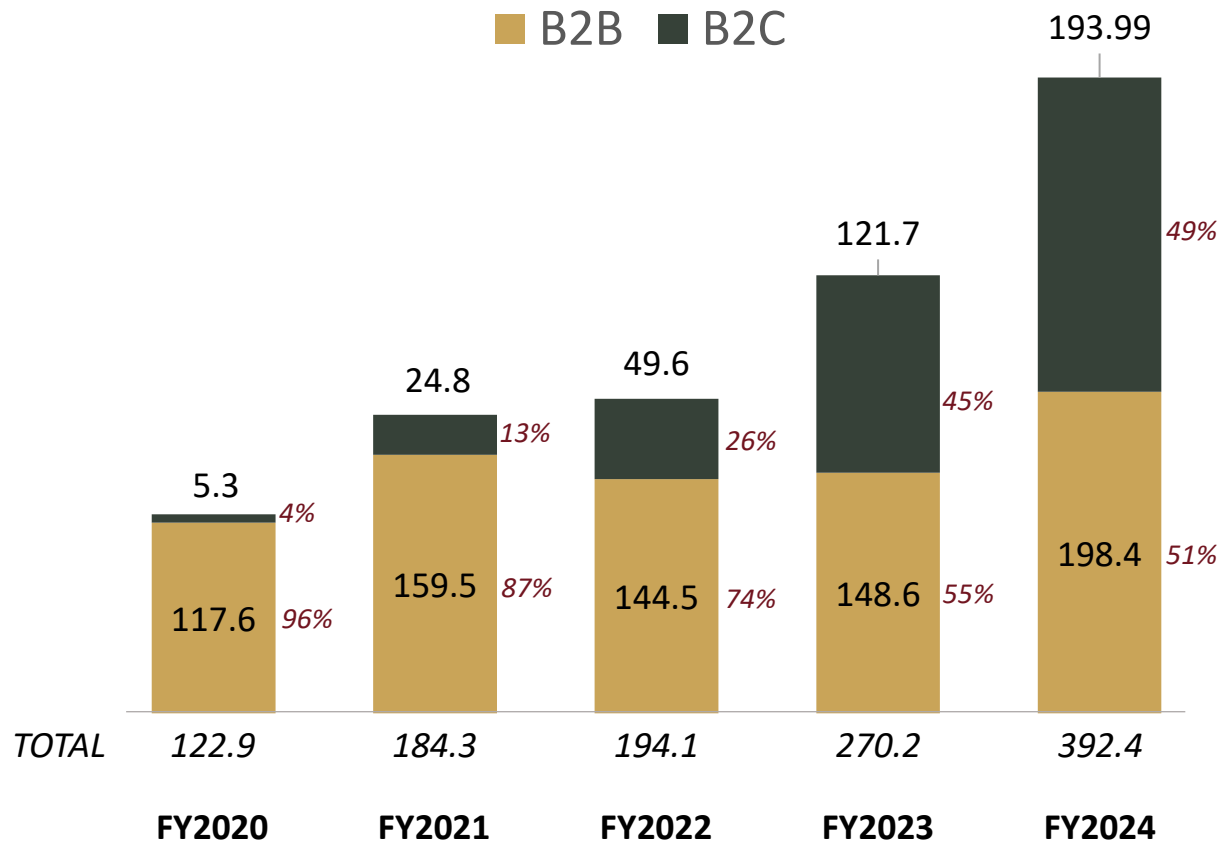
Balance sheet remains healthy

- **Net Gearing** improved to 0.10x as at end-Dec 2024 compared to 0.17x as at end-Dec 2023
 - Cash & bank balances and liquid short-term investments stood at RM75.9m as at 31 Dec 2024
- **Current ratio** stood at 1.7x as at end-Dec 2024
- **Net asset per share** improved to 25 sen as at end-Dec 2024
- **Dividend**
 - Declared first interim single-tier dividend of 0.9sen per share in respect of FY24
 - ✓ Amounting to RM4.5m
 - ✓ Duly paid on 19 Dec 2024
 - Proposed second interim single-tier dividend of 0.74sen per share in respect of FY24
 - ✓ Amounting to RM3.7m
 - ✓ Payable on 27 Mar 2025
 - Translates to a total dividend of 1.64sen per share for FY24, representing a payout ratio of approximately 29% of the Group's earnings



FINANCIAL PERFORMANCE

Group Performance YoY by Segment



- RAPID B2C GROWTH:** In just four years, Synergy’s B2C segment surged from 4% of total revenue in FY2020 to 49% in FY2024, reflecting the Group’s focused efforts in expanding direct-to-consumer sales.
- STRATEGIC FOCUS ON B2C:** While we continue to drive growth across both B2B and B2C segments, we are placing extra emphasis on scaling B2C as the Group’s primary growth direction.
- EXPANDING REACH:** Synergy is onboarding additional e-commerce platforms while deepening its presence and focus on existing platforms to further drive B2C growth. Synergy is also expanding into higher price point segment in its current B2C platform.
- FUTURE GROWTH POTENTIAL:** With continued investment in market expansion, product positioning, and digital sales strategies, we expect B2C sales to further increase as a share of total revenue moving forward.



1 **E-COMMERCE: THE FUTURE OF FURNITURE RETAIL**

- With the rise of e-commerce, even large-ticket items like furniture are increasingly being purchased online. Synergy is well-positioned to capitalise on this shift, reaching millions of potential customers globally and driving faster sales growth.

2 **PRODUCT FLEXIBILITY AND ADAPTATION**

- Consumer preference and trends can shift quickly. By focusing in B2C, it allows Synergy to be more flexible in product development, customisation, and adaptation to changing consumer demands and market trends.

3 **FASTER PRODUCT REDESIGN & TREND RESPONSIVENESS**

- With access to real-time data, Synergy can quickly adjust designs, introduce new products, and discontinue underperforming items based on actual consumer demand.

4 **HIGHER MARGINS, VOLUME & BETTER PROFITABILITY**

- By selling directly to consumers through e-commerce platforms, Synergy eliminates distributor markups, allowing for better margins, higher volume and better pricing control.

5 **BORDERLESS GEOGRAPHICAL DIVERSIFICATION**

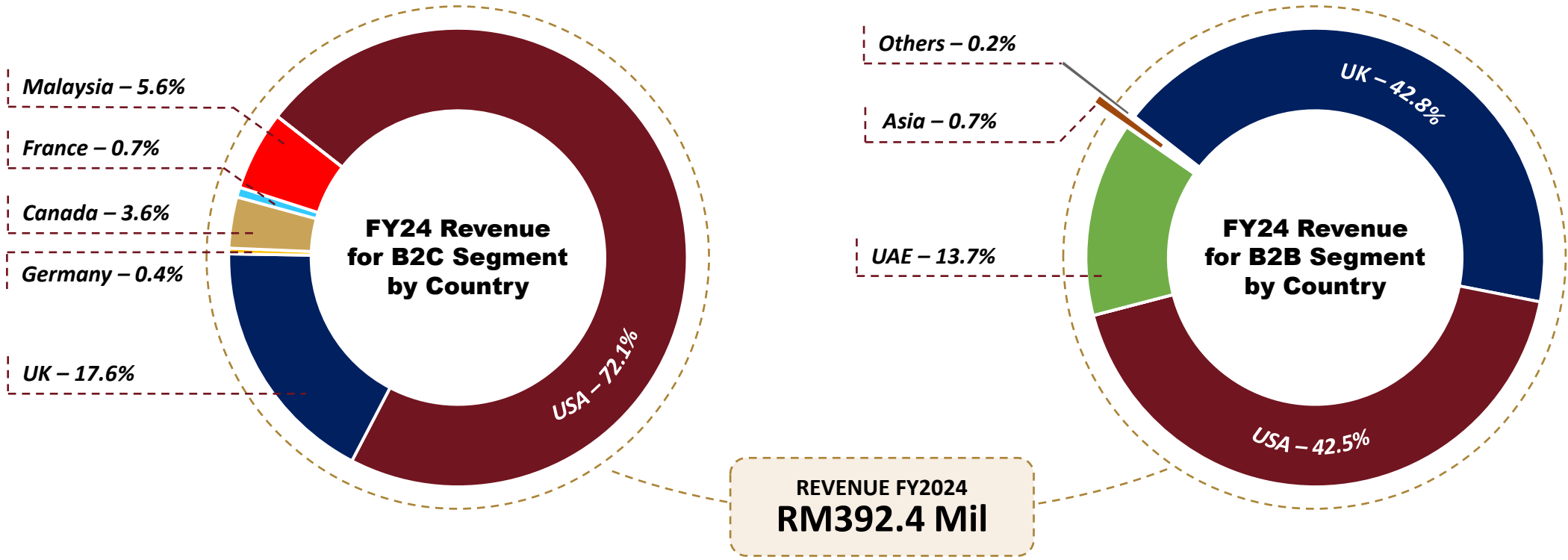
- Synergy gains deeper insights into multiple markets and customer behavior, which helps mitigate risks associated with economic downturns in any one market. Reduces dependence on a single customer or market segment, allowing Synergy to continue generating revenue from other regions.





FINANCIAL PERFORMANCE

Group Performance by Region (B2B & B2C)

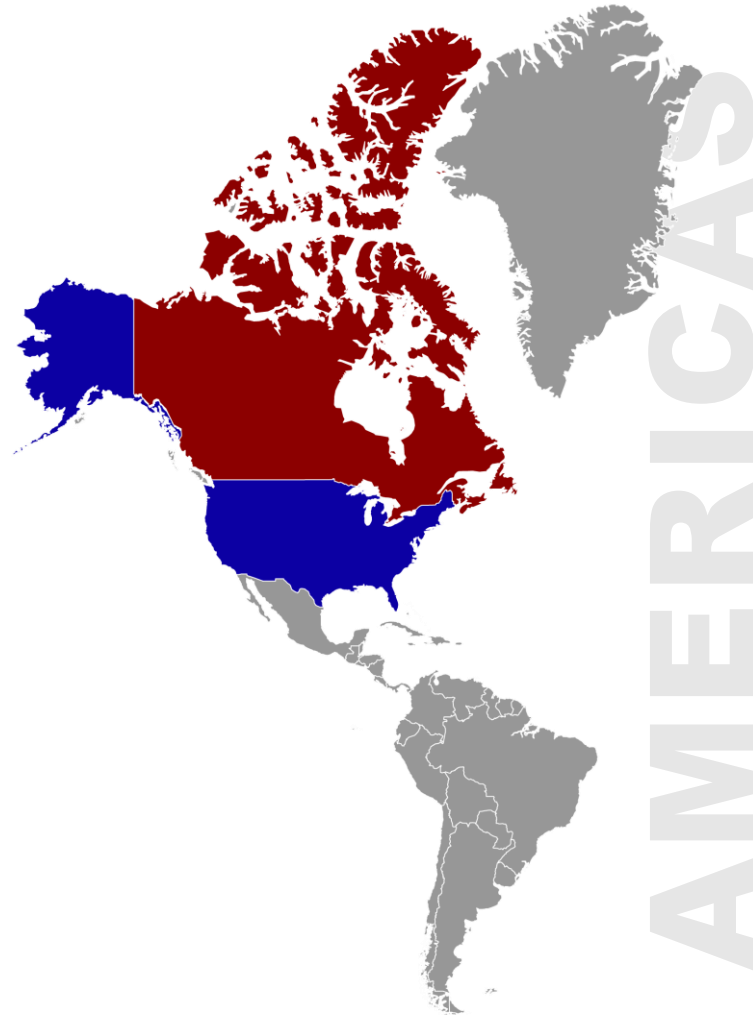


** 97% revenue contributed by overseas sales where USA and UK taking up most of the volume with 57% and 30% respectively*

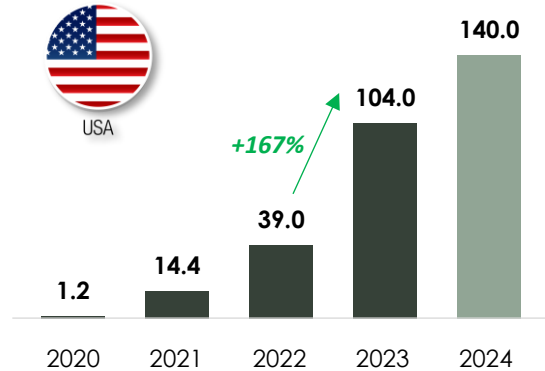


FINANCIAL PERFORMANCE

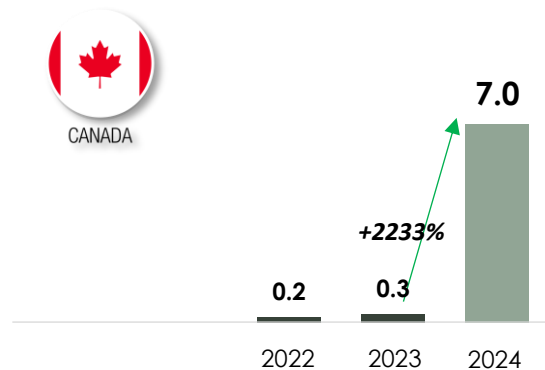
Group Performance by Region (B2C)



REVENUE (RM mil)



- Commenced selling in 2020 through Wayfair
- Largest market for furniture e-commerce globally
- Contributed 72% in B2C segment of the group revenue for FY2024
- CAGR 228.65% over 4 years

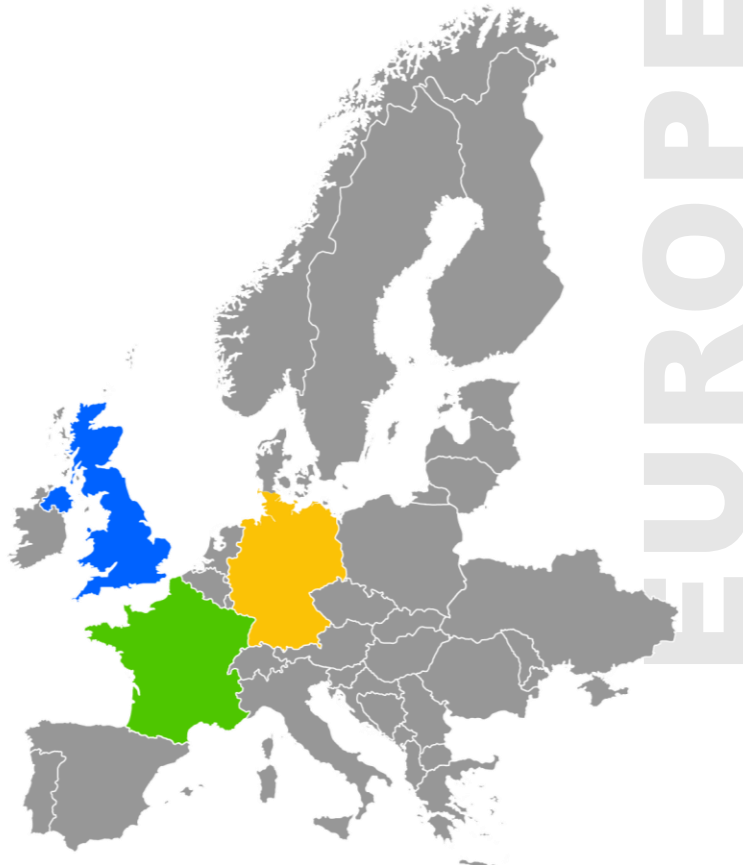


- Commenced selling in 2022
- Relatively simpler market to expand as designs are similar to USA demand.
- CAGR 491.61% over 2 years



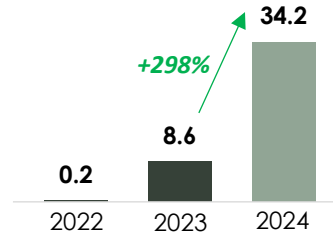
FINANCIAL PERFORMANCE

Group Performance by Region (B2C)



UNITED KINGDOM

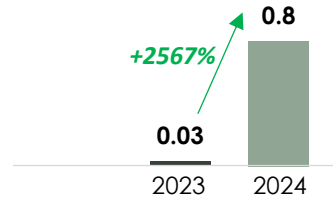
REVENUE (RM mil)



- Commenced selling in 2022
- FY24 sales has been increased by 298% as compared to FY23
- CAGR 1,207.67% over 2 years



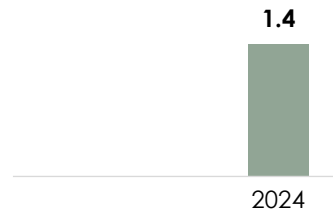
GERMANY



- Commenced selling in 2023
- FY24 sales has been increased by 2,567% as compared to FY23
- Continue to build Germany market with other platforms with the withdrawal of Wayfair in Germany



FRANCE



- Commenced selling in 2024



INVESTMENT HIGHLIGHTS

INNOVATIVE • CREATIVE • INSPIRING





1 **Best-in-class Financial Performance**

- >45% revenue growth and >20% ROE, significantly outpacing industry peers.
- Healthy dividend payout, Synergy delivers both high growth and dividends.

2 **Growth is in Synergy's DNA**

- Synergy operates with a growth mindset, always seeking new opportunities to expand into new markets and platforms.
- The company continuously pushes boundaries, innovates, and refines strategies to maximise long-term scalability.
- With a clear direction to scale its B2C segment, Synergy is aggressively expanding into new geographies and e-commerce platforms, aiming for sustained growth.

3 **Pure-Play Design Expertise**

- Unlike traditional furniture companies, Synergy is 100% dedicated to product development and design rather than manufacturing. This allows for greater creativity, faster trend adaptation, and consumer-centric innovation.



4 Data-Driven Design & Innovation

- Synergy constantly accumulates sales data and leverages big data analytics to refine designs. By analysing consumer preferences and purchasing behaviour, Synergy ensures that every product aligns with market demand.

5 AI & Technology-powered Advantage

- Synergy utilises AI in market research, trend analysis, data analytics, and marketing to stay ahead of competition.
- AI-driven insights allow Synergy to predict consumer trends, optimise pricing strategies, and enhance marketing effectiveness.

6 Asset-Light & Highly Scalable Business Model

- Without the capital-intensive burden of manufacturing, Synergy operates with lower overhead costs, higher agility, and better margins. The company can rapidly scale or pivot without being limited by factory capacity or supply chain constraints.



7 Continuous Improvement in Supply Chain & Inventory Management

- As a true product company, Synergy continues to invest in human capital and improve its supply chain expertise, ensuring seamless coordination between design, manufacturing partners, and logistics.
- By optimising inventory management, Synergy maintains lean operations, reduces excess stock, and improves fulfilment speed—a key advantage in e-commerce.

8 First-Mover Advantage in E-Commerce & B2C Expansion

- Unlike traditional furniture players with challenges to sell online Direct-to-Consumer (DTC), Synergy's design-focused, outsourced production model allows it to seamlessly integrate into e-commerce platforms. By prioritising consumer preferences and digital-friendly designs, Synergy is positioned to dominate the online furniture space.

9 Strong Positioning in Trendy Yet Affordable RTA Furniture

- Synergy specialises in aesthetically pleasing, trendy, and affordable Ready-To-Assemble (RTA) furniture, a fast-growing segment with strong consumer demand. Unlike mass-market brands that compromise on style or premium brands that price out value-conscious consumers, Synergy strikes the perfect balance between design, affordability, and convenience. This positioning makes Synergy highly competitive in the high-volume, fast-moving e-commerce furniture market.



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Q&A SESSION

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THANK YOU

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