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## SYNERGY HOUSE BERHAD

Q4FY23 Results Briefing  
March 2024

Stock code on Bursa Malaysia: 0279



A modern living room interior featuring a light-colored sofa with several pillows, a dark coffee table with decorative items, and a large potted plant. The room is bright and airy, with large windows in the background.

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# AGENDA

- 1. Snapshot of Synergy House** **3**
2. Financial performance 9
3. Market outlook 20
4. Strategies for 2024 23
5. Technology and Artificial Intelligence 28
6. Environmental, Social and Governance 30
7. Q&A 32

# 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.



**FY2023 Revenue**  
RM270.2 mil



**FY2023 Profit After Tax**  
RM27.1 mil



**B2B: 55.0%**  
**B2C: 45.0%**



**2,673 SKU & designs**  
on offer



**96.8% of FY23 total**  
revenue is export  
based



**Total marketplace: 11**  
**New marketplace in**  
**2023: 3**

# HISTORICAL SHARE PRICE AND VOLUME

## Historical Closing Share Price and Volume



Share price performance from 1<sup>st</sup> June 2023 to 7<sup>th</sup> March 2024.  
IPO price: RM0.43

**Total Shareholder's return since IPO:**  
87%

**Returns compared to 1<sup>st</sup> Day IPO:**  
130%

**Market Capitalisation:**  
RM402.5 M

# Rewarding the shareholders



## Dividend

31 January 2024

1st interim dividend

**RM0.01**

per share

totaling to RM5 million paid

22 March 2024

2nd interim dividend

**RM0.006**

per share

totaling to RM3 million payable

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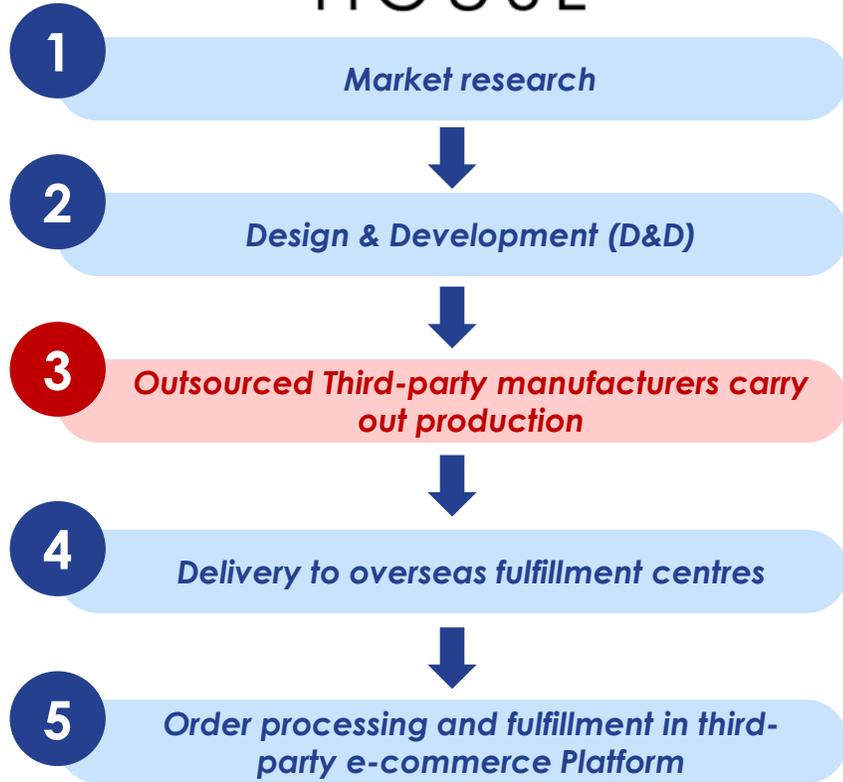
Dividend yield

**2.0%**

for total dividend for FY2023\*.

\* Based on closing share price as at 7 Mar 2024

# Business model



We are a cross-border e-commerce seller and furniture exporter

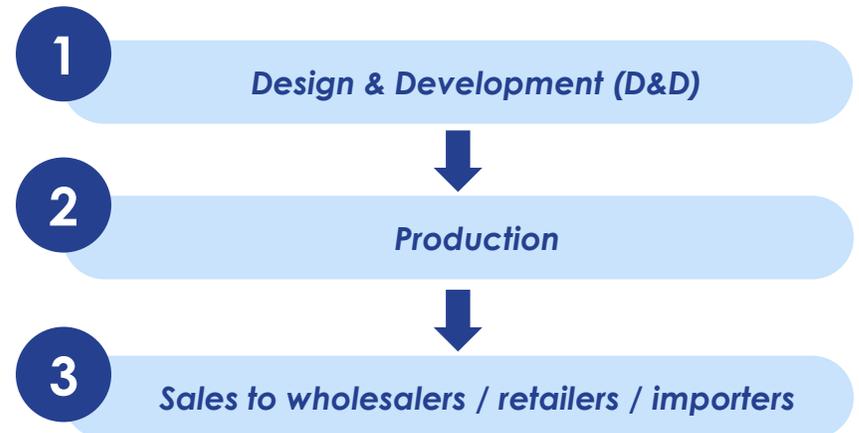
**Outsourced**

We are not a traditional furniture manufacturer.

They are our supplier instead of our competitor.



## Furniture manufacturers listed in Bursa Securities



# B2C Target and Current Markets and Platforms

Up to 2023

## Country

- 1) Malaysia 
- 2) USA 
- 3) UK 
- 4) Canada 
- 5) Germany 

## Platform

- 1) Lazada
- 2) Shopee
- 3) Wayfair US
- 4) Amazon US
- 5) Amazon UK
- 6) Wayfair UK
- 7) Cenports Commerce Inc
- 8) Mano-Mano UK
- 9) Wayfair Canada
- 10) Wayfair Germany
- 11) eBay UK

2024

- 6) France 

- 12) Amazon Germany
- 13) Amazon Canada
- 14) Amazon France
- 15) Mano-Mano France



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# Q4FY23 Financial Highlights

## Group's Performance Q4FY2023 and Q3FY2023

RM 'mil	Q4 FY23	Q3 FY23	QoQ (%)	FY 2023
Revenue	90.8	69.2	31.2 ↑	270.2
Profit Before Tax	14.1	11.4	23.7 ↑	37.6
Profit After Tax	10.3	8.1	27.2 ↑	27.1

**ROE:  
27%**

### Highlights of Q4FY23



#### Sales

- Overall revenue growth of 31.2% in Q4FY23 as compared to Q3FY23 as both segment increased.
  - B2C sales peaked in Q4 2023, increased by 68% as compared to Q3 2023.
  - B2B sales grew by 8% as compared to Q3 2023 from new orders from US B2B.
  - Approximately RM5 million of shipments were delayed to Jan'24 due to logistics matters.



#### Costs

- Freight costs generally stable in October and November as compared to prior quarter, but increased towards late December.
- Cost of purchase remains stable in Q4FY23 as compared to Q3FY23.

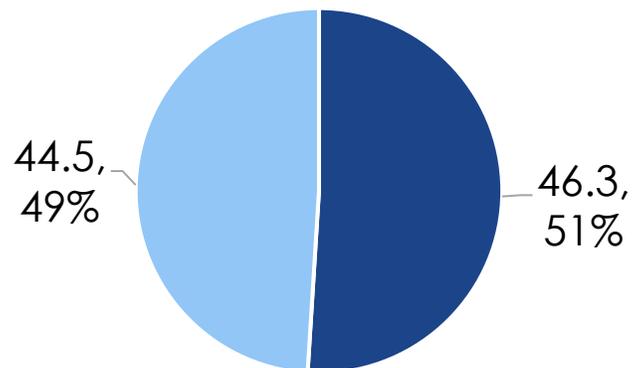


#### Margins

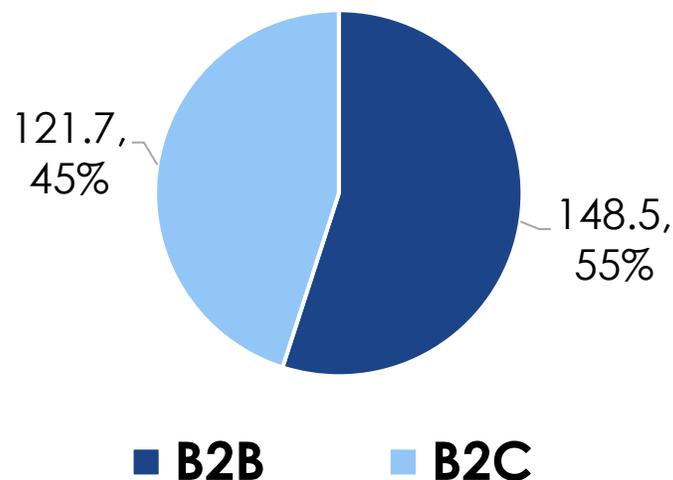
- Overall PAT margin decreased mildly from 11.7% in Q3FY23 to 11.3% in Q4FY23.
- Depreciation in USD towards the end of Dec 2023 resulted in net foreign exchange losses of RM1.3million in Q4FY23.

# Revenue by business segment

## Q4 FY23 (RM million)



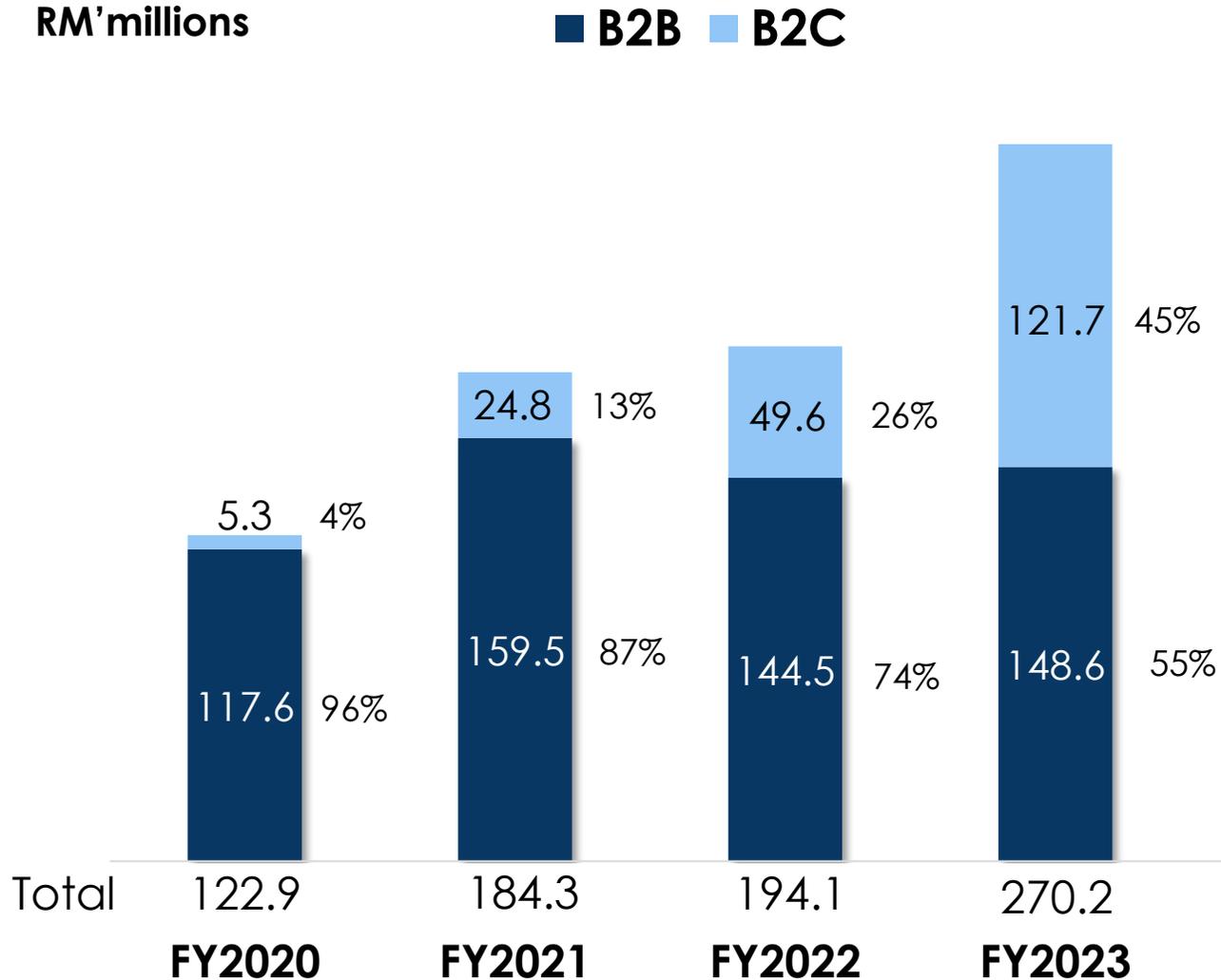
## 12M FY23 (RM million)



## Group's Performance by Business Segment

- 1) For 4QFY23, B2C revenue contribution is 49% of total revenue while B2B at 51%.
- 2) For 4QFY23, B2C sales increased by 68% due to the year end promotions and holiday season while B2B sales increased by 8% .
- 3) For FY23, B2C contributed 45% of total revenue while B2B contributed 55%. In FY22, B2C contributed 26% of total revenue, while B2B contributed 74%.
- 4) FY23 B2C sales is at RM121.7million, exceeding total 12 months B2C sales for FY22 of RM49.6million or 145.37%, which is in-line with the Group's direction of growing its B2C sales.

# Revenue by business segment



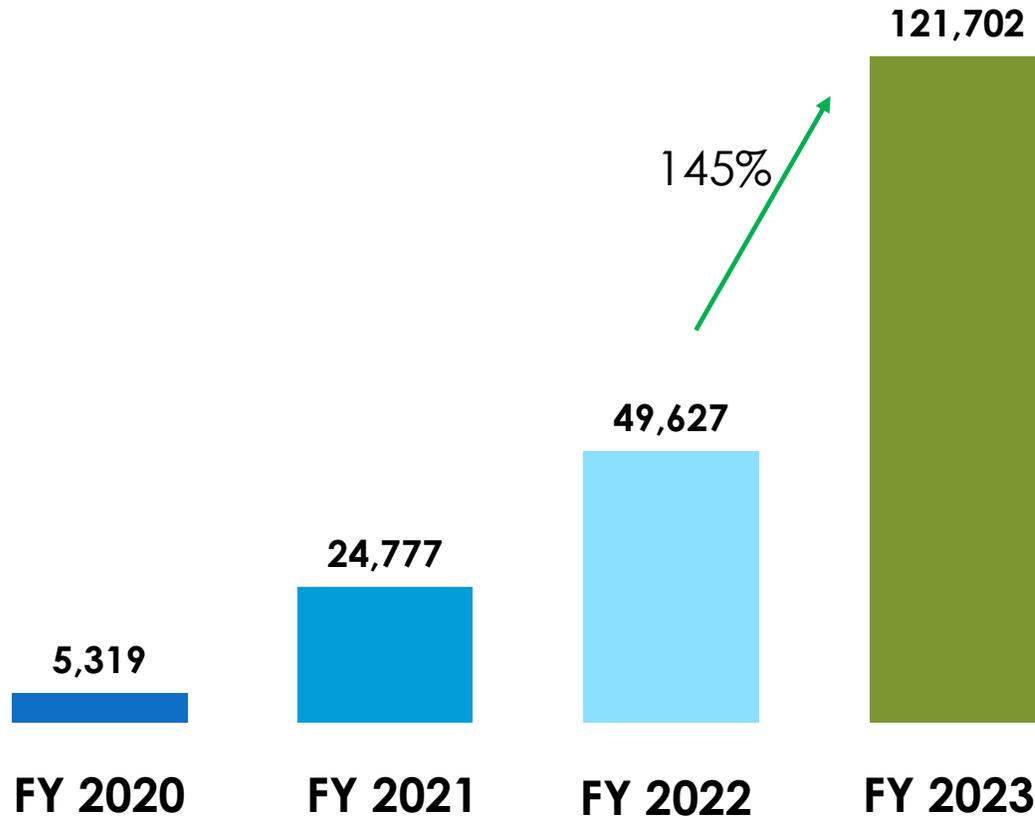
- 1) The Group continues to grow the B2C segment while B2B remains stable due to the Group's long term customers.
- 2) The Group expects the B2C sales contribution to increase further with new countries and platforms, while continuing to expand existing platforms.
- 3) B2B revenue showed an increase in FY2023 as compared to FY2022 despite market conditions.

Note:

\* Percentage over respective financial year's total revenue.

# B2C Revenue by Platforms & Countries (con't)

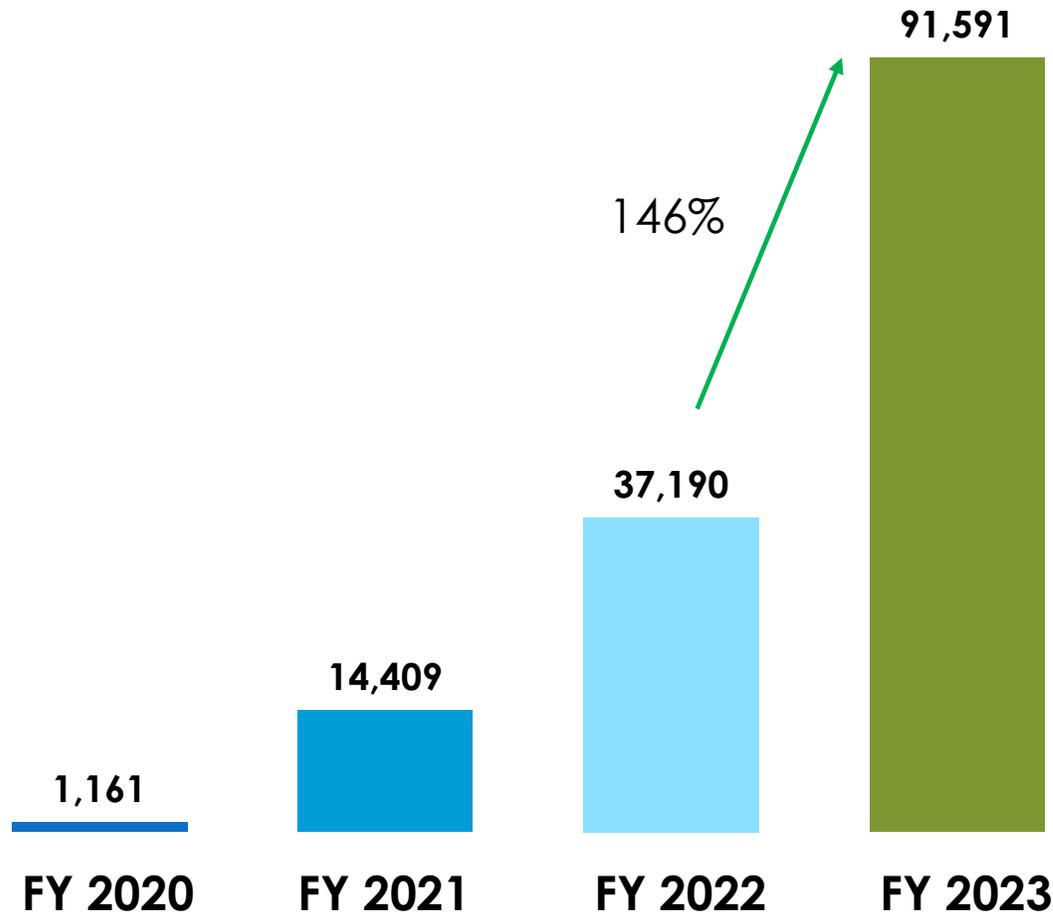
## Historical Revenue Contribution by B2C Overall (RM'000)



- 1) Continuous growth trend seen in the B2C.
- 2) For 12MFY23, B2C sales has exceed 12MFY22 by RM72million.
- 3) Traditionally, B2C sales peak towards the final quarter of the calendar year.

# B2C Revenue by Platforms & Countries (con't)

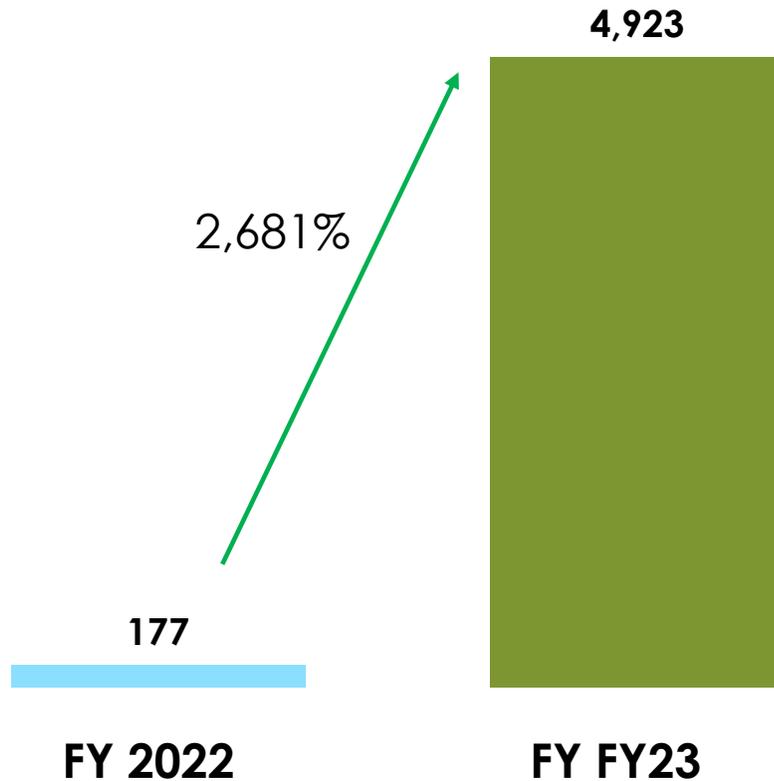
## Historical Revenue Contribution by Wayfair US (RM'000)



- 1) Commenced selling on Wayfair US on 2020 and has seen continuously huge growth.
- 2) 12M FY23 sales has exceeded 12 months FY22 by RM54mil or by 146%.
- 3) Q4FY23 sales grew by 69% as compared to Q3FY23.
- 4) Currently have approximately more than 650 SKU offered in the platform.

# B2C Revenue by Platforms & Countries (con't)

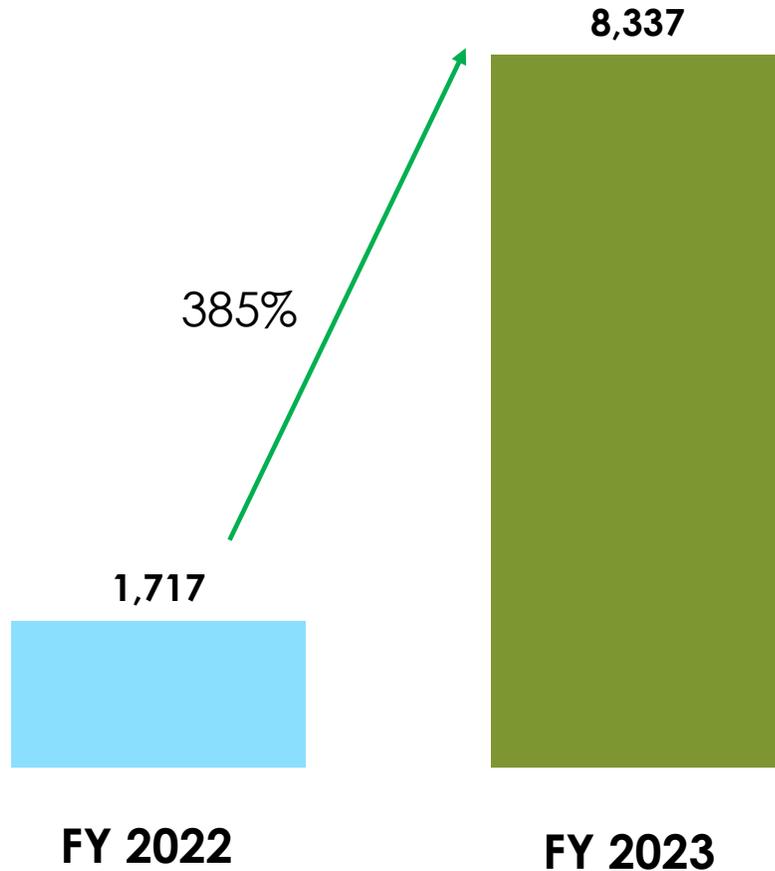
## Historical Revenue Contribution by Wayfair UK (RM'000)



- 1) Commenced selling on Wayfair UK in late FY2022.
- 2) Encouraging growth seen in FY23 notable in Q4FY23 where sales grew by 118% from Q3FY23.
- 3) Currently have approximately more than 314 SKU offered in the platform.

# B2C Revenue by Platforms & Countries (con't)

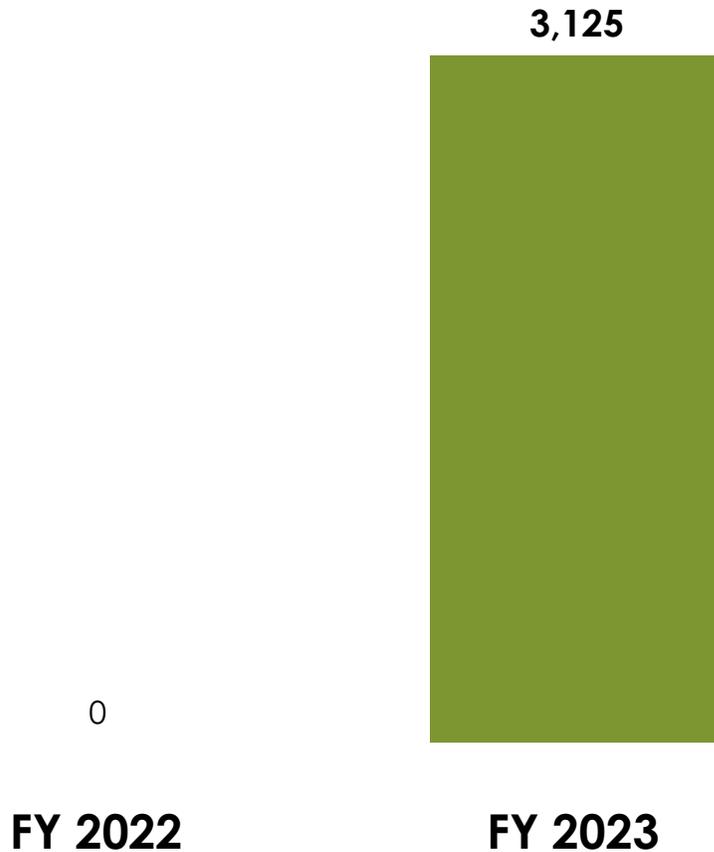
## Historical Revenue Contribution by Amazon US (RM'000)



- 1) Commenced selling on Amazon US in mid FY2022.
- 2) Growth of 21% in Q4FY23 as compared to Q3FY23.
- 3) Currently have approximately more than 299 SKU offered in the platform.

# B2C Revenue by Platforms & Countries (con't)

## Historical Revenue Contribution by Amazon UK (RM'000)



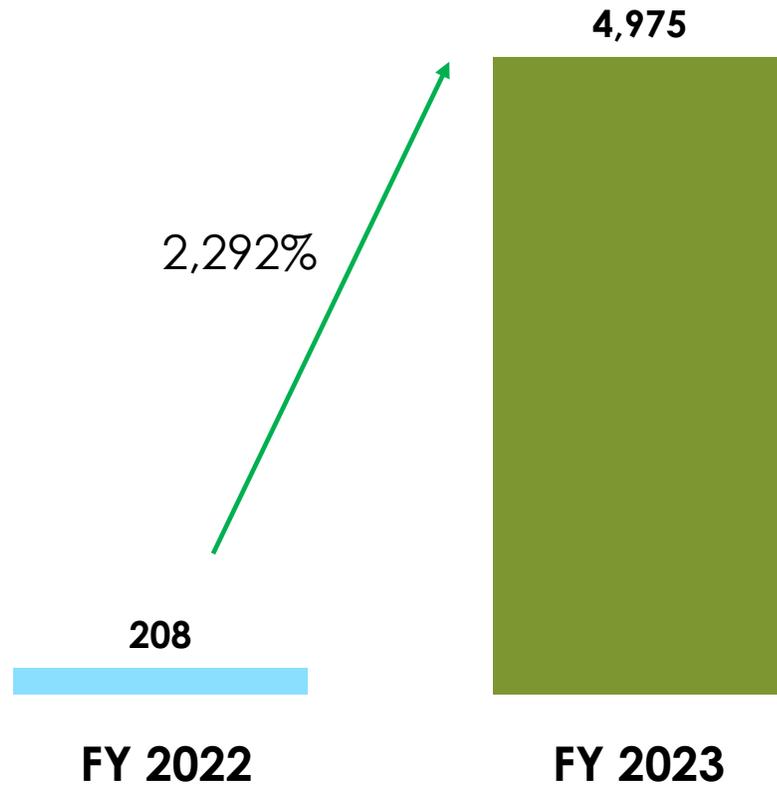
1) Sales in Amazon UK commenced in late FY2022.

2) Sales in Q4FY23 grew by 170% as compared to sales in Q3FY23.

3) Currently have approximately more than 315 SKU offered in the platform.

# B2C Revenue by Platforms & Countries (con't)

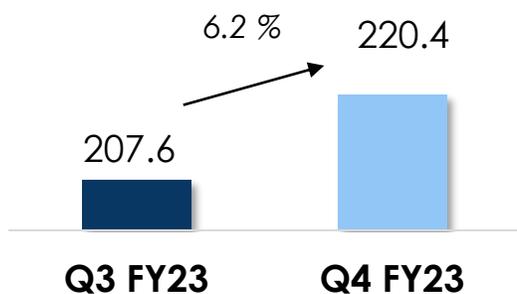
## Historical Revenue Contribution by Others (RM'000)



- 1) Other platforms the Group is in are such as Mano Mano and eBay in UK, Cenports in USA and Wayfair Canada and Wayfair Germany.
- 2) Above platforms collectively increased by 97% in sales in Q4FY23 as compared to Q3FY23.
- 3) Total approximately more than 699 SKU on offered on the above platforms collectively.

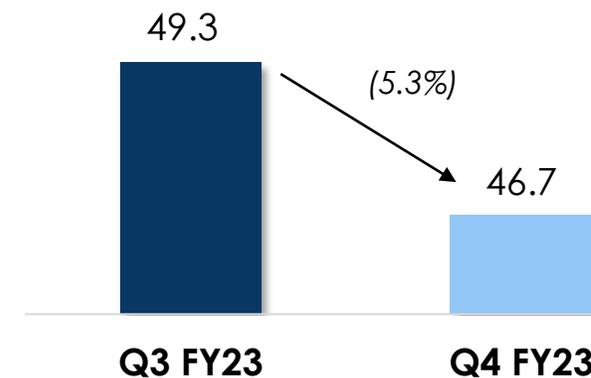
# Snapshot of Balance Sheet

**Total assets  
(RM'mil)**

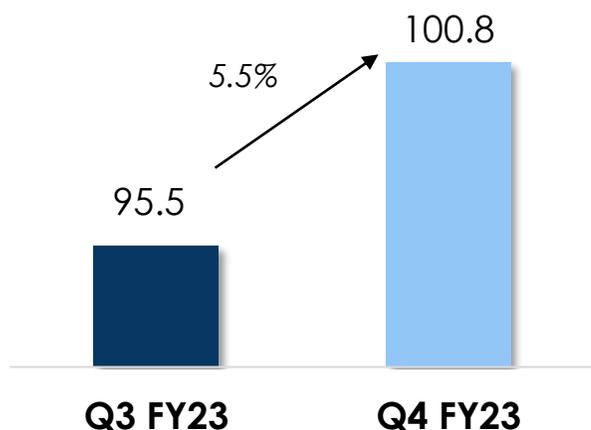


- 1) Balance sheet continues to strengthen with higher shareholder's equity while gearing relatively maintains.
- 2) Recorded negative operating cash flow mainly due to higher receivables balances (peak sales at year end and credit term).

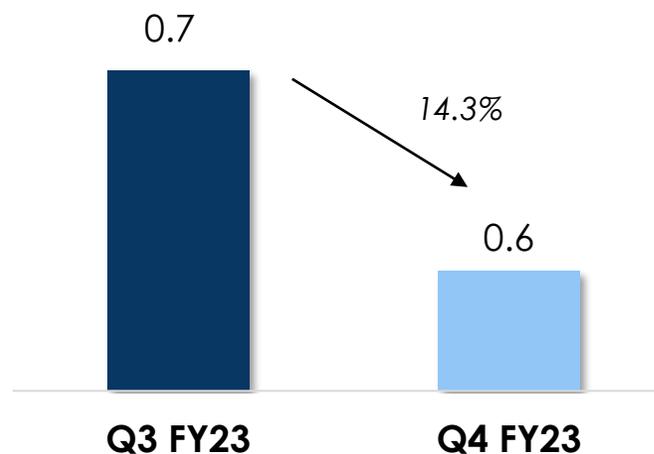
**Total cash  
(RM'mil)**



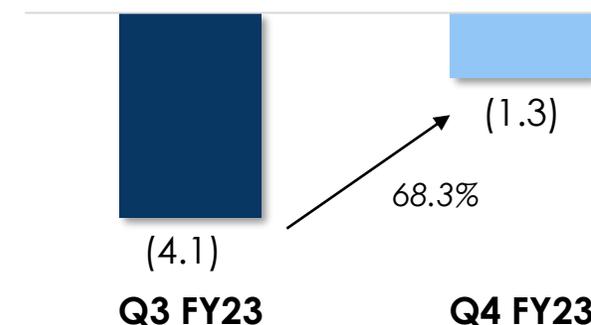
**Total Shareholders' Equity  
(RM'mil)**



**Gearing  
(times)**



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





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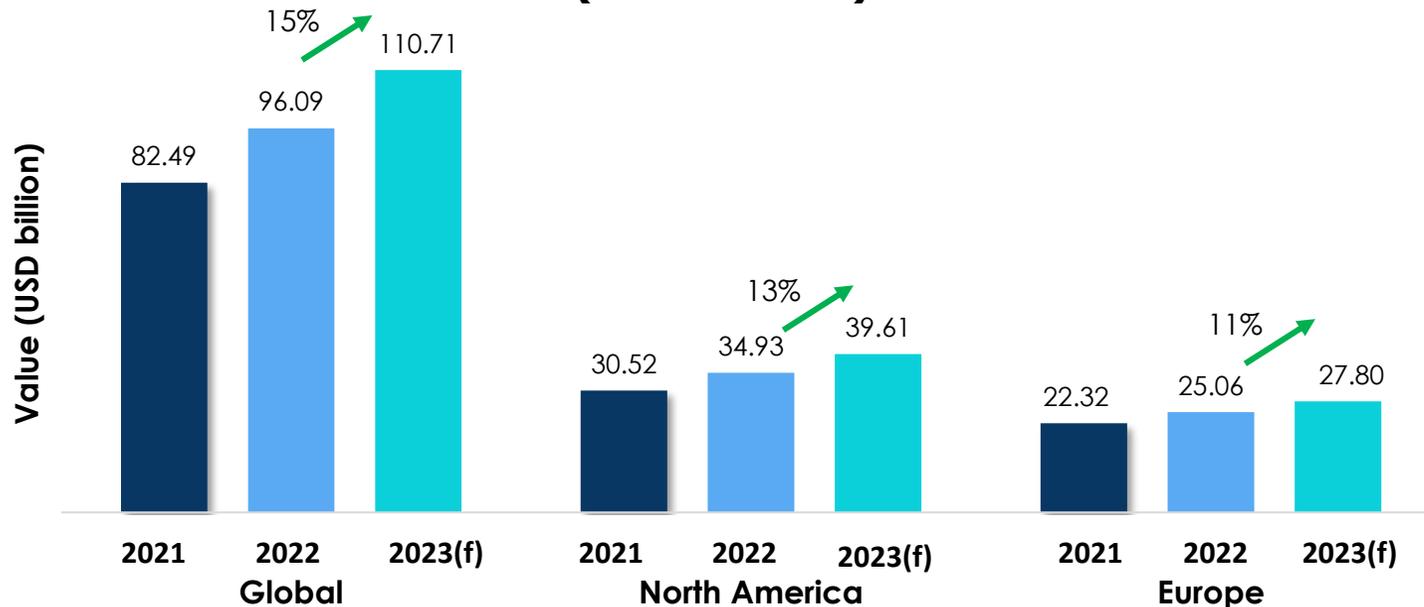
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1. Snapshot of Synergy House	3
2. Financial performance	9
<b>3. Market outlook</b>	<b>20</b>
4. Strategies for 2024	23
5. Technology and Artificial Intelligence	28
6. Environmental, Social and Governance	30
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# Market Outlook

Global furniture e-commerce sales grew from **USD82.49 billion** (RM379.45 billion) in 2021 to forecasted **USD110.71 billion** (RM509.27 billion) in 2023. During the same period, global furniture e-commerce sales by key regions are set out as follows:

### Global furniture e-commerce sales\* (2021 - 2023)



\* Information extracted from a research by QY Research

\*\* 2023 is based on forecast

## North America

Particularly the United States, had a strong presence in the cross-border B2C e-commerce market. The region's **large consumer base, tech-savvy population, and established logistics networks** facilitated cross-border transactions..



## Europe

One of the leading regions in the cross-border B2C e-commerce market. The region's **robust e-commerce infrastructure, high internet access,** and EU trade ease, was a key player in cross-border B2C e-commerce. Notable countries included the UK, Germany, and France.

# Market Outlook (cont'd)

## Abundance in Growth opportunity

*Furniture e-commerce market for USA and Europe in 2023:*

**USD 67 billion**

*Synergy House total B2C sales for FY2023:*

**USD 0.026 billion**

With only a presence of **0.04%** of the furniture e-commerce market in USA and Europe, there is much potential for Synergy House to benefit from the overall market share which is growing.





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3. Market outlook 20
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6. Environmental, Social and Governance 30
7. Q&A 32

# 2024 Strategies

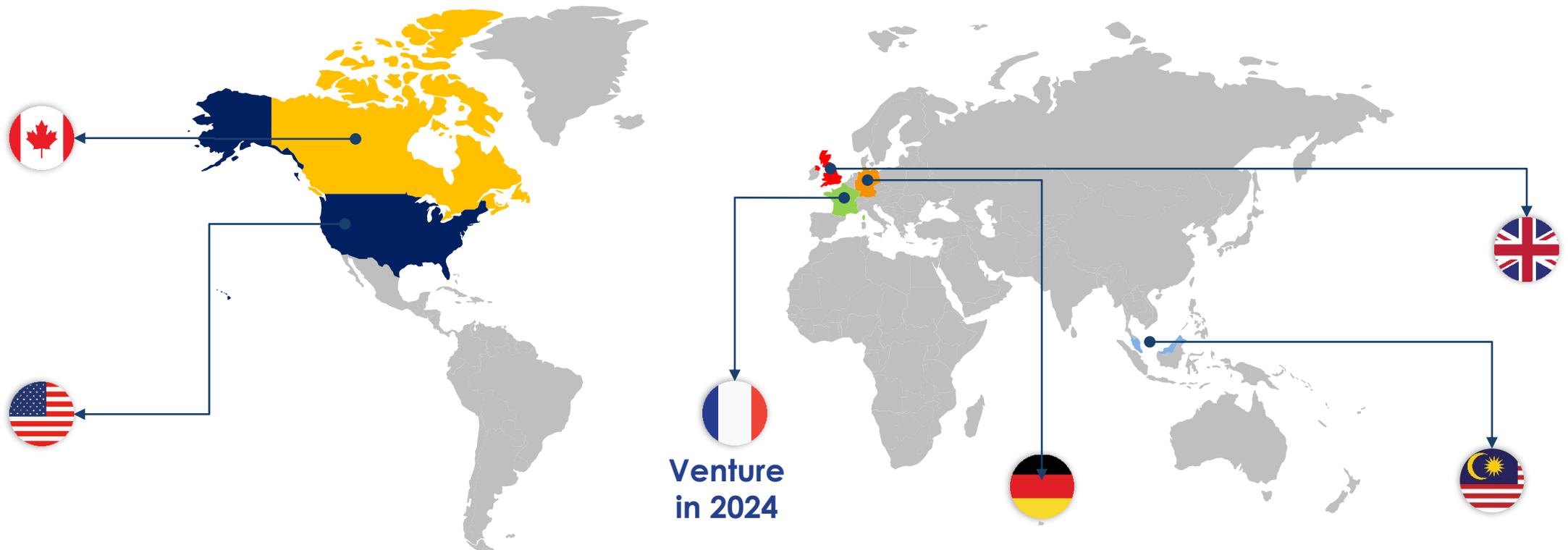
1



Continue to grow more on the B2C platforms and countries

## Action plans

- Target new platforms in 2024: >4
- Project >2,000 B2C SKUs by end of 2024 (2023: 1,608)
- Commence B2C sales in France



Venture  
in 2024

# 2024 Strategies

2



*New product categories*

*Home improvement items – Working on initiatives to commence*

- Vanity furniture
- Kids bunk beds
- Sofa
- Wooden flooring
- Wooden doors



# 2024 Strategies

3



Increase utilisation of Technology and Artificial Intelligence “AI”

Synergy places a strong focus on technology, artificial intelligence and fostering innovation to enhance all facets of our key operations



IT investment

Past 3 years

**>RM2.2mil**

Invested in Information Technology Software (eg. Solidworks, Affinity, 3dMax, Keyshot, Wrike, Market intelligence softwares, connectors, etc)

2024 Expected

**>RM1.0mil**

To be spent on the information technology software and hardware.

160 laptops / computers at a ratio of 1 laptop/computer per employee (excluding foreign workers)



Human Capital

As at 29 February 2024

Total Headcount

**185**

**71%**

Diploma, Degree and above

# Summary of Our 2024 Strategies

## 1 Continue to grow more on the B2C platforms and countries

### Action plans

- Target new platforms in 2024: >4
- Project >2,000 B2C SKUs by end of 2024 (2023: 1,608)
- Commence B2C sales in France

## 2 New product categories

### Home improvement items – Working on initiatives to commence

- Vanity furniture
- Kids bunk beds
- Sofa
- Wooden flooring
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## 3 Increase utilisation of Technology and Artificial Intelligence “AI”

### Synergy places a strong focus on technology, artificial intelligence and fostering innovation to enhance all facets of our key operations

- IT investment
- Human capital



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1. Snapshot of Synergy House 3
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# Embracing Advancement in Technology and Artificial Intelligence



## Marketing

- Order replenishment
- Market trend analysis
- Product description drafting using AI
- Chatbot and AI for customer service and support



## Project management

- Project tracking and status
- Data management
- Communication tool



## Advertisement and monitoring

- Optimisation of keyword search with AI
- Competitors analysis

# Technology and Artificial Intelligence



## Shipping\*

- Online vessel booking
- Container tracking



## Design & Development

- Product design
- Data management
- 3D product pictures, room view pictures



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE



## 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.

### 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.

### Promotes local purchases

- Approximately 92% of total purchases are made from local suppliers



## GOVERNANCE

### Anti-Bribery and Corruption Policy

### Internal Controls Policy

### Business ethics and conduct for employees

### Whistleblowing Policy

**Whistleblower channel**  
[whistleblower@synergy-house.com](mailto:whistleblower@synergy-house.com)



# SYNERGY HOUSE

## Q&A Session





# THANK YOU



[www.synergyhouseberhad.com](http://www.synergyhouseberhad.com)



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