

SERIAL SYSTEM LTD

FY2023 AND 2H2023 RESULTS PRESENTATION

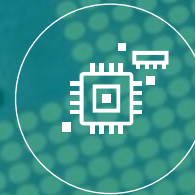
Friday, 23 February 2024

AGENDA

By moving forward and thinking forward, Serial System helps its partners to be more competitive in the marketplace, today and in the future



FINANCIAL RESULTS



OUTLOOK

FINANCIAL RESULTS



Snapshot Of FY2023 And 2H2023 Performance



US\$'000	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Sales	389,180	443,955	-12	758,951	906,723	-16
Gross Profit	29,344	33,858	-13	58,830	73,750	-20
Gross Profit Margin (%)	7.5	7.6	-0.1 ppt	7.8	8.1	-0.3 ppt
Net Loss After Tax (Attributable to equity holders of the Company)	(2,105)	(5,008)	-58	(14,831)	(4,624)	221
LPS - fully diluted (US cents) ⁽¹⁾	(0.23)	(0.55)	-58	(1.64)	(0.51)	222
NAV per share (US cents) ⁽²⁾	31/12/2023: 13.79			31/12/2022: 15.36		

(1) Loss per ordinary share ("LPS") on a fully diluted basis are computed based on the weighted average number of shares in issue during the six months and full year ended 31 December 2023 of 904,841,914 respectively (the six months and full year ended 31 December 2022 of 904,841,914 respectively) after adjusting assumed conversion of all potential dilutive ordinary shares.

(1) Net assets value ("NAV") per ordinary share as at 31 December 2023 and 31 December 2022 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 904,841,914.

FY2023 Highlights



□ Revenue in FY2023 decreased 16% year-on-year to US\$759.0M from US\$906.7M in FY2022

- Sales for the electronic components distribution business decreased by 21%, due to lower sales across most of the regions in Asia, notably Hong Kong, China and Taiwan, attributable to weak demand from both the consumer and industrial markets and overstocking in the supply chain
- Consumer products distribution business however increased by 45% to US\$81.9 million, driven by higher sales in Thailand and Malaysia, contributed by new product lines onboarded during FY2023
- Turnover for other businesses increased by 12% to US\$8.0 million, due to higher revenue from the medical device assembly and distribution business in Singapore

□ Gross profit margin declined by 0.3 percentage point to 7.8% in FY2023

- Lower margins in the electronic components and consumer products distribution divisions, amid pricing pressures from weak demand and keen market competition
- Sale of older inventories at lower margin also contributed to the decline in margin in these 2 divisions

□ Net loss of US\$14.8M in FY2023, compared to net loss of US\$4.6M in FY2022

- Mainly due to loss allowance on trade receivables of US\$3.9 million, foreign exchange loss (net) of US\$3.1 million, allowances for inventory obsolescence of US\$2.2 million and higher interest expenses impacted by the high interest rates

2H2023 Highlights



□ Revenue in 2H2023 declined 12% to US\$389.1M from US\$444.0M in 2H2022

- Turnover for the electronic components distribution business declined by 16% mainly due to lower sales across most of the regions in Asia, particularly in Hong Kong, China and Taiwan, attributable to dampened demand in the consumer and industrial markets which remain cautious of a sustained recovery
- Consumer products distribution business sales however increased by 32% to US\$41.4 million, driven by higher sales in Thailand and Malaysia arising from newly onboarded product lines during FY2023
- Turnover for other businesses increased by 21%, contributed by higher revenue from the fast-moving consumer goods and medical device assembly and distribution businesses

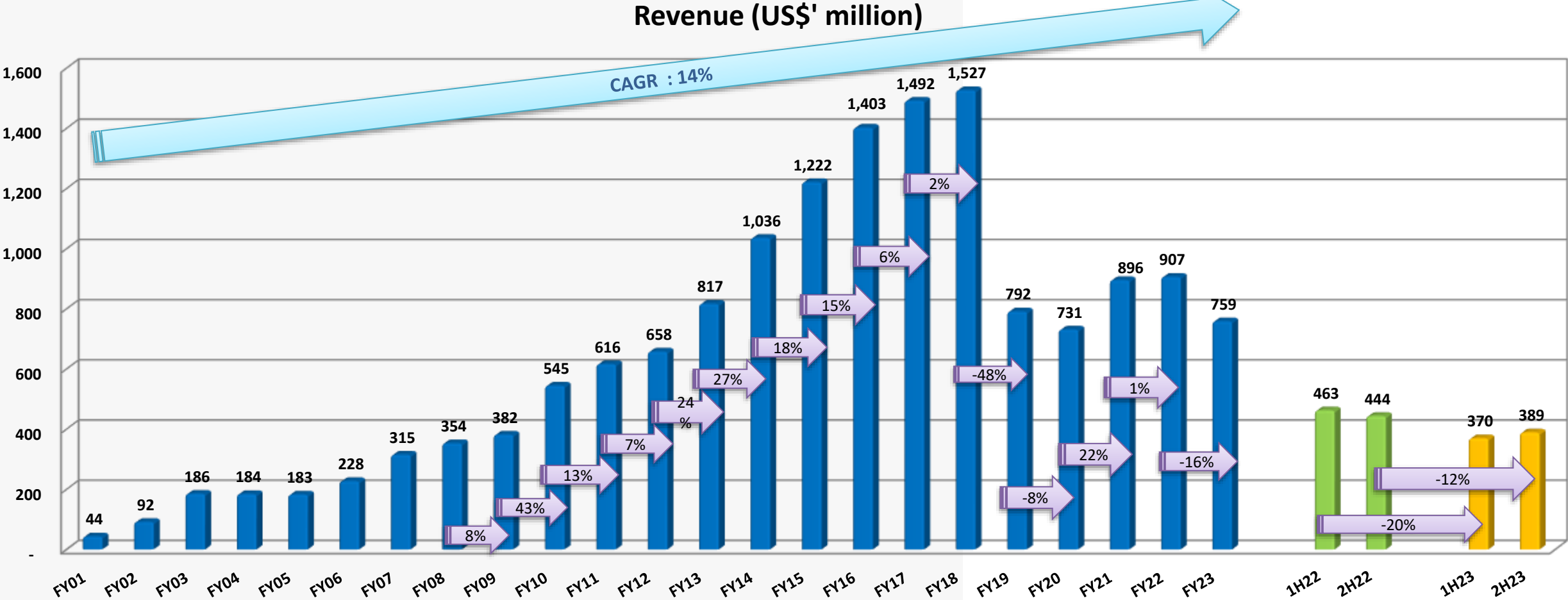
□ Gross profit margin declined by 0.1 percentage point to 7.5% in 2H2023

- Lower margins in the electronic components distribution business in Singapore and Taiwan, offset partially by improved margins in South Korea and Hong Kong
- Improved margins in consumer products distribution business in Singapore, Thailand, and Malaysia also helped soften the overall decline in margin

□ Net loss of US\$2.1M in 2H2023, compared to net loss of US\$5.0M in 2H2022

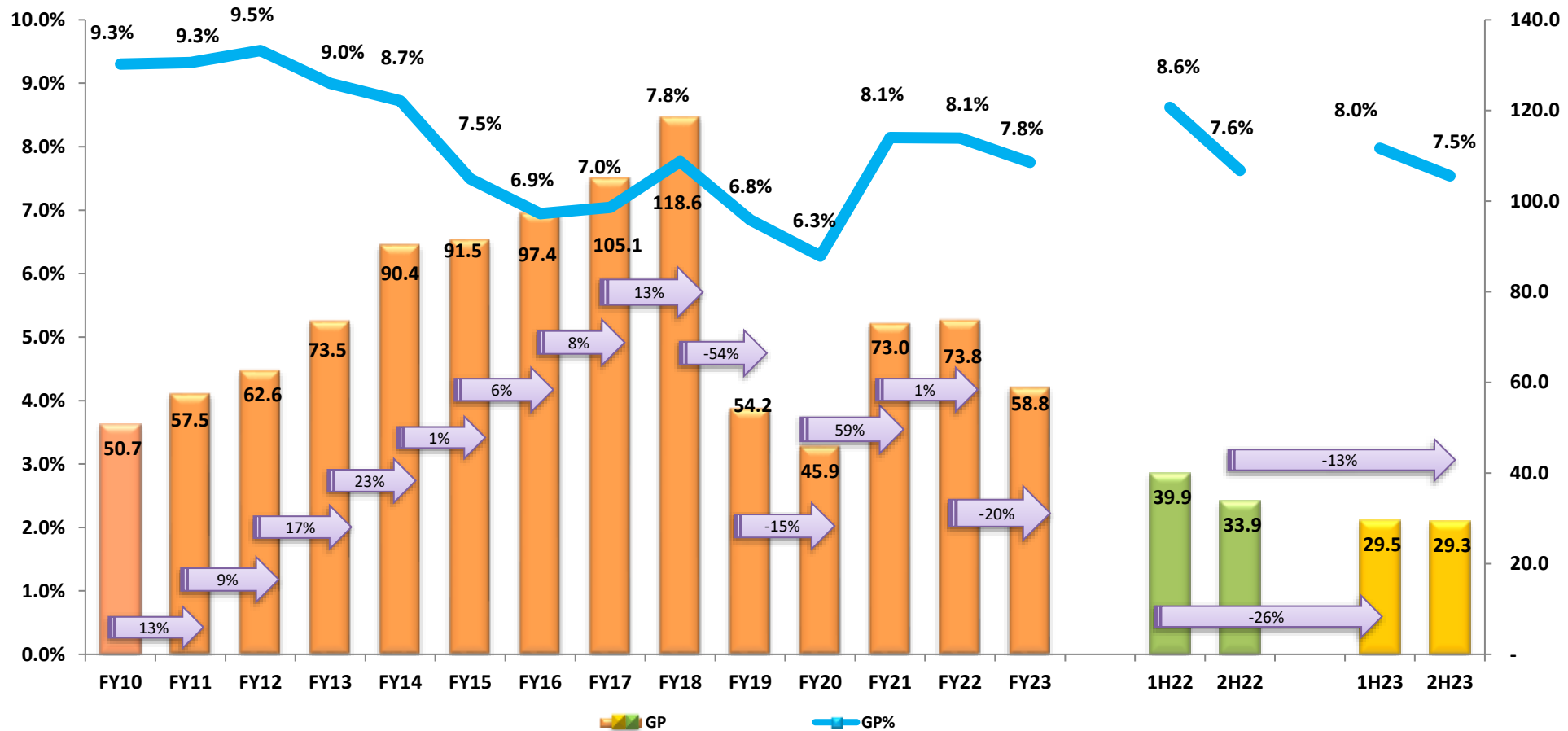
- Mainly due to loss allowance on trade receivables of US\$2.2 million, impairment loss on investment in associated company of US\$0.7m and higher interest expenses impacted by the high interest rates

Revenue Trend



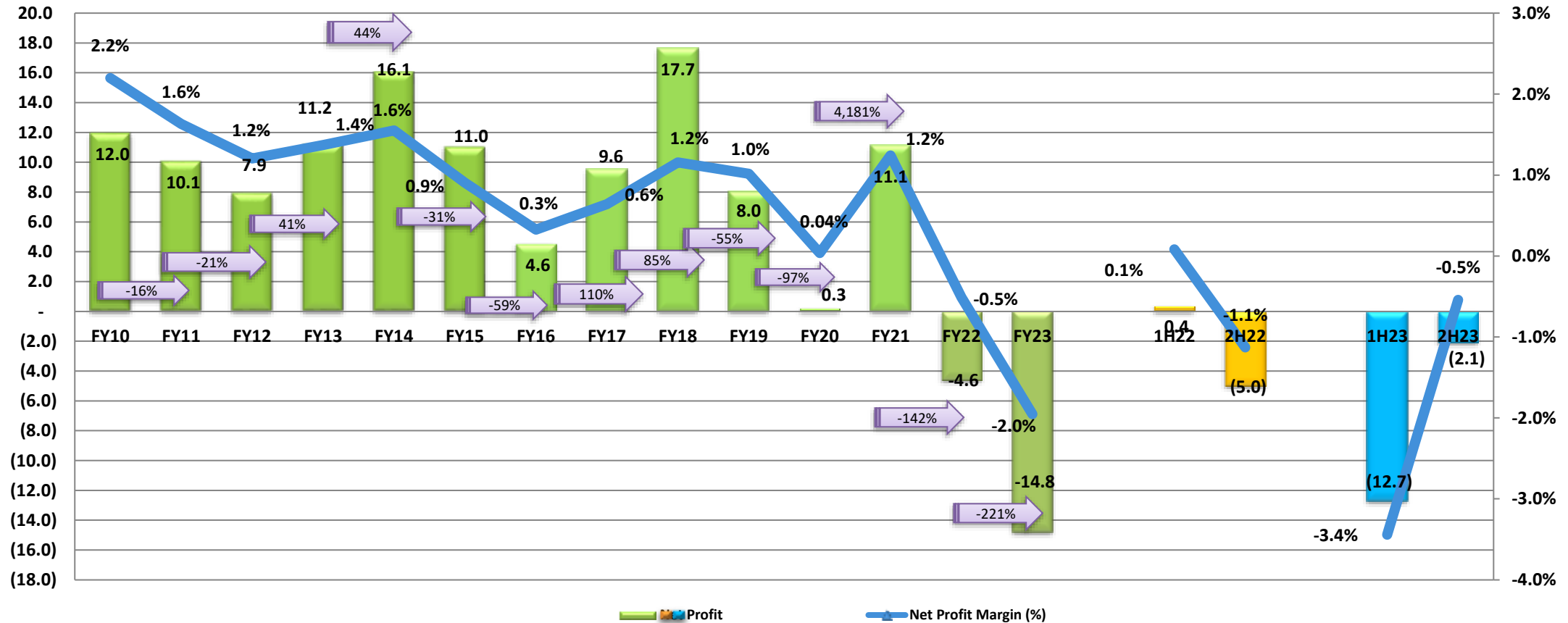
Profitability

Gross Profit & Gross Profit Margin (US\$' million)

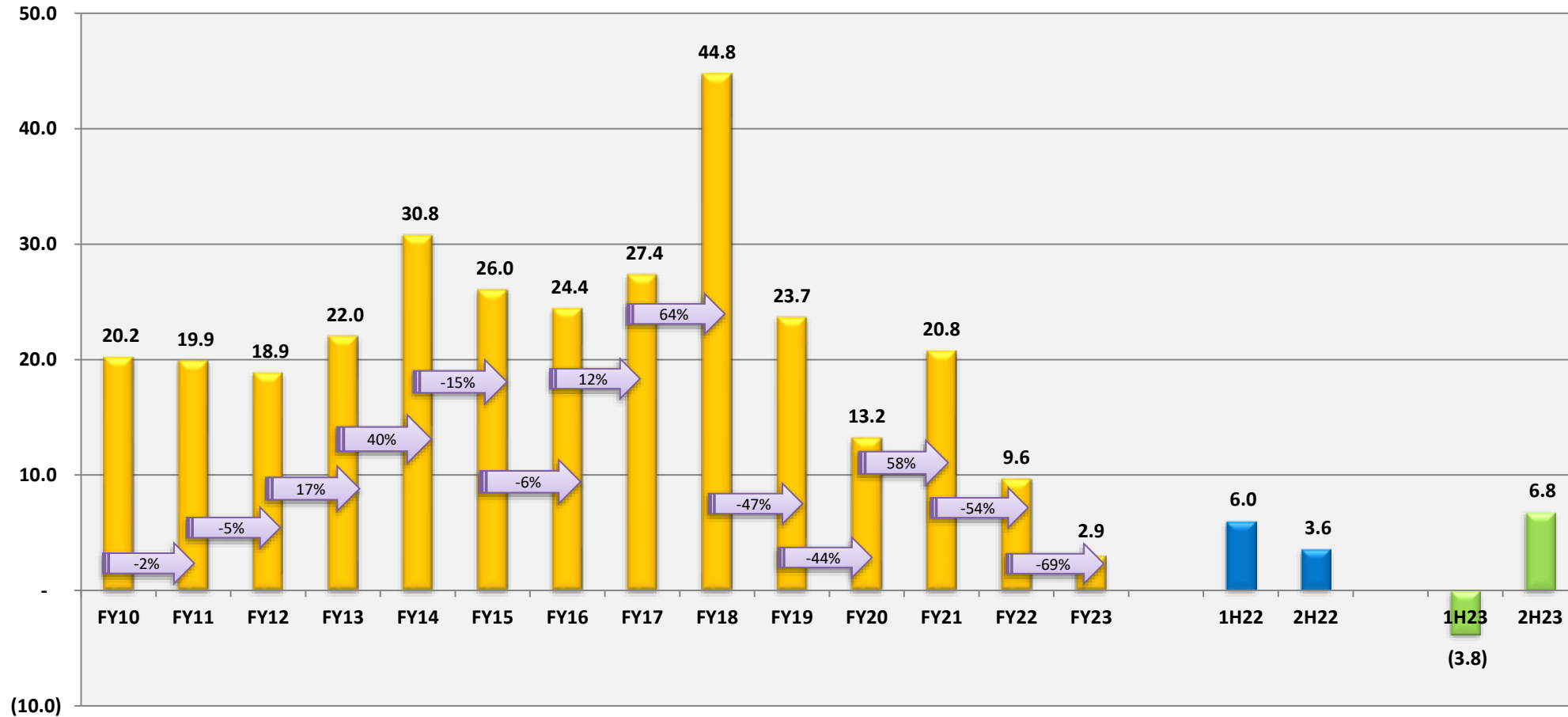


Profitability

Net Profit & Net Profit Margin (US\$' million)



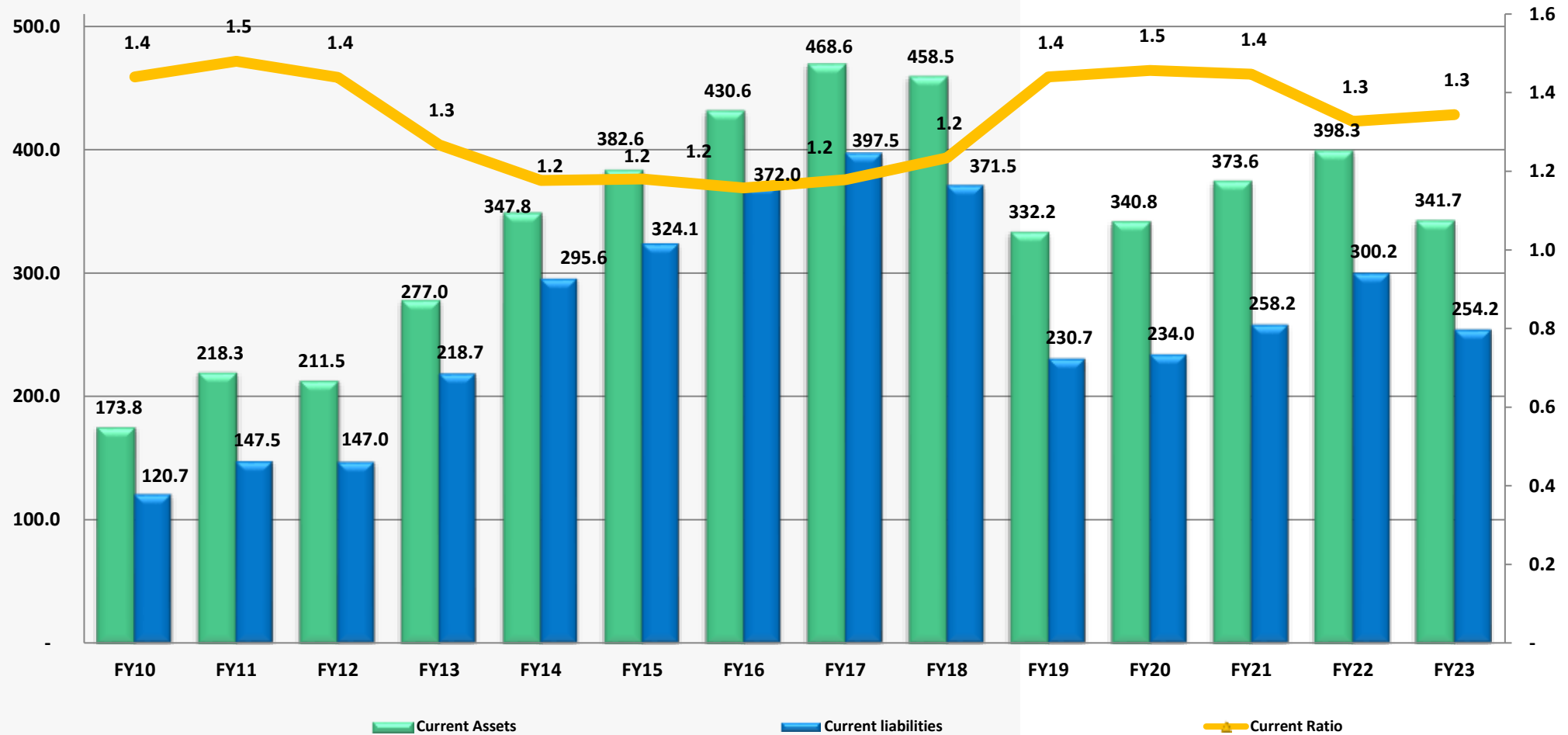
EBITDA (US\$' million)



Financial Position

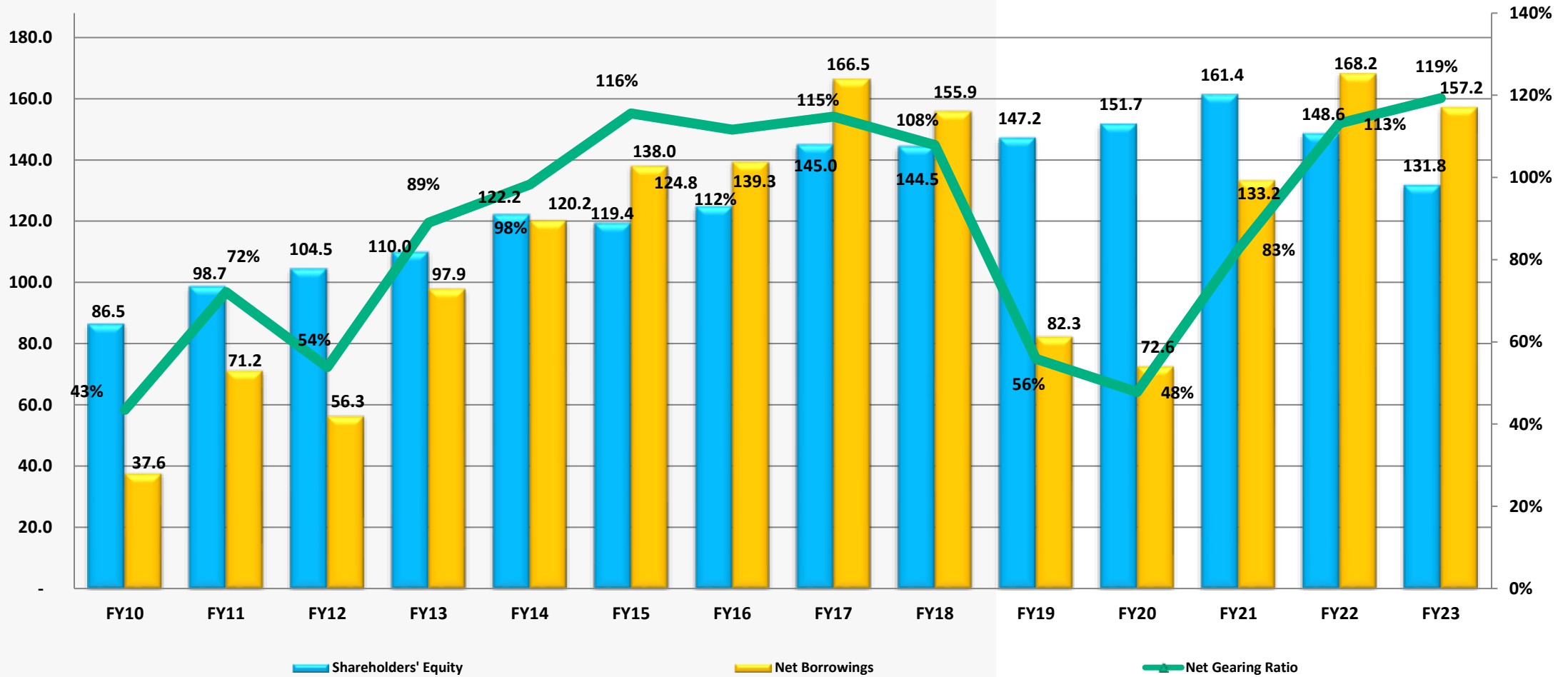


Maintaining Healthy Current Ratio



Financial Position

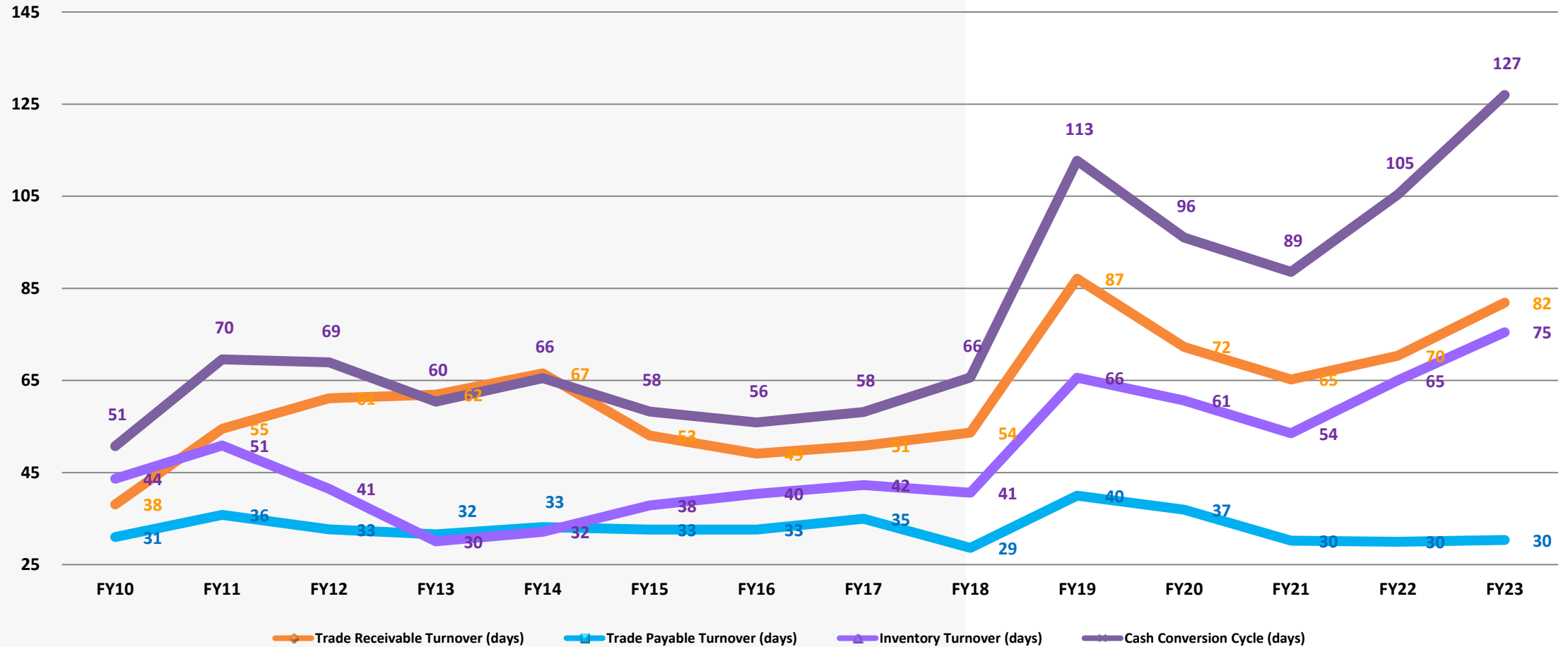
Net Gearing Ratio



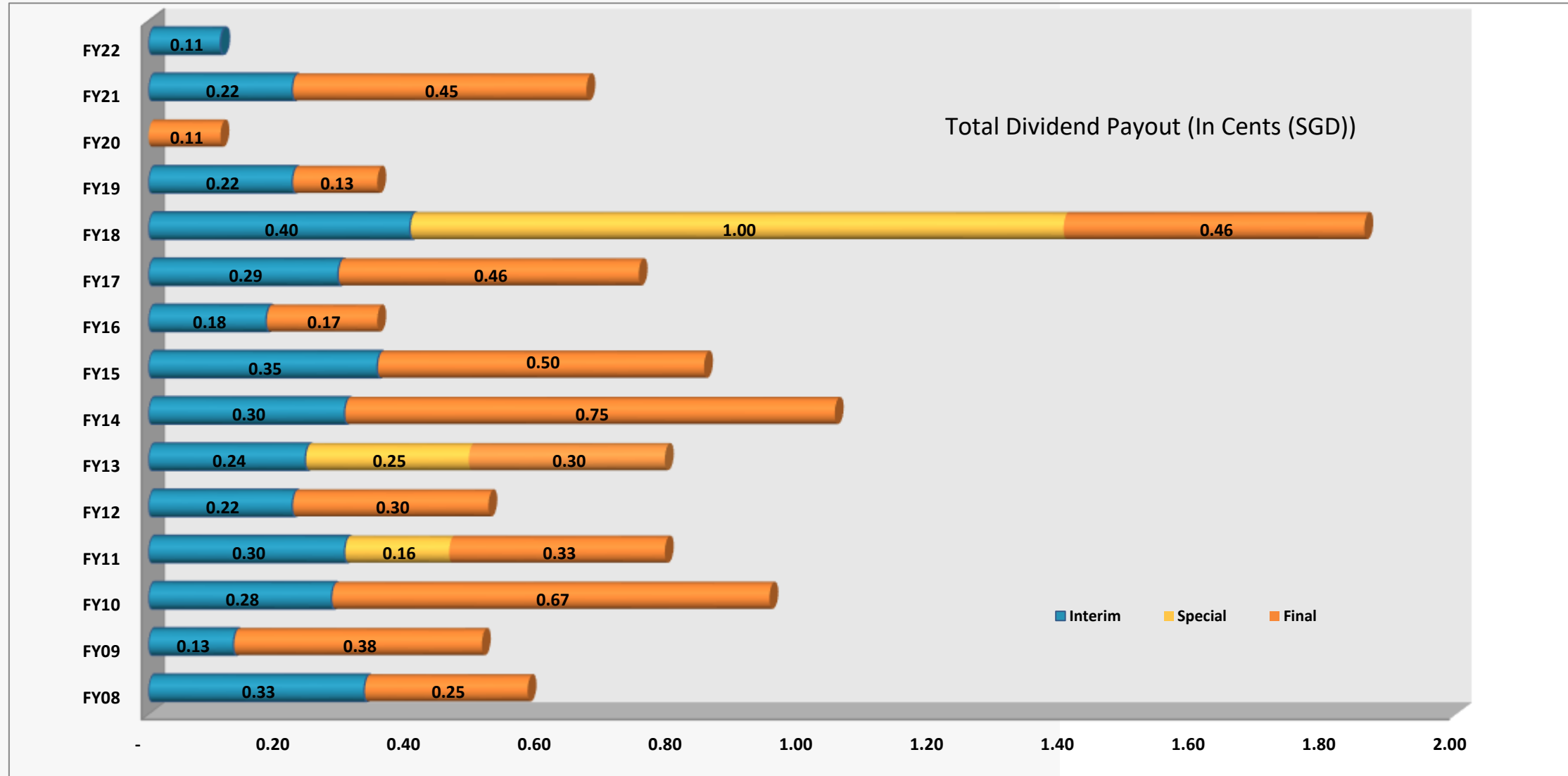
Financial Position



Cash Conversion Cycle (Days)



Dividend Yield



OUTLOOK



Industry Outlook



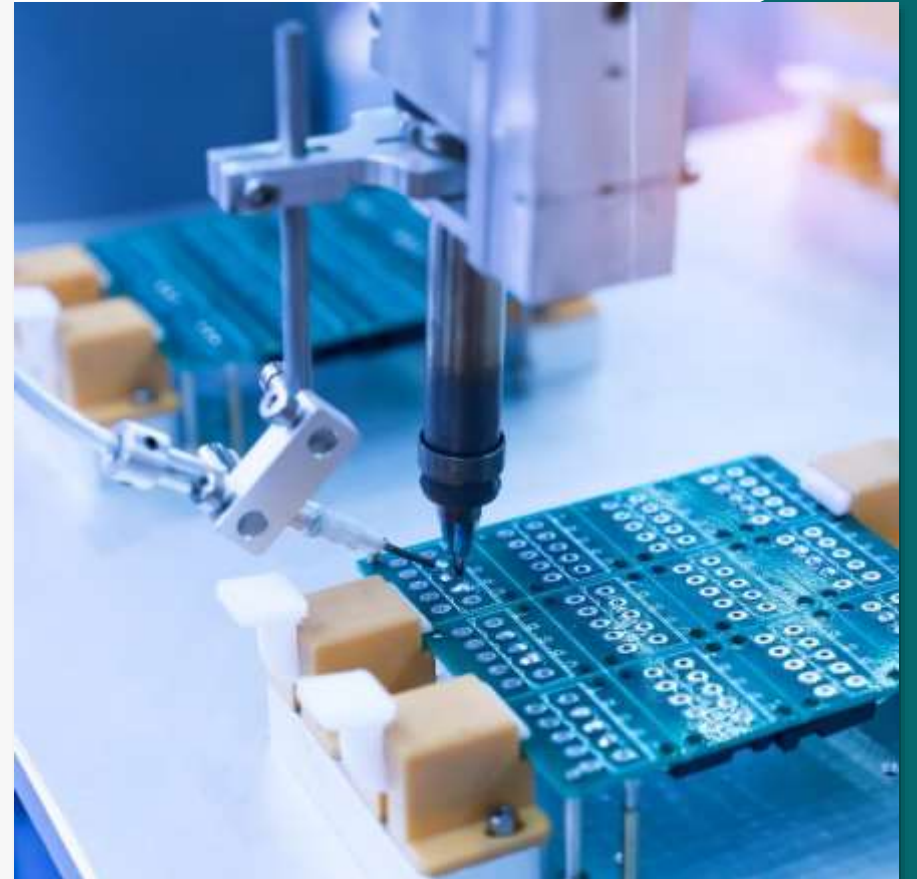
Bright Spots

- Rising global demand for artificial intelligence and high-performance computing
- Stabilizing demand for consumer electronics and infrastructure in Asia
- Resilient growth in the electric cars industry



Uncertainties

- High interest rates, persistent inflation and geopolitical developments will put pressure on operating costs, increase currency volatilities and impact consumer demand
- Potential supply chain disruptions from the Middle East and Ukraine war and geopolitical tensions

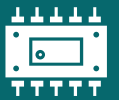
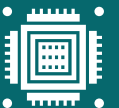
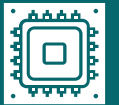


Group Outlook

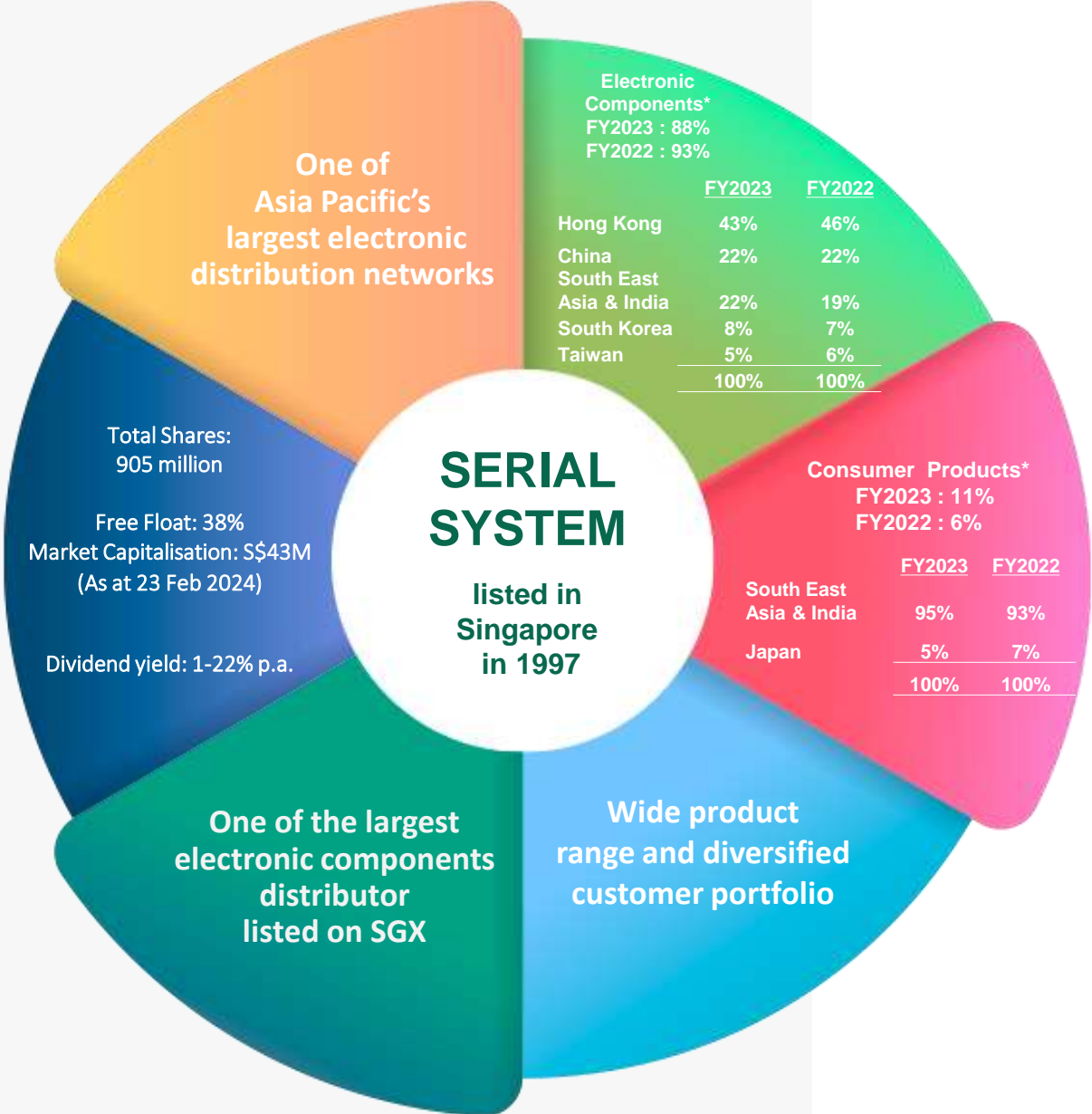
- The Group sees opportunities to increase supplier base, particularly in China, as suppliers look for reliable distributors
- Further expanding into emerging sectors, building upon track record in renewable energy, artificial intelligence and automotive segments
- Increase range of consumer products and suppliers to maintain lead in Malaysia and Thailand.
- Review operations to boost efficiency and reduce costs, while closely managing inventories and trade credit



SERIAL
新暉集團



Serial System At A Glance



* Group Revenue

The presentation herein may contain forward-looking statements by the management of Serial System Ltd (“Serial System”) that pertain to expectations for financial performance of future periods versus past periods.

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A large, circular, iridescent wafer is being processed in a cleanroom environment. The wafer is mounted on a blue mechanical arm and is surrounded by various pieces of equipment, including a white cylindrical component and a blue pneumatic cylinder. The background is a blurred cleanroom setting with blue and white elements.

Thank You

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