



MAN WAH HOLDINGS LIMITED (1999.HK)

FY2022 - 2023 Interim Results Presentation

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纤薄扶手

—
搭配名车级车线工艺
打造时尚轻奢生活



饱满靠背

—
完美贴合颈部和腰部
让身体更放松

OUTLINE

- 1 FINANCIAL PERFORMANCE**
- 2 PRODUCTION & OPERATIONS**
- 3 MARKETING STRATEGY**
- 4 Q&A SESSION**

01 FINANCIAL PERFORMANCE



FINANCIAL HIGHLIGHTS

	1HFY2023 (HK\$ million)	1HFY2022 (HK\$ million)	Change
Total Revenue	9,533.3	10,357.9	-8.0%
Operation Revenue	9,289.0	10,214.5	-9.1%
Gross Profit	3,608.1	3,700.2	-2.5%
Gross Profit Margin (%)	38.8%	36.2%	+2.6pts
Other Income	244.3	143.5	70.3%
SG&A / Revenue (%)	25.9%	25.0%	+0.9pts
EBITDA Margin (%)	19.1%	15.9%	+3.2pts
Net Profit Attributable to Owners of the Company	1,092.1	988.1	10.5%
Net Profit Margin (%)	11.8%	9.7%	+2.1pts
Basic EPS (HK cents)	27.8	25.0	11.4%
Dividend Payout Ratio (%)	54.0% (15.0)	52.0% (13.0)	+2.0pts

*If the financial figures were reported in RMB, the Company's total revenue in 1H FY2023 would have declined by 3.7% and operating revenue by 4.8%. Having prudent consideration for potential compensation arising from patent litigation with Raffel, a management expense provision of US\$10 million has been made in advance, which affected net profit for the reporting period.

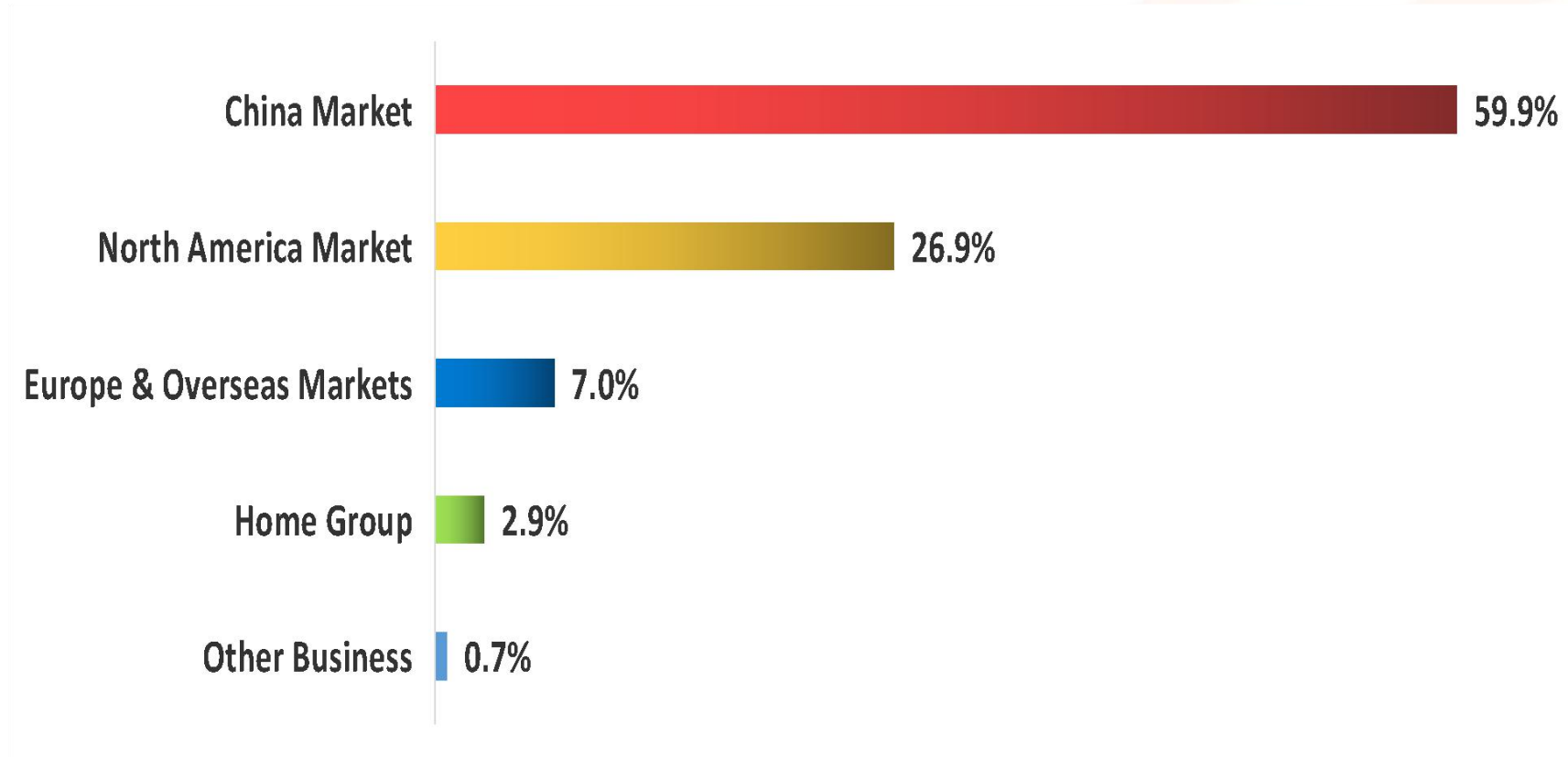
TOTAL REVENUE ANALYSIS

Region	1HFY2023		1HFY2022		Change
	HK\$ million	% of Revenue	HK\$ million	% of Revenue	
China Market	5,713.3	59.9%	6,399.6	61.8%	-10.7%
North America Market	2,564.1	26.9%	2,562.3	24.7%	0.1%
Europe and Other Overseas Markets	670.1	7.0%	656.5	6.3%	2.1%
Home Group	279.5	2.9%	464.9	4.5%	-39.9%
Other Operation	62.1	0.7%	131.0	1.3%	-52.6%
Other Income	244.3	2.6%	143.5	1.4%	70.3%
Total	9,533.3	100%	10,357.9	100%	-8.0%

*Other operation revenue refers to income from real estate, hotels, and shopping malls. Other income refers to income from government subsidies and interest.
Revenue from the China market in 1HFY2023 just decreased by 6.6% when converted into RMB.

OPERATION REVENUE ANALYSIS

Operation Revenue Analysis in 1H FY2022-2023



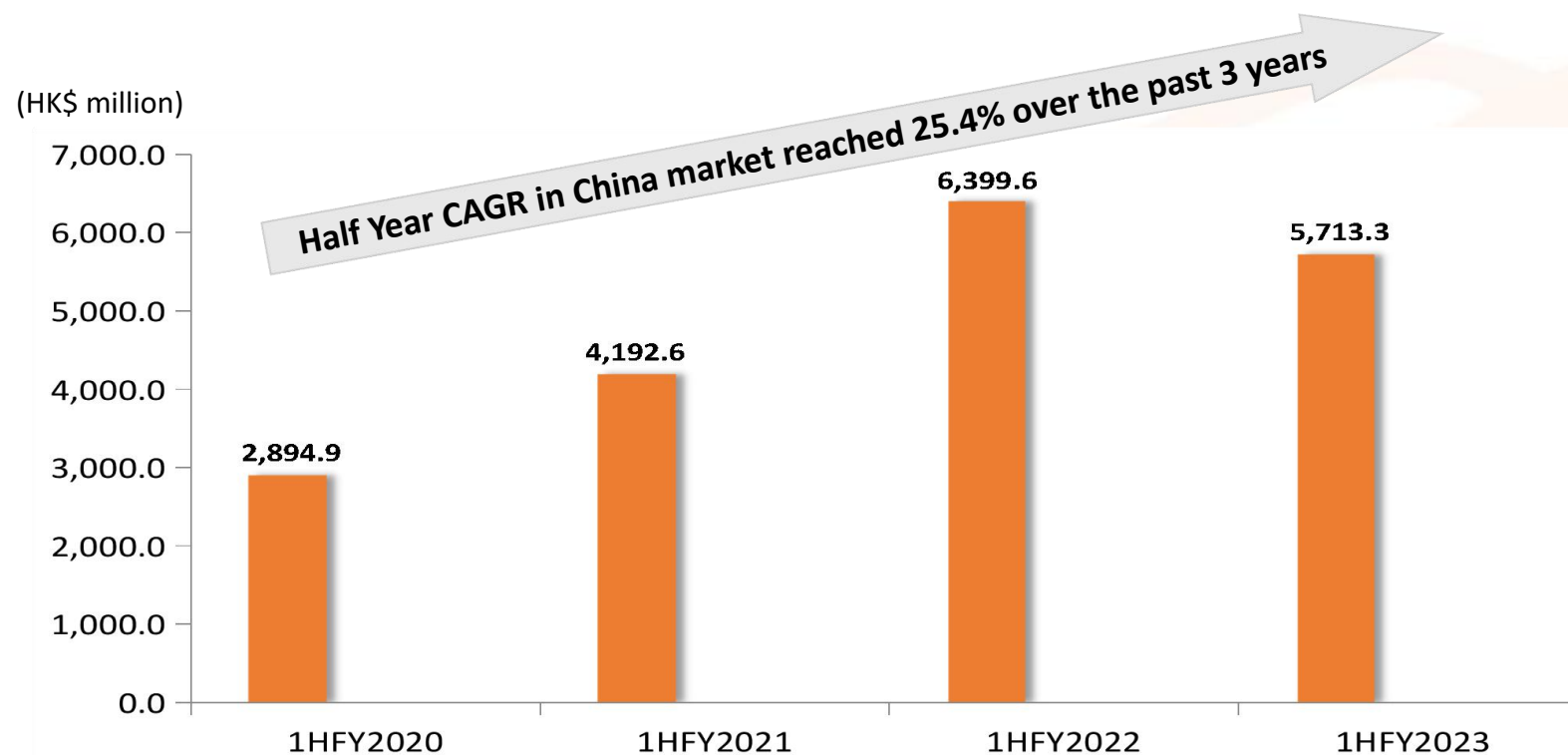
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GROSS MARGIN ANALYSIS

Region	1HFY2022	1HFY2023	Change
China Market Business	35.7%	39.9%	+4.2pts
North America Market Business	41.1%	41.8%	+0.7pts
Europe and Other Overseas Markets Business	24.2%	21.3%	-2.9pts
Home Group Business	25.6%	22.5%	-3.1pts
Other Operation Revenue	67.1%	81.6%	+14.5pts
Total	36.2%	38.8%	+2.6pts

CHINA MARKET REVENUE

In 1H FY2023, business in the China market was more severely impacted by the pandemic, recording a single-digit decline in revenue in terms of RMB.

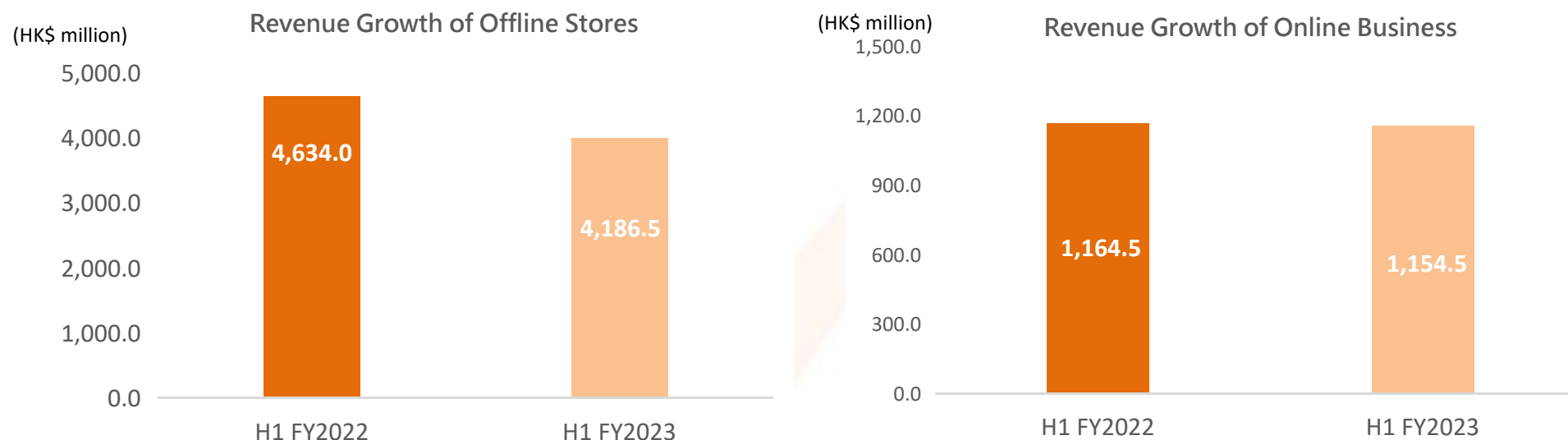


Item	1HFY2023		1HFY2022		Change	1HFY2021		1HFY2020	
	(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue		(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue
Revenue	5,713.3	60.0%	6,399.6	61.8%	-10.7%	4,192.6	61.0%	2,894.9	51.8%

*Revenue from the China market in FY2023H1 just decreased by 6.6% when converted into RMB.

CHINA MARKET REVENUE BREAKDOWN BY SEGMENT

1H FY2023, revenue from China Market decreased by 3.6%, in which online business was up by 3.7% and offline business dropped by 5.5% (excluding iron framework business; in terms of RMB)

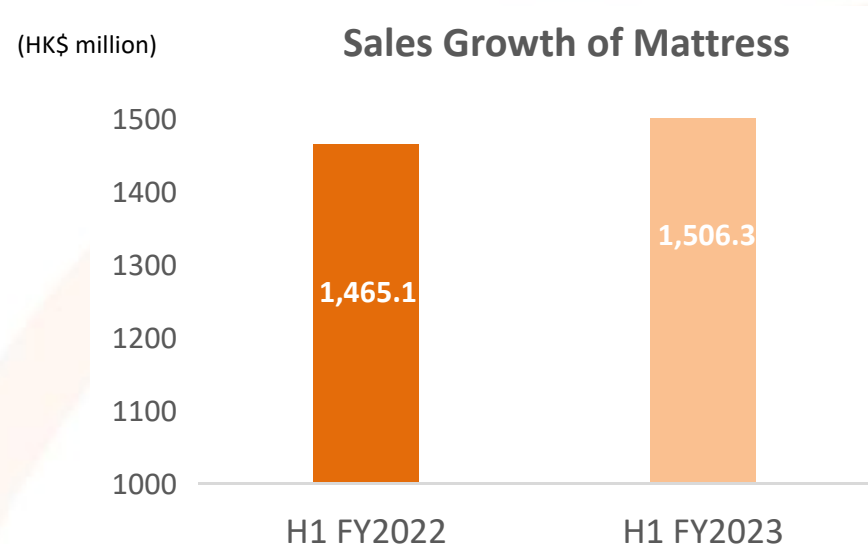
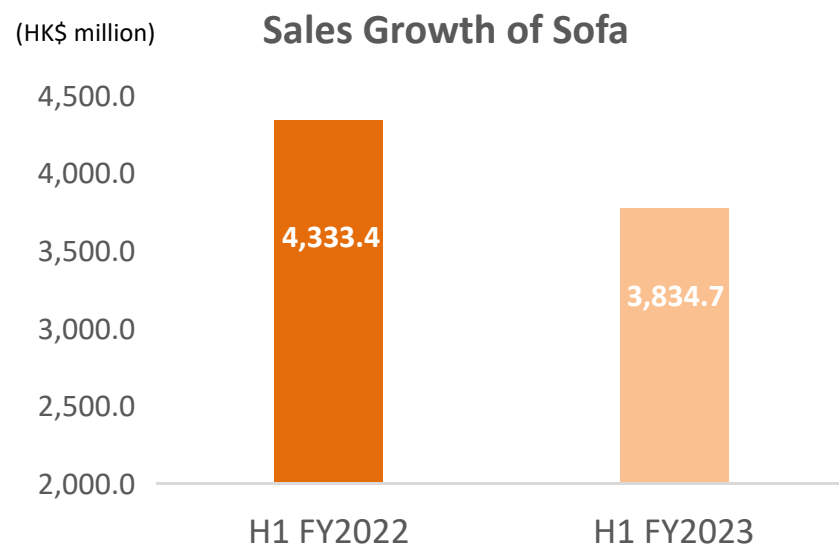


HK\$ million	1H FY2022		1H FY2023		Change (HK\$)	Change (RMB)
	Amount	% of Total	Amount	% of Total		
Offline Stores	4,634.0	79.9%	4,186.5	78.4%	-9.7%	-5.5%
Online Business	1,164.5	20.1%	1,154.5	21.6%	-0.9%	3.7%
China Market Revenue (excluding iron framework)	5,798.5		5,341.0		-7.9%	-3.6%

* The exchange rates of HK\$ to RMB for 1HFY2023 and 1HFY2022 were 0.8700 and 0.8315 respectively.

CHINA MARKET REVENUE BREAKDOWN BY PRODUCT

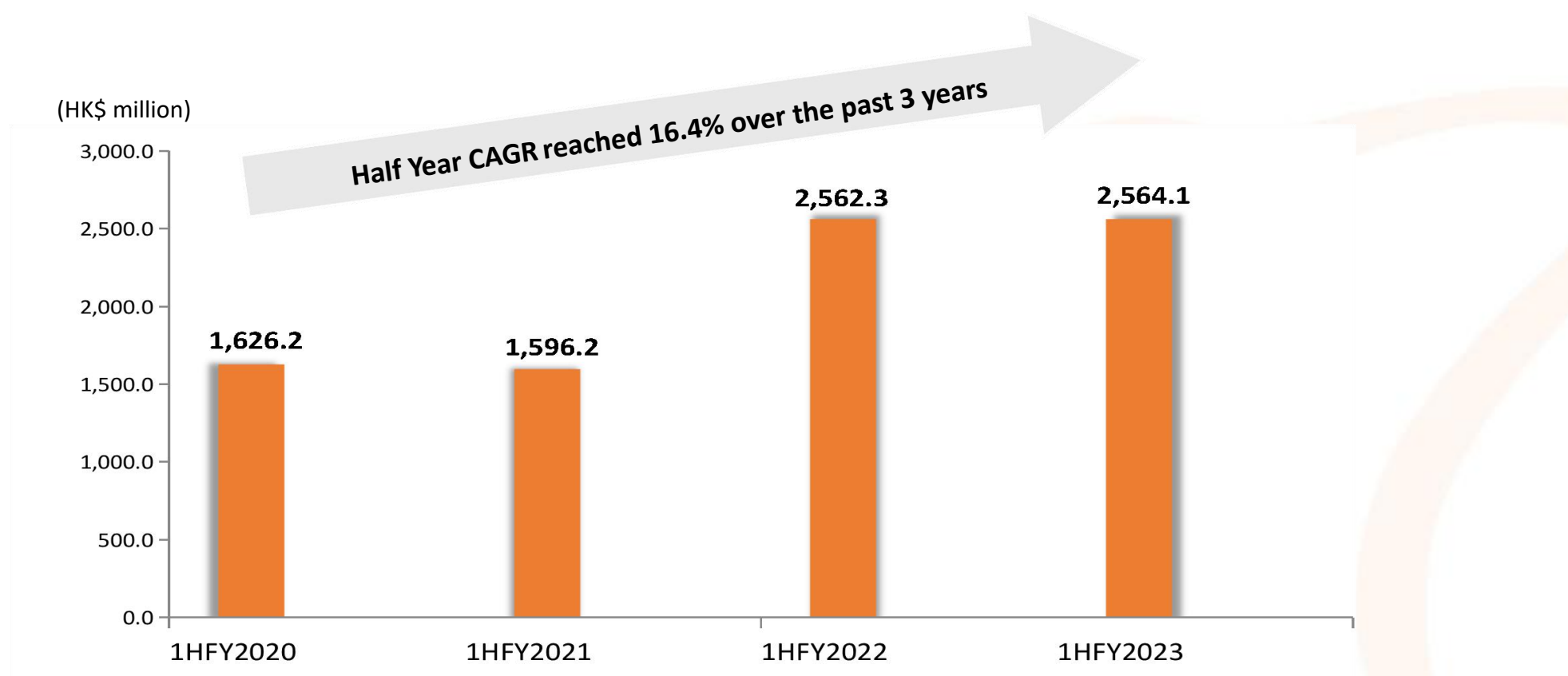
In 1H FY2023, revenue from China Market decreased by 3.6%, in which sales of sofa was down by 7.4% and sales of mattress rised by 7.6% (in terms of RMB, excluding sales of iron framework)



HK\$ million	1H FY2022		1H FY2023		Change (HK\$)	Change (RMB)
	Amount	% of Total	Amount	% of Total		
Sofa	4,333.4	74.7%	3,834.7	71.8%	-11.5%	-7.4%
Mattress	1,465.1	25.3%	1,506.3	28.2%	2.8%	7.6%
China Market Revenue (excluding iron framework)	5,798.5		5,341.0		-7.9%	-3.6%

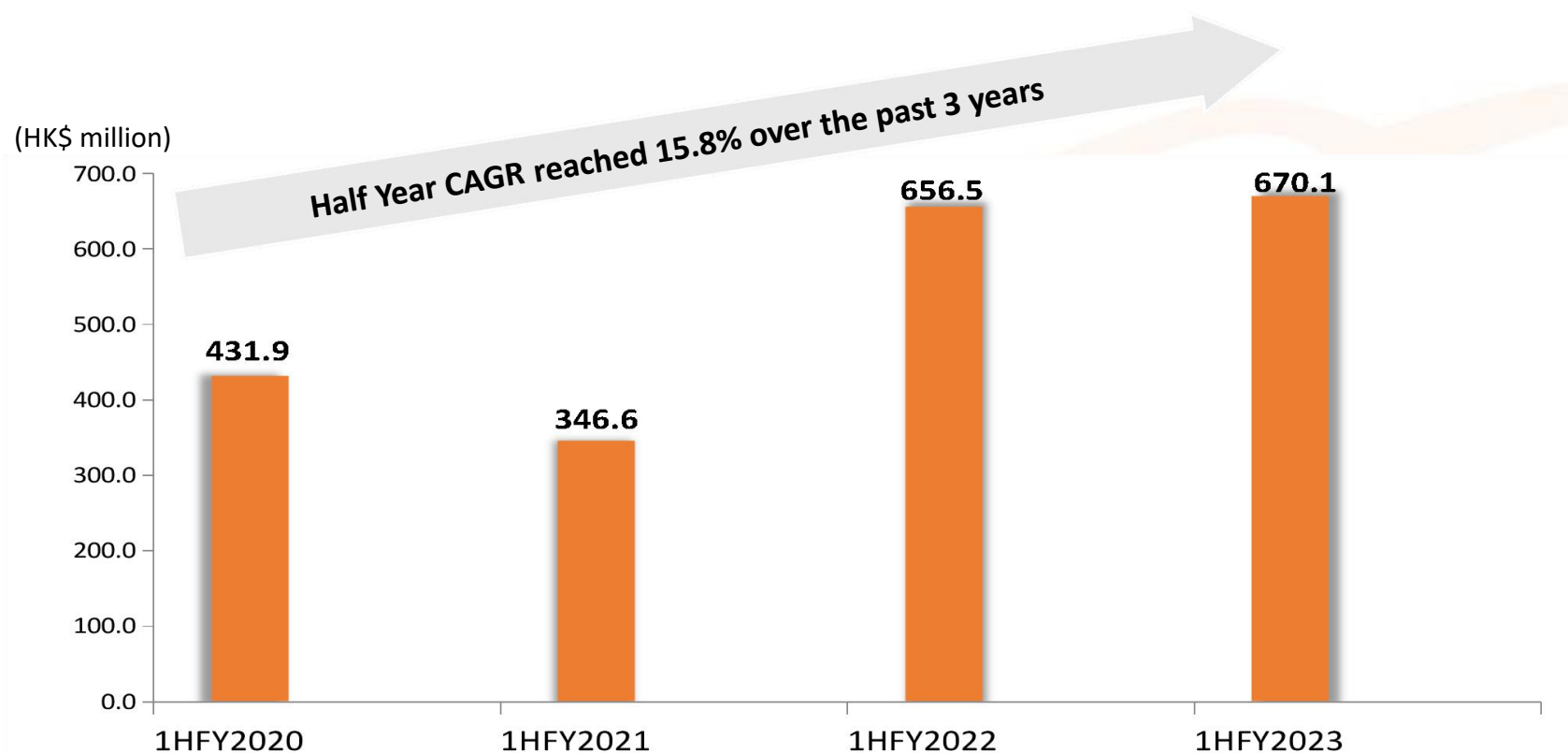
* The exchange rates of HK\$ to RMB for 1HFY2023 and 1HFY2022 were 0.8700 and 0.8315 respectively.

NORTH AMERICA MARKET REVENUE



Item	1HFY2023		1HFY2022		Change	1HFY2021		1HFY2020	
	(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue		(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue
Revenue	2,564.1	26.9%	2,562.3	24.7%	0.1%	1,596.2	23.2%	1,626.2	29.1%

EUROPE & OTHER OVERSEAS MARKET REVENUE



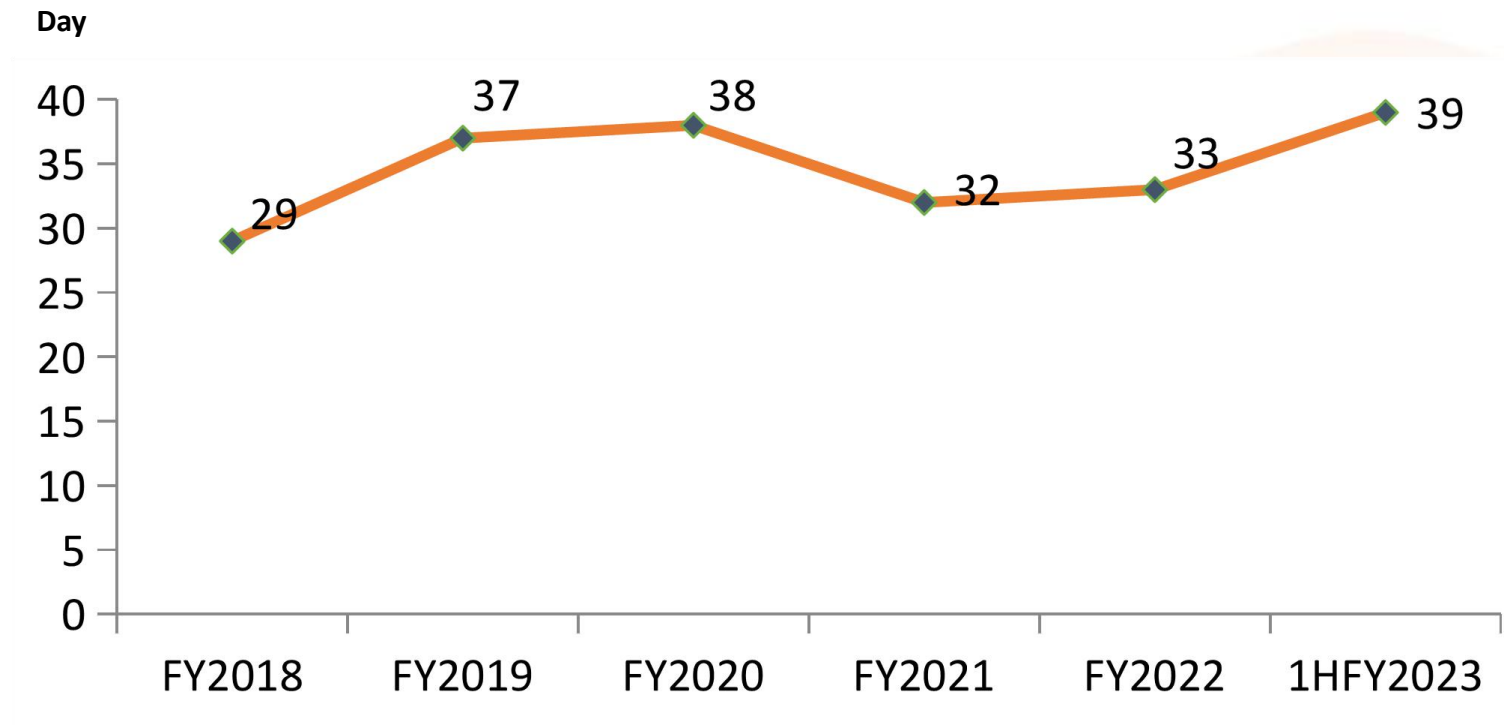
Item	1H FY2023		1H FY2022		Change	1H FY2021		1H FY2020	
	(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue		(HK\$ million)	% of Total Revenue	(HK\$ million)	% of Total Revenue
Revenue	670.1	7.0%	656.5	6.3%	2.1%	346.6	5.0%	431.9	7.7%

AVERAGE PRICE OF RAW MATERIAL ANALYSIS

Raw Materials	% of Total Raw Materials	1HFY2023 Change in Weighted Average Unit Price (%)
Metal	23.7%	-8.5%
Leather	18.8%	-0.5%
Chemicals	10.3%	-15.8%
Wood	8.2%	21.2%
Packing paper and Others	8.6%	0.9%
Fabric	6.5%	0.3%

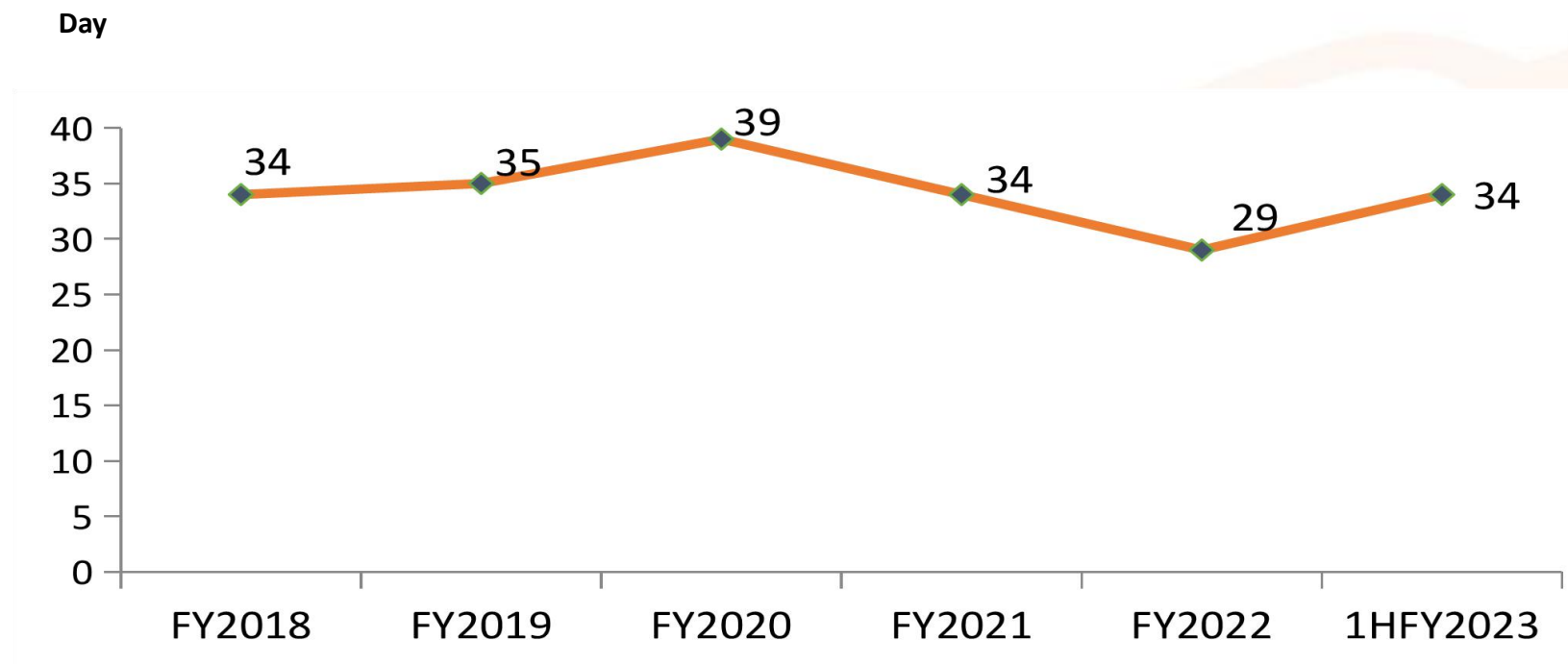
* The weighted average unit price= total amount/total quantity purchased.

ACCOUNTS RECEIVABLE TURNOVER DAYS ANALYSIS



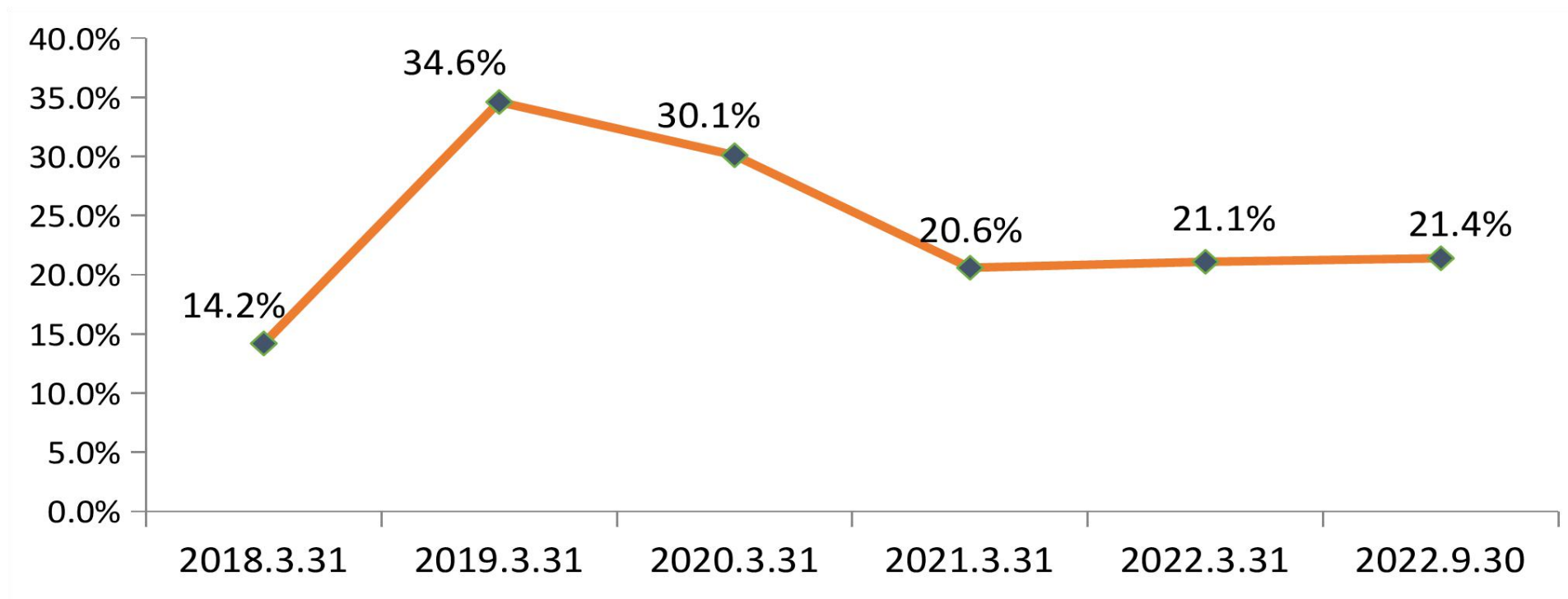
Item	FY2018	FY2019	FY2020	FY2021	FY2022	1HFY2023
Account Receivable Turnover Days	29	37	38	32	33	39

ACCOUNTS PAYABLE TURNOVER DAYS ANALYSIS



Item	FY2018	FY2019	FY2020	FY2021	FY2022	1HFY2023
Account Payable Turnover Days	34	35	39	34	29	34

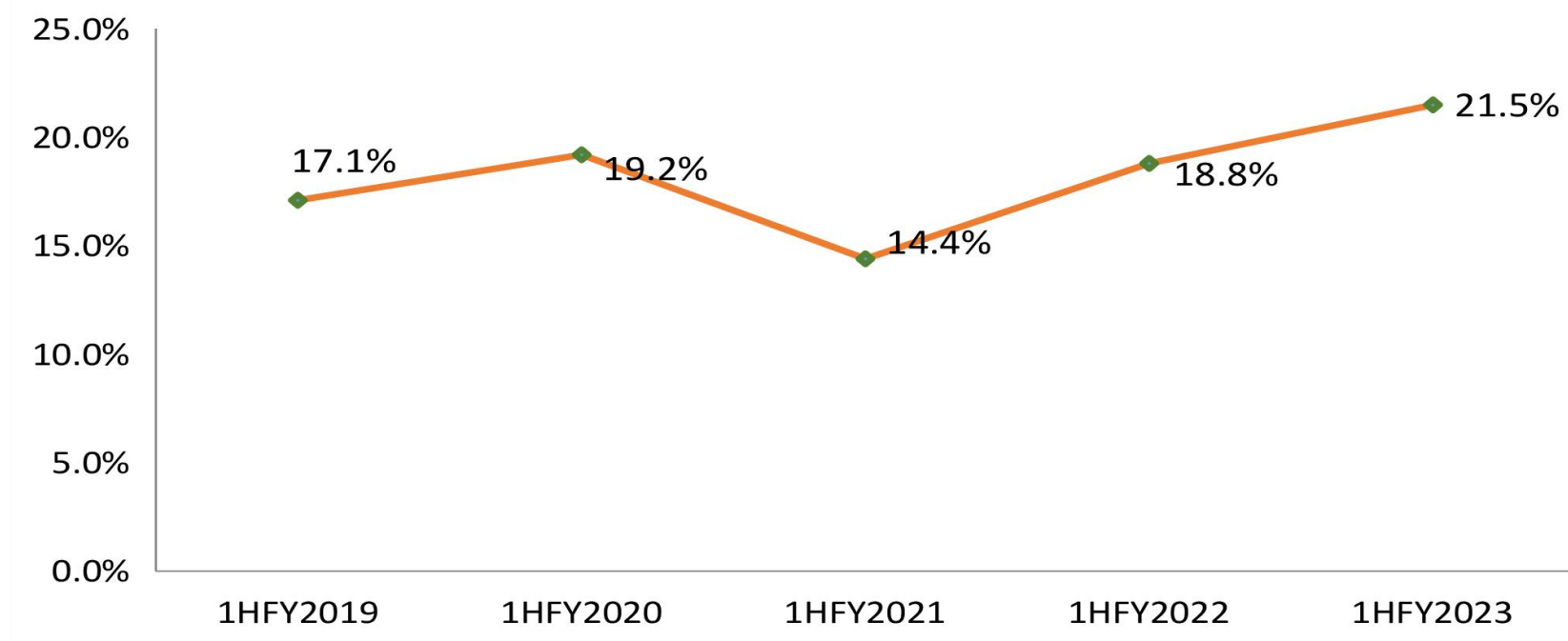
GEARING RATIO COMPARISON



Indicators	2018/03/31	2019/03/31	2020/03/31	2021/03/31	2022/03/31	2022/09/30
Gearing Ratio	14.2%	34.6%	30.1%	20.6%	21.1%	21.4%

**Gearing Ratio = Borrowings / Total assets*

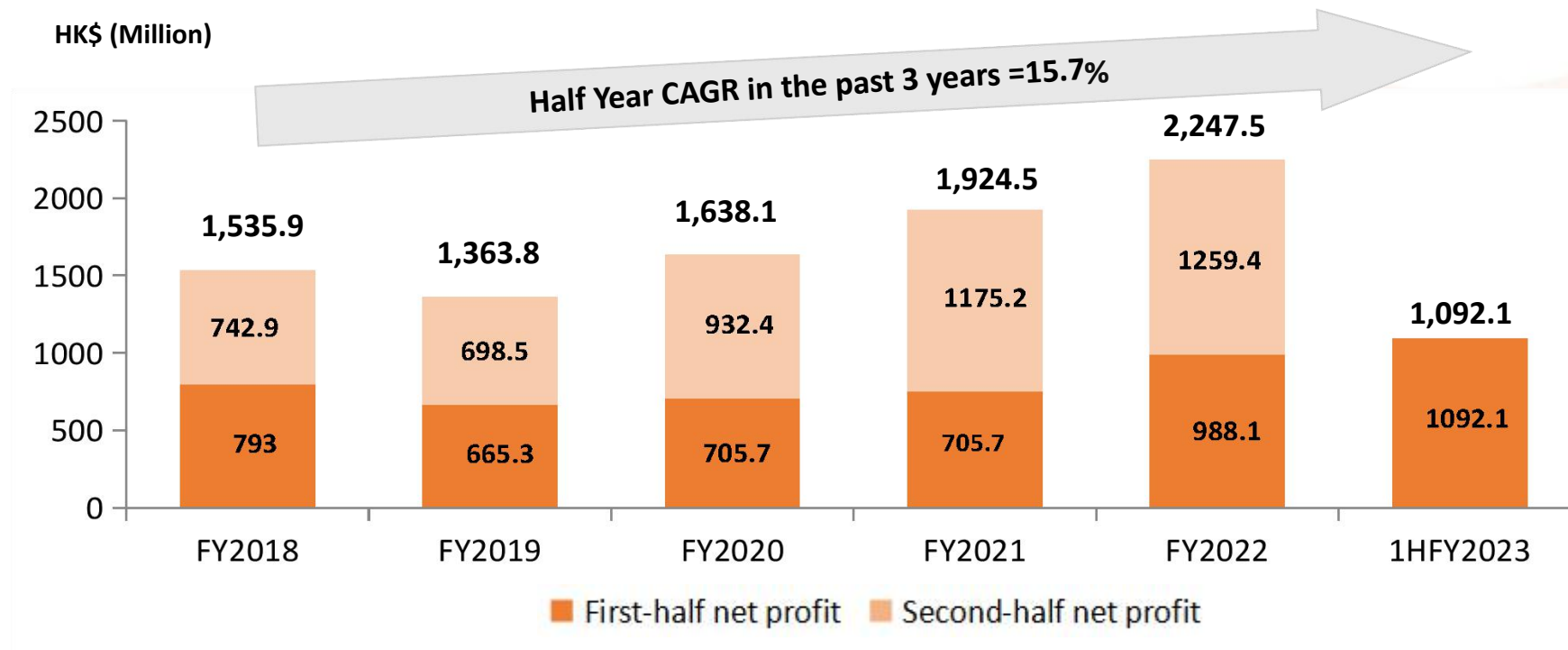
THE EFFECTIVE TAX RATE ANALYSIS



	1HFY2019	1HFY2020	1HFY2021	1HFY2022	1HFY2023
The Effective Tax Rate	17.1%	19.2%	14.4%	18.8%	21.5%

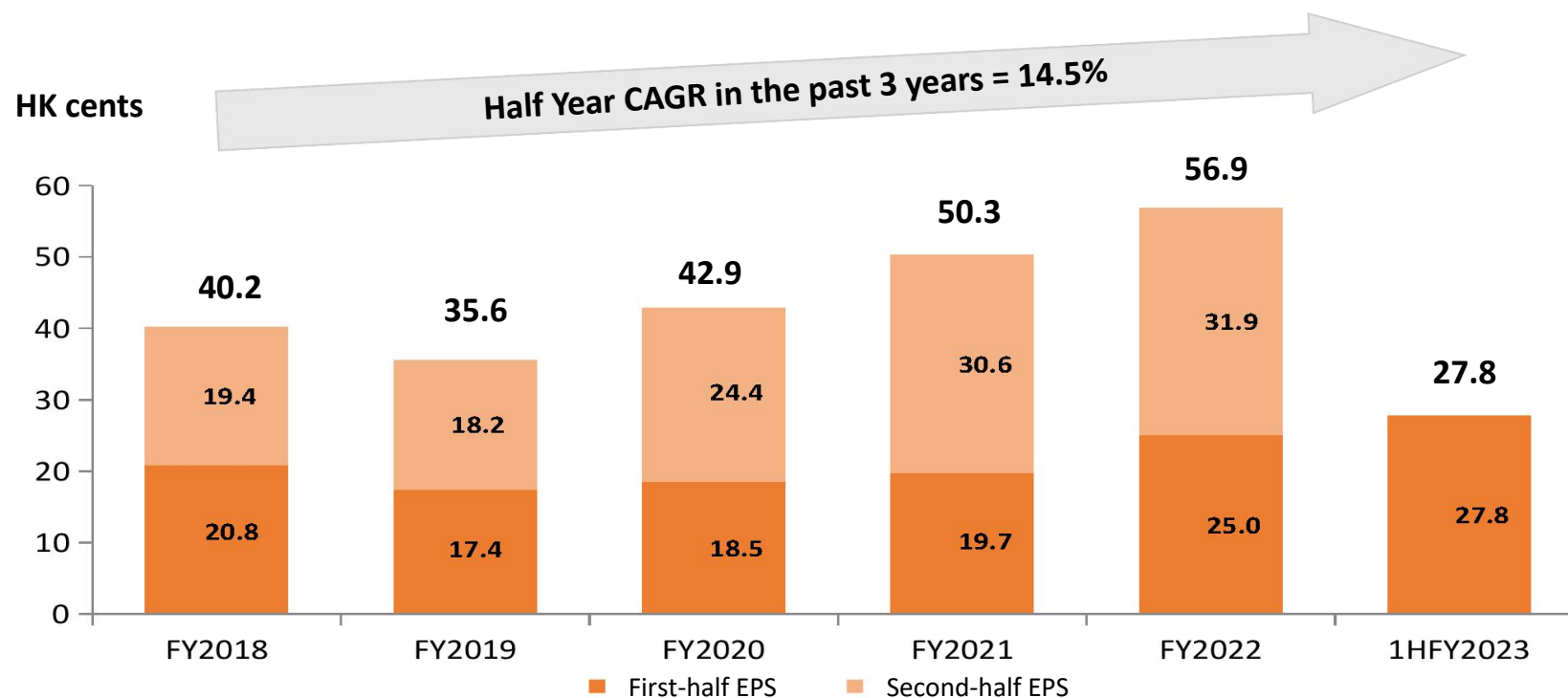
*The effective tax rate refers to the ratio of income tax to pre tax profit and the increase of the effective tax rate is mainly due to the increase of income tax caused by the end of Macao's tax preference period.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY COMPARISON



	FY2018 (HK\$ million)	FY2019 (HK\$ million)	FY2020 (HK\$ million)	FY2021 (HK\$ million)	FY2022 (HK\$ million)	1H FY2023 (HK\$ million)
First-half Net Profit	793.0	665.3	705.7	749.3	988.1	1,092.1
Second-half Net Profit	742.9	698.5	932.4	1,175.2	1,259.4	--
Full Year Net Profit	1,535.9	1,363.8	1,638.1	1,924.5	2,247.5	--

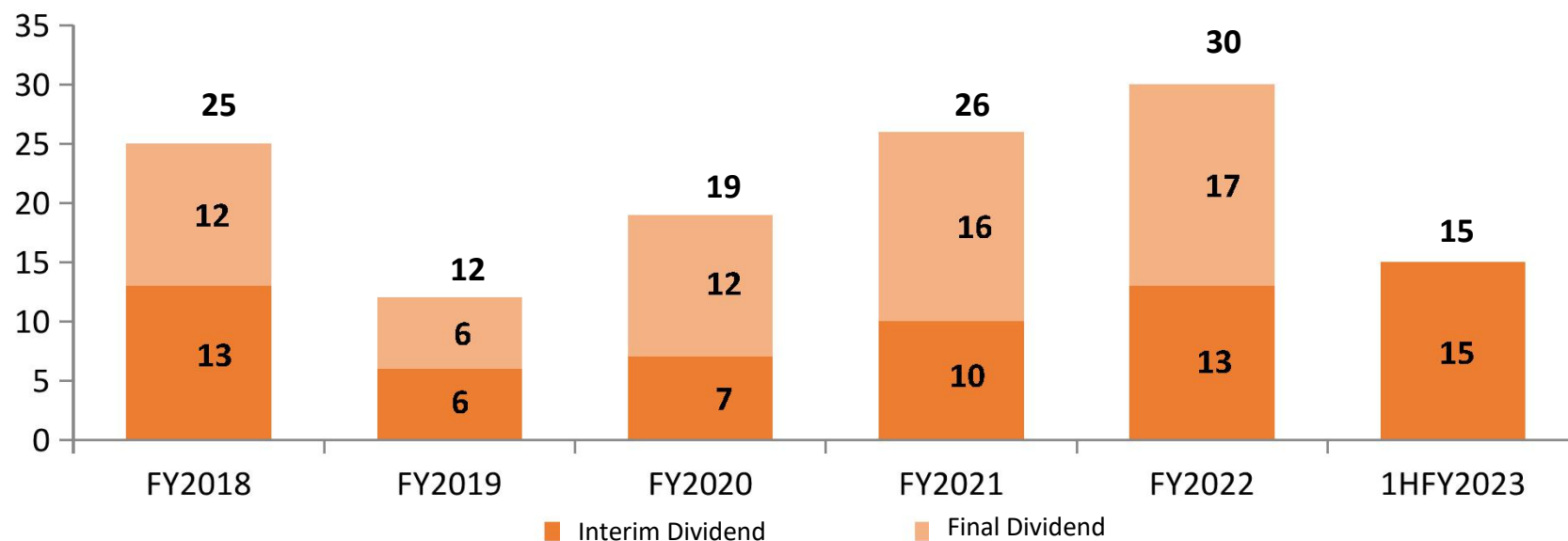
BASIC EPS COMPARISON



	FY2018 (HK cents)	FY2019 (HK cents)	FY2020 (HK cents)	FY2021 (HK cents)	FY2022 (HK cents)	1HFY2023 (HK cents)
First-half EPS	20.8	17.4	18.5	19.7	25.0	27.8
Second-half EPS	19.4	18.2	24.4	30.6	31.9	--
Full Year EPS	40.2	35.6	42.9	50.3	56.9	--

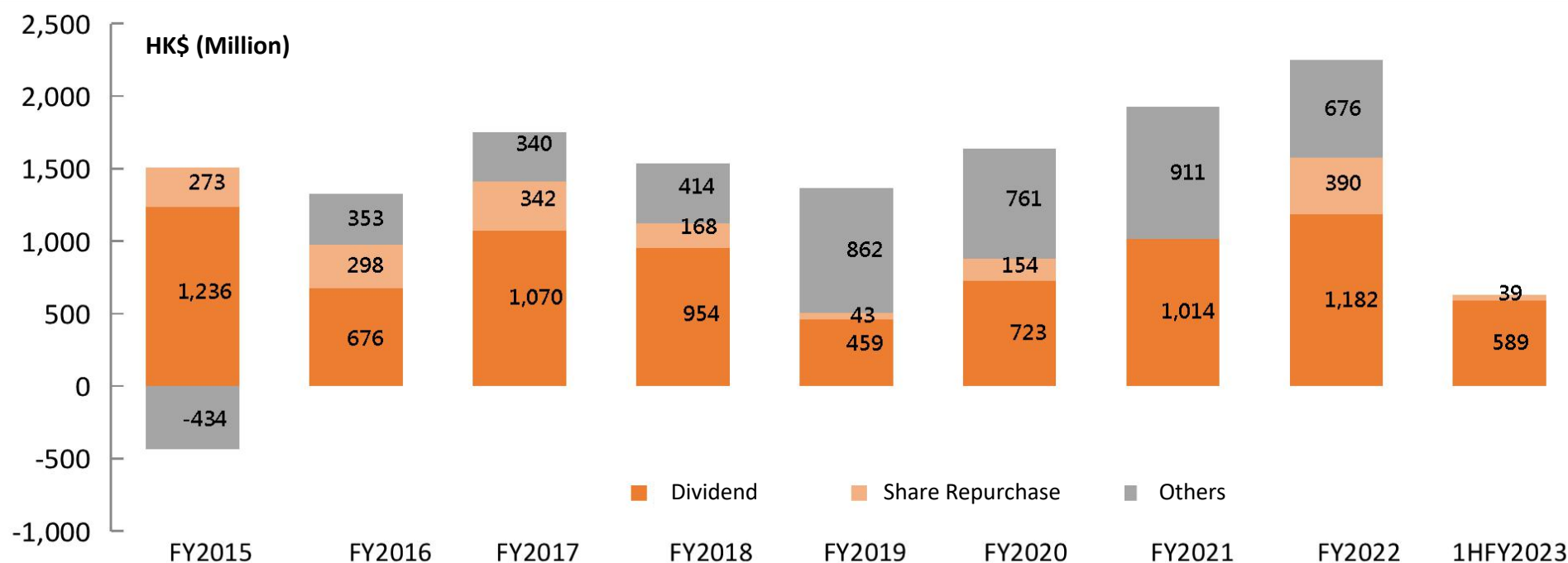
DIVIDEND COMPARISON

HK cents



	FY2018 (HK cents)	FY2019 (HK cents)	FY2020 (HK cents)	FY2021 (HK cents)	FY2022 (HK cents)	1HFY2023 (HK cents)
Interim Dividend	13.0	6.0	7.0	10.0	13.0	15.0
Final Dividend	12.0	6.0	12.0	16.0	17.0	--
Full Year Dividend	25.0	12.0	19.0	26.0	30.0	--

REWARD SHAREHOLDERS



(HK\$ million)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	1HFY2023
Net Profit Attributable to The Company	1,075	1,327	1,752	1,536	1,364	1,638	1,924	2,247.5	1,092.1
Dividend	1,236	676	1,070	954	459	727	1013.5	1,181.5	589.4
Share Repurchase	273	298	342	168	43	154	0	390.1	0
Payout Ratio	115%	51%	61%	62%	33.7%	44.3%	52.7%	52.6%	54.0%
Ratio of Total Reward to Shareholders	140.4%	73.4%	80.6%	73.0%	36.8%	53.8%	52.7%	70.0%	54.0%

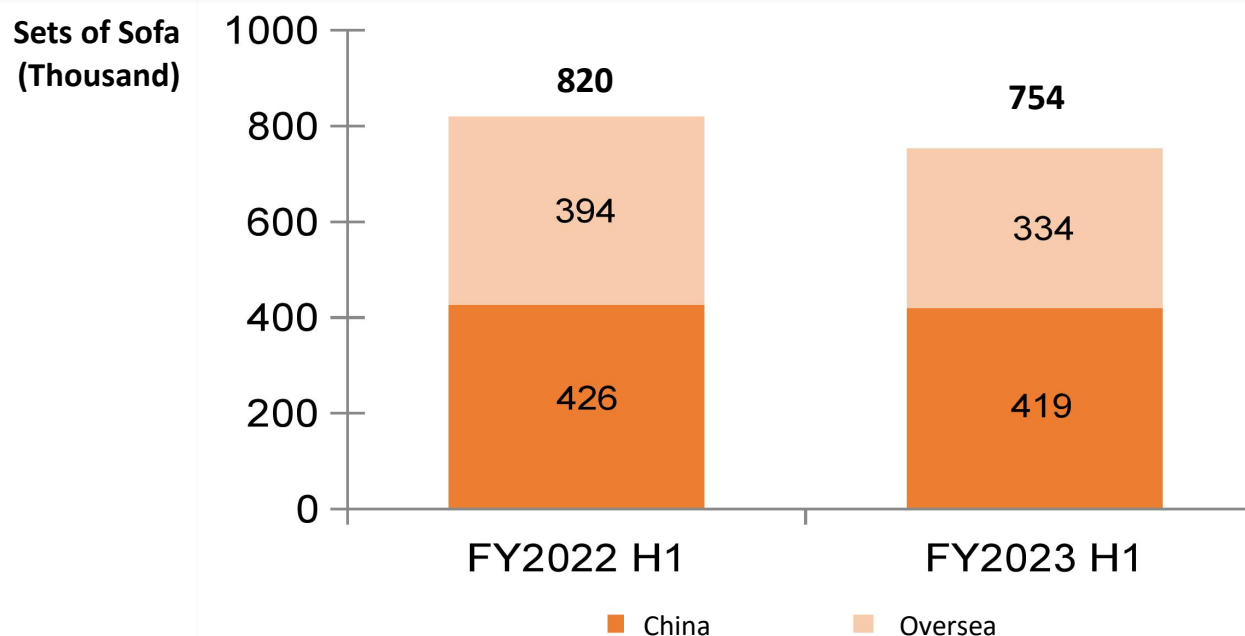
*The amount of dividend is calculated on the total shares on 30 September 2022.

02 PRODUCTION & OPERATION



SOFA PRODUCTS ACTUAL SALES VOLUME

The No.1 recliner sofa company in terms of volume
1HFY2023 Sales Volume 754K sets of sofa



Sales Volume	China Market (thousand sets)	America Market (thousand sets)	Europe and other market (thousand sets)	Total (thousand sets)
1HFY2022	425.8	340.2	53.9	819.9
1HFY2023	419.3	274.6	60.0	754.0

SMART MANUFACTURING

Core products keep pace with the times and the continuous pursuit of innovative technology position the company strongly in R&D patents

To keep up with fast-changing developments, the seat height can be lowered as a sweeping robot moves freely beneath it. A comfortable zero-gravity line of product has been launched, opening a new dimension in sofa comfort. The headrest design allowing you to place your headrest in the centre is the first-of-its kind feature in the industry to solve the problem of asynchronous headrests. The centred design of the headrest and the slim and simple backrest further enhance the ergonomics of the sofa. Consequently, the five first-class cabin service standards of excellence including eye-pleasing, ease-of-use, good price and superior service can be realised.



Keep enhancing product competitiveness and entry barriers, plus, backed by core R&D capabilities, pursue automation of sofa manufacturing and development of smart products

With an intelligent research institute workstation and a R&D center with a team led by doctorate holder, Man Wah has kept bringing in new technologies, innovating and developing new equipment, which has allowed it to champion a number of industry-first automated equipment, thus markedly raise production efficiency, reduce manpower need and save cost of its factories, and stay at the forefront of Smart Home manufacturing. It is also capable of making sure its product R&D stay abreast of times that it may continuously come up with new products that customers prefer.

OPERATION MANAGEMENT PLATFORM

The enhancement of a comprehensive store management system can improve the experience, conversion rate and customer base, and promote the business performance of individual stores.

Deployment of new Smart retail and build Man Wah's large and medium-sized operation platform

官方商城作为会员的载体，也是嫁接各类业务的平台。

01 商品购买

产品
服务
分享

02 价格统一

价格展示、查询
价格投诉

03 会员管理

会员推荐
个人中心
权益查询

04 积分商城

礼品兑换
服务兑换
积分抽奖、游戏等



05 留资 售后

在线和400服务咨询
投诉建议

06 智能控制

智能家居
手机操作

07 VR设计

VR观看
家具定制

08 会员互通

同异业合作
平台会员权益互通
积分互通



- Keep upgrading store CRM system, deepening VR system, creating an intelligent product middle-platform and strengthening dealer support
- Focus this year on sorting out and reinventing workflow, enhancing internal operational efficiency and inter-department collaboration to build a systematic and standardized structure for Man Wah



HOW CAN THE NEW RETAILING SYSTEM HELP DISTRIBUTORS?



Management Value

1 Retail stores

- Achieve the three indicators that can be collected, analyzed and managed;
- Unified price plate, mobile phone code scanning and billing, improve the accuracy and efficiency of the billing of the stores;
- Stock sharing to improve delivery accuracy;
- Store package placement can be referred to standards ;
- Manage the product chain via the ranking list (individual / product / store / dealer / group);
- The factory inventory and the situation of warehousing within half a month can be viewed directly;

2 Backend support

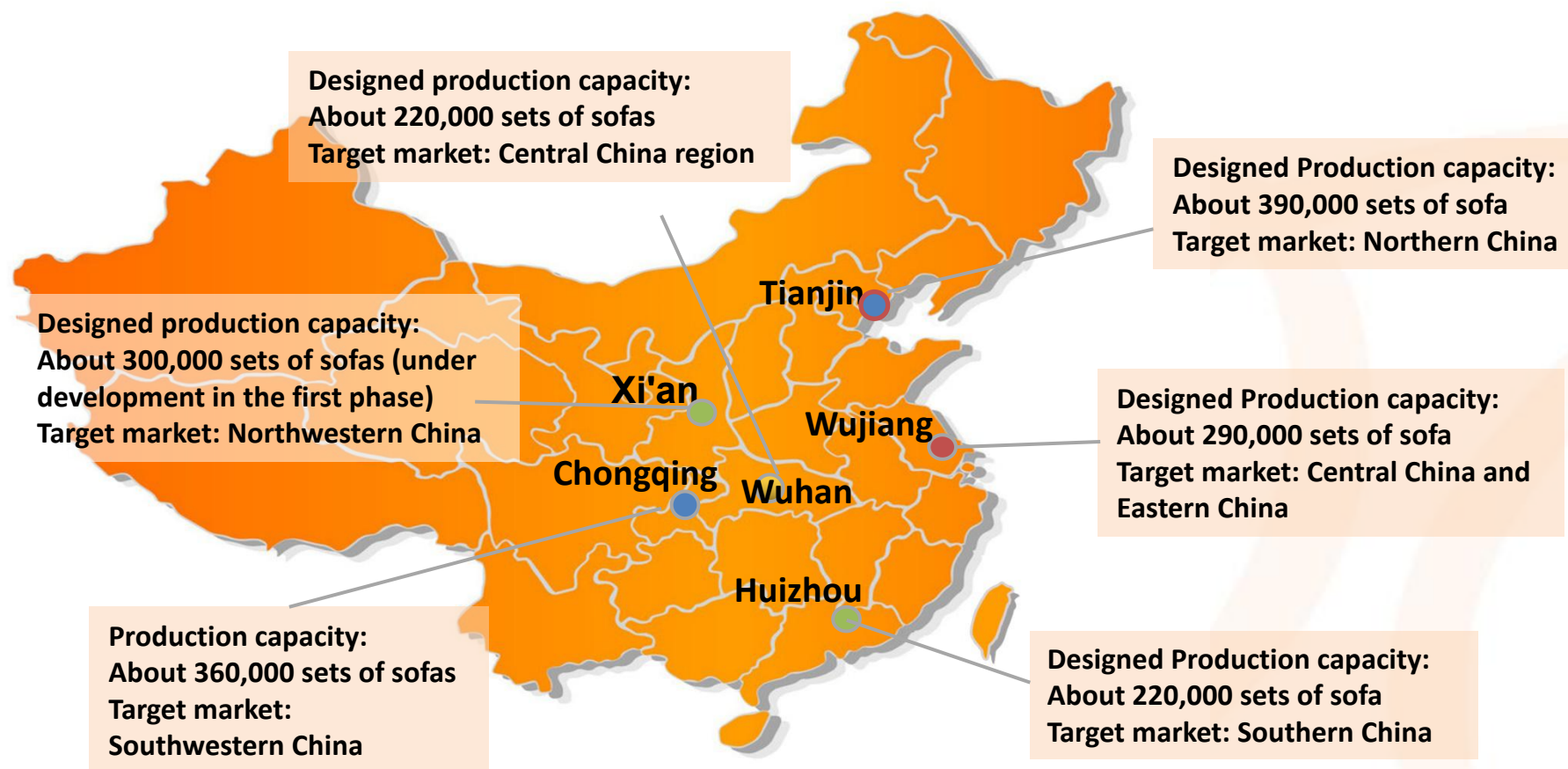
- Profit and loss statement of retail stores
- Profit and loss statement of backend support
- Profit and loss statement of series
- Profit and loss statement of distributors
- Profit and loss statement of shopping malls

3 Finance

- Profit and loss statement of retail stores
- Profit and loss statement of backend support
- Profit and loss statement of series
- Profit and loss statement of distributors
- Profit and loss statement of shopping malls

Technical platforms support for over 10,000 offline stores in a long-term
The visualization of distributors and store operation data helps the Group to understand the market demand in the C-end market, strengthen the 10 modules, and better realize the growth of individual stores.

STRATEGIC CAPACITY LAYOUT FOR CHINA MARKET



Production capacity layout	Maximum designed capacity (thousand sets)	Current production capacity (thousand sets)	Proportion in capacity
Total	1,260 (+520)	419*2	About 66%

Remark: 419 thousand sets refer to the production of China market in the first-half of the financial year. The maximum designed production capacity of the factory refers to the full production capacity provided by a factory constructed by fully utilizing the land and is well equipped with machines and employees.

PRODUCTION CAPACITY LAYOUT IN OVERSEAS MARKET

2006 Huizhou



Production Capacity:
2000 containers/month
Target market: European

2018 Vietnam Factory



Production Capacity:
3,500 containers/month
Area: 373,000 m²
Target market: US

2022 Mexico Factory



Designed Production Capacity:
1,000-1,500 containers/month
Area: 339,000 m²
Target market: US

Factory	Maximum designed production capacity (Container/month)	Current production capacity (Container/month)	% of production capacity
Vietnam	3,500	1,800	51%
Mexico	1000-1500	Under development	Under development
Huizhou	2,000	1,600	80%

Remark: The maximum designed production capacity of the factory refers to the full production capacity provided by a factory constructed by fully utilizing the land.

DUAL LAYOUT OF “VIETNAM FACTORY + MEXICO FATORY” TO ENSURE STABLE SUPPLY TO OVERSEA FACTORY

Project location: Vietnam & Mexico
Factory area: 370,000 m² (Vietnam) and 340,000 m² (Mexico)
Designed Production capacity: 3,500 containers/month (Vietnam) and 1,500 containers/month (Mexico)
Target: US market and certain European markets

- To cope with Sino-US trade tension and tariff challenges, the Group quickly completed building its new factory in Vietnam in August 2019 and realized production in scale at the factory in recent years for supplying products to the US market;
- In January 2022, it established a factory in Mexico, meaning it will have two factories to serve overseas markets, hence will see future transportation cost for exporting products to the US drop notably, distribution efficiency improve and sea freight risks lessen, and ultimately boost its competitiveness in supplying products.



Raw material localization



Product testing center



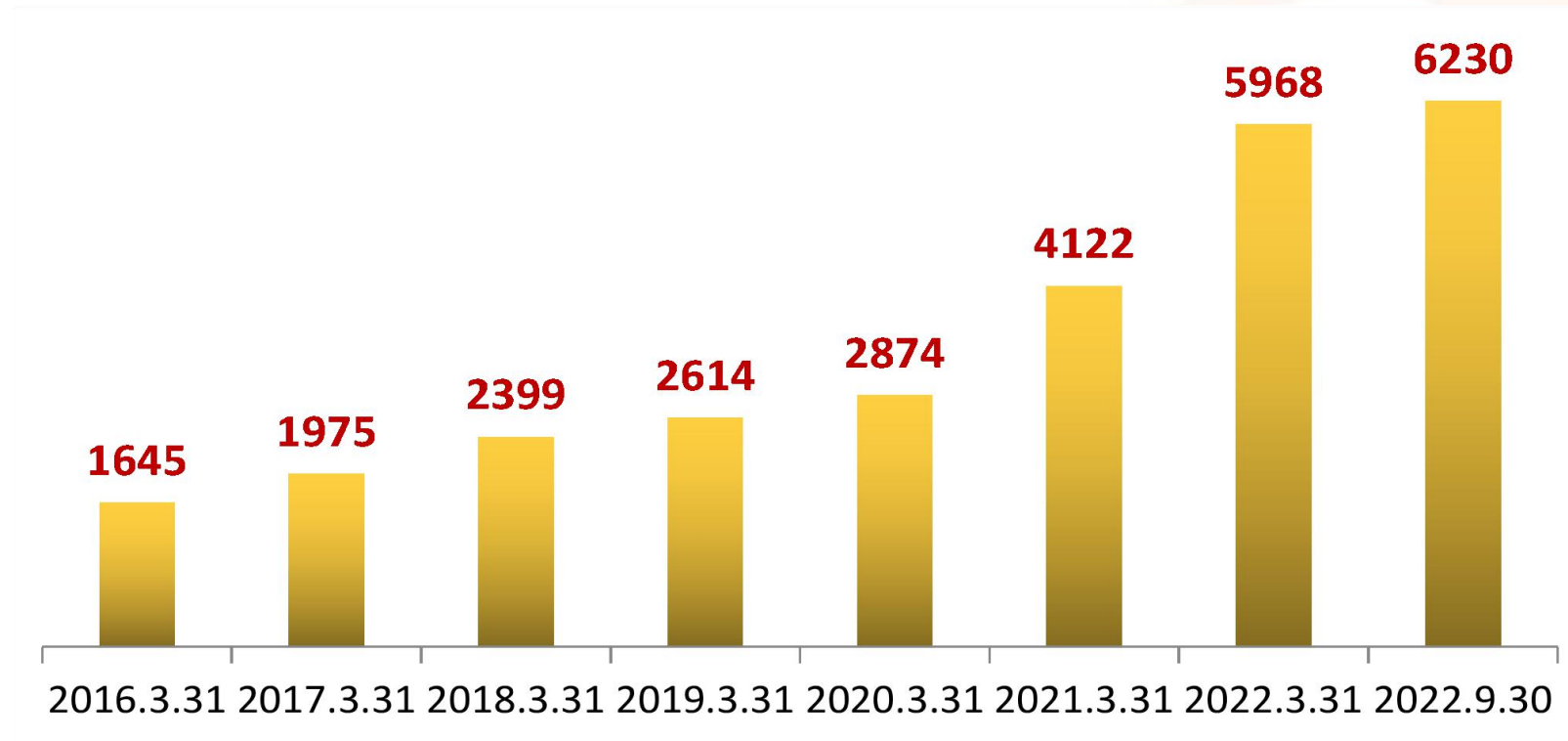
Strict QS control

03 MARKETING STRATEGY



SUCCESSFULLY EXPANDED 262 NEW STORES IN CHINA (NET INCREASE)

Reached 6230 stores as of 2022.9.30



*Above stores include Cheers Leather Sofa Stores, Cheers Fabric Sofa Stores, Cheers Urban Sofa Stores, Cheers Livable Fabric Sofa Stores, Cheers Five-Star Mattress Stores, Cheers Smart Bedding Stores, BY BRADINGTON & YOUNG Stores and NICOLETTIHOME Stores, etc.

*Above stores exclude 782 stores of STYLE and PAULINE (662 stores as of M&A, plus additional 120 stores) and Suning stores.

CHINA MARKET EXPANSION STRATEGIES

Five components working as one gives the Group all-round competitiveness – Diligently follow three key indicators, Cultivate 10 key segments, Enhance operational capabilities of dealers, Opening new stores and Fostering growth of existing stores to achieve robust growth.

Channels

Build strong main offline dealer channels, strengthen profitability of dealers, actively embrace and expand emerging channels to look for new growth tracks.

Dealer System

Select and nurture outstanding dealers by adopting the “horse racing mechanism” with the strong helping the weak, the experienced teaching fresh hands. Following diligently the three key indicators in raising dealers’ overall operational and sales capabilities.



Brand

Improve consumer awareness to help recliner sofas gain household preference. Keep improving product competitiveness, plus diversify and rejuvenate products to enhance product influence among consumers of all ages.

Production Capacity Layout

Diversified production capacity layout, with eight strategic areas + co-brands at the core, matching them with the closest factories to improve warehousing and distribution efficiencies. Make the best of core competitive barriers of the supply chain.

Product Matrix

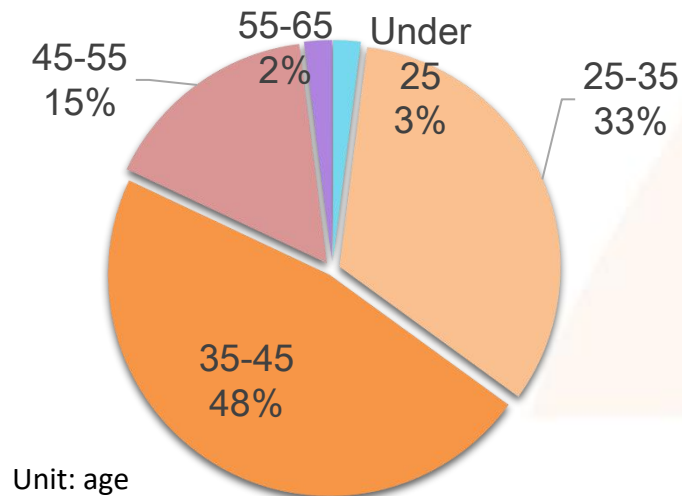
Build an extensive product matrix. Vertically, develop strong competitiveness for single sofa item on the belief of "good products speak for themselves", bolster the strengths of core products, and their pricing and competitiveness. Horizontally, gradually push the company's capability boundary, expanding from sofas to mattresses, and mattresses to customizing for the entire household so as to win on value and stand out with unique edges in the competition.

CHINA MARKET EXPANSION STRATEGIES

Continue to step up R&D investment to create innovative products and offer various youthful sofa models to meet the consumer demand of different age groups.

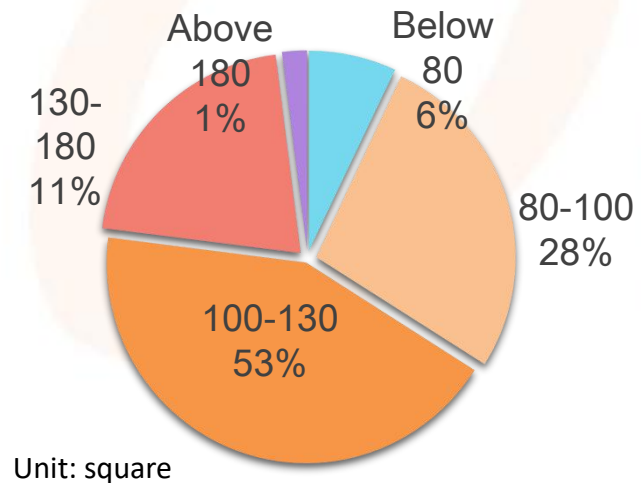
***Further increase in proportion of young customers and different age groups this year**

Analysis of age group of potential customers



***Consumers of recliner sofas have different home layouts 81% of units are 80-130 sqm in size**

Analysis of home size of potential customers



* The above statistic is based on the age group data of potential customers at offline/physical stores available between 1 April 2022 and 30 September 2022.

OVERSEAS MARKETS EXPANSION STRATEGIES

BOB'S DISCOUNT FURNITURE

HAVERTY'S
FURNITURE

★ **macy's**

HAVERTY'S

ROOMS TO GO

Nebraska Furniture Mart

Sofa Mart

Parker House
FURNITURE

Sam's CLUB
山姆会员商店

COSTCO
WHOLESALE

and more

Leon's The **BRICK**

BIG LOTS!

Las Vegas Market

North American Market

- Optimize product lines and diversify product lines in overseas markets
- Optimize the export business by leveraging global capacity layout, and drive market development in Europe and Southeast Asia
- Launched "MW HOME" – a premium independent brand for sales in North America, which will gradually lead to a presence in the C-end market and add mid- to high-end product lines

Europe and other overseas markets

- Consolidate European customer network
- Optimize and expand product lines and add diversified product styles such as European and modern styles to product R&D
- Actively explore new potential customer bases and markets, make better products to more efficiently meet customer demand

Improve furniture R&D standards and core competitiveness

Actively participate in overseas furniture fairs

STEINHOFF
INTERNATIONAL SOURCING AND LOGISTICS

Harvey Norman

Conforama
En Suisse depuis 1976

roSen

XXXLutz

Fleming

IKEA

HABUFA

Em
home

miQ

MANWAH

THE PARENT COMPANY OF CHEERS BRAND-MAN WAH HOLDINGS IS THE WORLD'S NO.1 RECLINER SOFA COMPANY FOR FOUR CONSECUTIVE YEARS

Man Wah Holdings is the World's No.1
Recliner Sofa Company in 2021

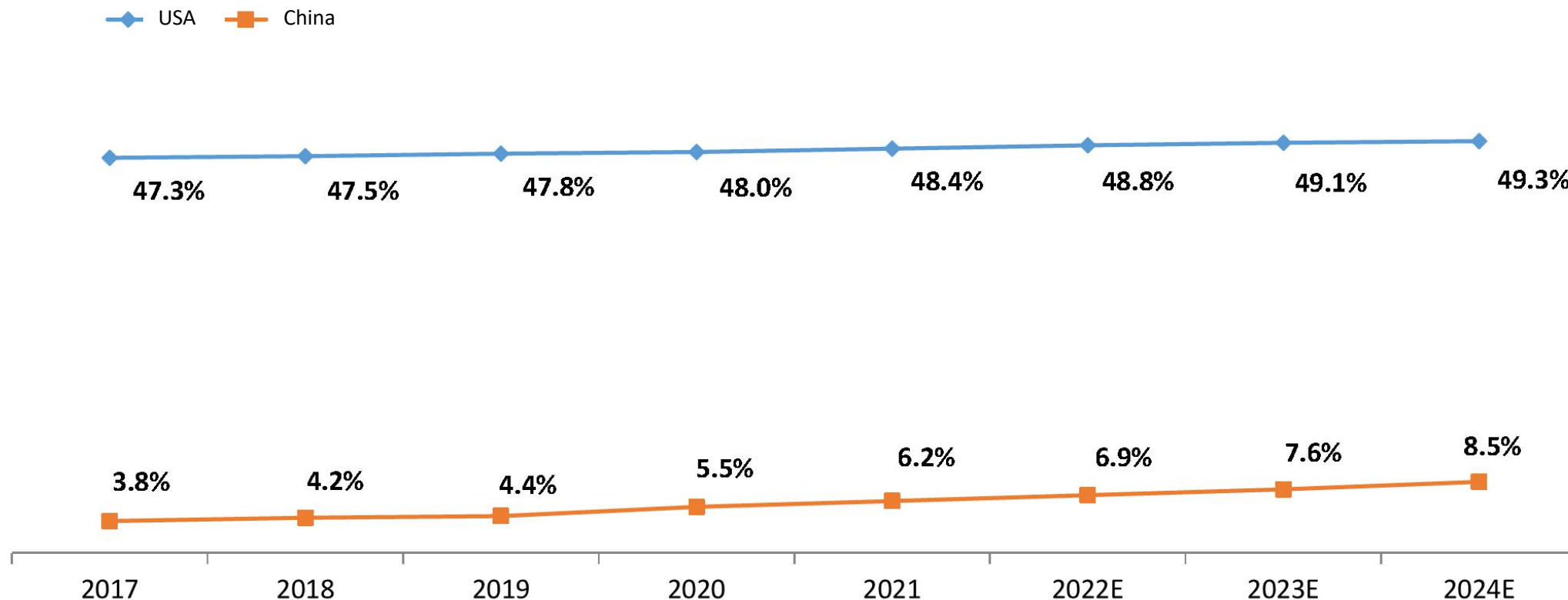
Maintained its Leading Motion Recliner Manufacturer Position in China
Market Share in China has further increased to 64.4% in 2021 (59% in 2020)



Source: Euromonitor International, calculated based on Passport database, desk research, visits to retail outlets and industry interviews conducted in April 2022, with 2021 natural annual sales as a unit.

MOTION RECLINER MARKET SHARE

Motion Recliner Penetration Rate in USA and China Market (by Volume)



Disclaimer from Euromonitor International:

- "This information about Motion Recliners in USA and PRC contains information extracted from the commissioned report from Euromonitor International and reflects estimates of the market's size, rankings and performance from publicly available secondary sources and trade survey analysis of the opinions and perspectives of leading industry players, and is prepared primarily as a market research tool. Research by Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing, or not investing, in the Man Wah Holdings Ltd.. Accordingly, Euromonitor International does not give any representations as to the accuracy of the information set out in this Annual Report.
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04 Q&A SESSION

