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SYMMETRY AT WORK

SILVERLAKE AXIS LTD.

(Company Registration No. 202133173M)
(Registered in Singapore)

PRESS RELEASE - FOR IMMEDIATE RELEASE

On a full year ended 30 June 2023 (“FY2023”), Silverlake Axis Ltd. (“SAL” or the “Group”) recorded revenue of RM765.9 million, a growth of 4% over prior year.

Key financial metrics were stable and recorded increases in some indicators:

- 4% increase in Revenue to RM765.9 million – highest recorded for the Group.
- 8% increase in Gross Profit to RM451.0 million.
- Stable Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM265.6 million.
- Achieved Profit Before Tax (“PBT”) of RM229.6 million, a decrease of 1% as compared to FY2022.

Margins were at comfortable ranges for the full year – Gross Profit Margin at 59%, Net Profit Margin at 22%, and EBITDA Margin at 35%.

Singapore, 25 August 2023 – Singapore Exchange Mainboard listed Silverlake Axis Ltd. (“SAL”) is a leading enterprise technology, software, and services company with focus in the financial services industry and serving 40% of the top 20 largest banks in South East Asia. Across the globe, SAL serve more than **400** unique customers in **70** countries across Europe, Africa, the Indian subcontinent, Middle East, Asia, and the Americas. Founded in 1989, SAL is recognised as a vendor with an impeccable delivery track record and client retention and today announced its results for the full year ended 30 June 2023.

FY2023 Results Review

In FY2023, Group revenue grew 4% to RM765.9 million, compared to RM736.5 million recorded in FY2022. The Group achieved EBITDA of RM265.6 million, 1% lower as compared to RM268.3 million in FY2022. The Group’s Profit After Tax (“PAT”) of RM170.3 million was 7% lower than RM182.7 million achieved in the previous year.

Project related revenue *comprising software licensing and software project services (Professional Services) remain robust and contributed approximately 25% to total Group revenue. This segment contributed RM175.9 million in FY2023, comparable to prior year.*

- There was a 12% reduction in software license revenue booked. Software license revenue booked totalled RM73.9 million as compared with RM84.2 million booked in the prior year. However, software project services (Professional Services) revenue increased 12% to RM102.0 million in the same period, on account of increased project delivery services we are undertaking across our market territories.

- The Group adopts the revenue recognition standard in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") which mandates recognition of project revenue on a percentage of completion method whereby revenue is recognised based on the progression of actual project completion. Based on this, revenue from recently closed deals and projects will be recognised in future periods as work progresses.

Total recurring revenue *(maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing) increased 5% from RM540.6 million to RM569.4 million in FY2023. Recurring revenue contributed approximately 75% of total Group revenue and has consistently remained the key revenue driver for the Group.*

- Maintenance revenue increased 5% to RM257.3 million and this revenue segment will grow as new maintenance contracts and support will commence when current projects are completed and successfully handed over to the clients. Enhancement services revenue increased 1% to RM255.8 million in FY2023.

- Insurance ecosystem transactions and services recorded a significant 33% increase from RM39.4 million to RM52.3 million.

  (i) Revenue from vehicle claims processing ("eClaims") was 33% higher compared to prior year. The growth and momentum from this segment remain strong in core countries such as Malaysia, Singapore and Indonesia recording growth of 29% over prior year. Further, our expanded coverage of the eClaims business into countries such as Hong Kong, UAE, Japan, Thailand, Vietnam and Philippines are showing strong growth momentum and positive contributions to revenue in this segment.

  (ii) Revenue from the processing of insurance policies ("ePolicy") recorded 20% growth in FY2023 and largely came from Hong Kong, Indonesia, and Singapore.

  (iii) Revenue from the integration and maintenance services rendered to support eClaims and ePolicy activities in FY2023 was 16% higher as a result of higher requests and demands from Hong Kong and Singapore clients.

(iv) Revenue from TrueSight suite of productivity & analytics solutions continue to rise quarter to quarter, contributing 7% of total insurance ecosystem transactions and services revenue in FY2023 as compared to 5% in prior year. We introduced a new product, CarGrade; launched in Malaysia in Q4 FY2022, which provides used car e-commerce websites on potential worthiness of a used vehicle using artificial intelligence and analytics. To date, growth of this product line is promising with revenue contributions of RM1.7 million from increased onboarding of clients in the automotive and e-commerce platform industry.

- Revenue from retail transactions processing via our cloud-based retail solution, AgoraCloud, increased 89% to RM4.0 million in FY2023. Growth rates and momentum of this segment has been strong since we introduced the AgoraCloud product in FY2021. As this is a usage-based model, we have seen increased usage from our existing base of four clients as well as new clients whom we have signed up.

RM96.8 million or 13% of total Group revenue was delivered via cloud computing, 2% higher than RM95.3 million recorded in the previous year. The revenue from this segment should increase over time as more and more of our clients are looking at cloud-based solution options to improve business and operational efficiency.

Revenue from Software-as-a-Service (“SaaS”) grew 37% to RM52.2 million and now constitutes 7% of our total Group revenue in FY2023.

The Group recorded a gross profit of RM451.0 million in FY2023, 8% higher than prior year with an aggregate gross profit margin of 59%, higher than the 57% achieved in FY2022.

Finance income increased 281% from RM3.1 million to RM11.7 million in FY2023 as a result of higher interest earned from deposits placed with financial institutions.

Other income was 70% lower this year, a decrease from RM11.3 million to RM3.4 million in FY2023. Key breakdowns for the decrease are:

- 53% of the decrease was contributed by foreign currency exchange loss on cash reserve as compared to a gain of RM4.2 million in prior year.
- Another 33% reduction was as a result of an unfavourable remeasurement and recognition of put and call options on the remaining 20% equity interest in SIA X Infotech Group and 16.37% equity interest in Ancileo Pte. Ltd.
- The remaining 14% reduction in other income was mainly due to the expiry of Covid-19 government support subsidies.

The Group incurred total expenses of RM235.6 million in FY2023. This was 17% higher compared to RM201.2 million recorded in prior year. The increase in expenses was expected and was incurred given current inflationary environment and also to support growth in new delivery of services projects and future proofing of long-term growth and sustainability of SAL business. Key breakdowns for the increase are:

- 61% cost increase were associated with addition of new headcounts into the organisation and increased business development and travel costs post pandemic. More headcounts were added to service many new project contracts won and for business development, business expansion, support future sustainability and increasing sales and market coverage.
- 21% cost increase was attributable to finance costs incurred on a revolving credit facility ("RCF") drawdown for a corporate exercise executed in Q4 last year whereby interest was charged and captured for full year this year versus one month in the previous year.
- 9% cost increase was due to foreign currency exchange loss on cash reserves recorded during the year as a result of the fluctuation of foreign currencies.
- The remaining 9% cost increase was related to operating costs such as internal and external branding activities as markets opened up, and higher cost of SAL Executives' Performance Share Plan as a result of upward movement of SAL share price.

Overall, the Group's expense (selling, distribution, administrative and finance costs) over revenue ratio of 31% is below the industry benchmark of 35% to 40%. It is one of the key metrics used for cost monitoring to ensure the spending are within planned parameters to deliver the existing and future contracts.

In aggregate, the Group achieved PBT of RM229.6 million and EBITDA of RM265.6 million in FY2023.

Prospects

Our key markets continue to exhibit strong growth, the pace of economic recovery and digital transformation continues to accelerate and the financial services sector continues to display remarkable resilience. Our market positioning continues to improve as evidenced by our order book and our approach to engagement with our customers.

We continue to execute our strategy and bring at scale a suite of innovative solutions that form the critical infrastructure base of the financial services industry. We also continue to invest in cloud, artificial intelligence and other technologies to expand our suite of solutions and to ensure we have a strong future pipeline of products to excite our customers.

Based on the above positive metrics, we move into our FY2024 with momentum and purpose. The market continues to provide us with ample opportunity in growth of markets, customer segments and new entrants to digital financial services.

We close the full year with RM1.5 billion of transaction value that we are actively pursuing. In FY2023, we had total contract wins of over RM635 million, an increase of 27% to prior year and this is encouraging. These numbers are indicative of the strength of our brand, our long-term relationships with customers and our regional distribution and scale.

“Financial services institutions continue to look for innovative and credible partners in their quest to transform how they deploy information technology in business. Many financial services institutions across Asia have yet to embark on technological change that brings tangible business outcomes and, in our opinion, in the near to medium term horizon, it will be some conflict between the old and the new and this creates a very sweet spot for SAL to operate in.” said Mr. Andrew Tan, SAL’s Group Managing Director.

This press release should be read in conjunction with SAL’s FY2023 results announcement released on 25 August 2023 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd. (“SAL”) is a leading enterprise technology, software, and services company with focus in the financial services industry and serving 40% of the top 20 largest banks in South East Asia. Across the globe, we serve more than **400** unique customers in **70** countries across Europe, Africa, the Indian subcontinent, Middle East, Asia, and the Americas. Founded in 1989, SAL is recognised as a vendor with an impeccable delivery track record and client retention. SAL has many use cases and success stories in the delivery of innovative and transformative solutions to its enterprise customers and their ecosystems.

Under Axis Systems Holdings Limited, SAL was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011. For more information about SAL, please visit www.silverlakeaxis.com.

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