

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

**FINANCIAL HIGHLIGHTS AND BUSINESS UPDATES - FOR IMMEDIATE RELEASE**

**Silverlake Axis Records an Increase in Revenue of 18% and Profit After Tax of 27% in the Nine Months Period Ended 31 March 2022 (“9M FY2022”)**

**Singapore, 13 May 2022** - Singapore Exchange Mainboard listed Silverlake Axis Ltd. ("SAL" or the "Group"), a leading enterprise technology, software and services company largely focused on financial services and serving 40% of the top 20 largest banks in South East Asia, today provided financial and operational updates on a voluntary basis for the financial period ended 31 March 2022.

- Revenue increased by 18% to RM530.4 million, contributed by strong growth in new project licences and professional services in 9M FY2022.
- Recurring maintenance and enhancement revenue grew 5% to RM367.6 million compared to RM349.0 million recorded in the same period last year.
- Profit After Tax increased 27% to RM134.8 million from RM106.2 million.
- Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) increased by 11% to RM207.6 million compared to RM187.5 million achieved in the same period last year.
- Our deals pipeline is at a healthy RM1.7 billion total gross with Q3 FY2022 contract wins totalling RM96.7 million. YTD, our total wins for 9M FY2022 is at RM395.4 million. There are currently RM157.0 million deals in categories that have a high probability of closure. The Group’s secured FY2022 revenue/secured backlog is robust.

**FINANCIAL HIGHLIGHTS**

**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022**

	Nine months period ended 31 March		
	2022 Unaudited RM	2021 Unaudited RM Restated*	Change %
Revenue	530,423,384	449,387,996	18
<b>Gross profit</b>	<b>315,425,757</b>	<b>268,372,851</b>	<b>18</b>
Other income	4,357,919	10,783,999	(60)
Operating expenses	(141,959,391)	(132,804,129)	7
<b>Profit before tax</b>	<b>179,989,233</b>	<b>147,559,970</b>	<b>22</b>
Income tax expense	(45,211,802)	(41,311,774)	9
<b>Profit for the period</b>	<b>134,777,431</b>	<b>106,248,196</b>	<b>27</b>
<b>EBITDA</b>	<b>207,607,200</b>	<b>187,482,156</b>	<b>11</b>
<b>Basic earnings per share (sen)</b>	<b>5.04</b>	<b>4.12</b>	<b>22</b>
<b>Diluted earnings per share (sen)</b>	<b>5.03</b>	<b>4.12</b>	<b>22</b>

\* Please see Section “Restatement of Comparatives” for details

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

**REVENUE BY BUSINESS ACTIVITIES**

	Nine months period ended 31 March		
	2022 Unaudited RM	2021 Unaudited RM	Change %
Software licensing	60,910,632	28,192,872	116
Software project services (professional services)	65,978,194	42,054,947	57
Maintenance and enhancement services	367,621,242	348,983,281	5
Sale of software and hardware products	6,564,346	3,081,013	113
Insurance ecosystem transactions and services	28,179,559	26,561,007	6
Retail transactions processing	1,169,411	514,876	127
<b>Total</b>	<b>530,423,384</b>	<b>449,387,996</b>	<b>18</b>
Delivered through:			
• Cloud computing	13%	6%	7%
• Software-as-a-Service	5%	5%	0%

Group revenue of RM530.4 million in 9M FY2022 was 18% higher than RM449.4 million recorded in 9M FY2021.

RM67.0 million or 13% of total Group revenue was delivered via cloud computing compared to RM27.7 million or 6% in 9M FY2021, a considerable increase of 142% compared to the same period prior year.

Revenue from Software-as-a-Service (“SaaS”) was RM26.8 million, an increase of 10% compared to RM24.3 million in the prior year. SaaS currently constitute 5% of total Group revenue which is at comparable level to last year.

Project related revenue comprising software licensing and software project services (professional services) increased by 81% from RM70.2 million to RM126.9 million in 9M FY2022.

- Software licensing revenue increased by 116% to RM60.9 million, largely contributed by the delivery of new software licensing contracts and banking deals secured in Indonesia and Thailand.
- Software project services (professional services) revenue increased 57% to RM66.0 million mainly due to the ongoing implementation of two new MÖBIUS contracts which accounted for 36% of total project services revenue and progressive revenue contributed from other ongoing projects.
- 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** comprising maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing increased by 6% from RM376.1 million to RM397.0 million in 9M FY2022. These recurring revenue segments contributed more than 70% of total Group revenue and remain a key revenue driver for the Group.

- Maintenance revenue recorded a growth of 8% to RM183.7 million whilst enhancement services revenue continued its momentum with an increase of 2% to RM183.9 million. The increase was from commencement of new maintenance contracts upon completion and cutover of several key implementation projects as well as new enhancement contracts secured from customers who are relying on SAL to modernise their core banking platforms for the digital age from time to time. These new contracts are mainly from banking segments in ASEAN countries.
- Insurance ecosystem transactions and services revenue increased by 6% from RM26.6 million to RM28.2 million. The revenue from vehicle claims processing activities has seen a significant recovery since Q2 FY2022 with the phasing out of “lock downs” in all the countries we operate in. With the focus in active cross-selling of the TrueSight suite of productivity & analytics solutions to existing customers, the revenue contribution from these solutions has also improved quarter to quarter particularly in countries such as the Philippines, Indonesia and Malaysia. Our diversification into other non-claims related insurance products has also shown positive

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

improvements. We recorded higher revenue from the processing of insurance policy related transactions in 9M FY2022.

- Revenue from retail transactions processing of RM1.2 million in 9M FY2022 was 127% higher than the revenue recorded in the same period prior year. Adoption of AgoraCloud, our latest cloud-based retail solution offering is showing momentum with strong uptakes in the pharmaceutical industry as well as other retail customers in Malaysia and Singapore.

Sale of software and hardware products recorded higher revenue of RM6.6 million in 9M FY2022 as compared to RM3.1 million in the prior year. Hardware sales are seasonal in nature and dependent on customers' data growth requirements and purchase/upgrade to new models of hardware to support modernisation of core banking platforms.

The Group recorded a gross profit of RM315.4 million in 9M FY2022, 18% higher than the RM268.4 million recorded in the same period last year. We achieved a gross profit margin of 59% this year, which is comparable with 60% in the prior year.

Other income decreased from RM10.8 million in 9M FY2021 to RM4.4 million in 9M FY2022 mainly due to the following items:

- RM3.3 million lower COVID-19 support subsidies received from the Singaporean and Latvian governments in 9M FY2022 as compared with the prior year;
- RM1.7 million reversal of expected credit losses on trade receivables collected in 9M FY2021; and
- RM1.0 million dividend received from a quoted equity investment in 9M FY2021.

Total expenses of RM142.0 million in 9M FY2022 were 7% higher compared with RM132.8 million in the prior year. The increase was due mainly to costs associated with group initiatives for internal improvement projects, performance incentive payouts, as well as higher expenses incurred for business development, marketing, corporate social responsibility activities and branding initiatives for FERMION – The Insurance Ecosystem in 9M FY2022.

In aggregate, the Group's Profit Before Tax ("PBT") increased by 22% from RM147.6 million to RM180.0 million and EBITDA increased by 11% from RM187.5 million to RM207.6 million in 9M FY2022.

The Group's income tax expense comprises the following components:

	Nine months period ended 31 March		
	2022 Unaudited RM	2021 Unaudited RM Restated*	Change %
Current income tax ("CIT")	35,626,478	37,870,088	(6)
Deferred tax ("DT")	7,107,868	3,333,385	113
Foreign and withholding tax	2,477,456	108,301	2188
<b>Total income tax expense</b>	<b>45,211,802</b>	<b>41,311,774</b>	<b>9</b>
% of CIT over Group's Profit Before Tax	20%	26%	(6%)
% of DT over Group's Profit Before Tax	4%	2%	2%
% of CIT and DT over Group's Profit Before Tax	24%	28%	(4%)

\* Please see Section "Restatement of Comparatives" for details

CIT represents amount expected to be incurred and paid to the taxation authorities in respect of taxable income generated during the period. The Group recorded an effective CIT rate of 20% in 9M FY2022 as compared to 26% in the prior year. The decrease was mainly due to lower chargeable income derived as a result of the utilisation of carried forward tax losses and written-down allowance of intellectual property rights as well as the incentive and bilateral tax relief claimed, against taxable profit generated in 9M FY2022.

Following the utilisation of these tax credit and allowances, the deferred tax assets recognised in previous financial years were reversed correspondingly, resulting in higher deferred tax expense recognised in 9M FY2022.

Foreign withholding tax is the tax levied on dividend distributions from foreign subsidiaries to the holding company.

## SILVERLAKE AXIS LTD.

(Company Registration No. 202133173M)

(Registered in Singapore)

As a consequence of these factors, the Group reported a Profit After Tax (“PAT”) of RM134.8 million in 9M FY2022, an increase of 27% from RM106.2 million recorded in the prior year.

The Group has adopted half-yearly reporting following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) which took effect from 7 February 2020. As such, the dividend payout (which is required to be accompanied by the financial statements for the period pursuant to Rule 704(25)) will be assessed on a half-yearly basis taking into consideration various factors including the expansion plans and funding requirements of the Group.

## RESTATEMENT OF COMPARATIVES

The Group’s subsidiaries engage businesses in different jurisdictions, hence there are taxes imposed on foreign sourced income. In the previous financial year end, it was clarified that part of these foreign and withholding taxes were derived or taxed on gross revenue and not based on taxable profits, therefore not considered as ‘Income Taxes’ in the consolidated income statement. The Group presented such withholding taxes as part of “Cost of Sales” in the consolidated income statement and comparative amounts have been restated to reflect the substance of these taxes.

The effects of the restatement on the prior year comparatives are summarised below.

	<b>As previously announced RM</b>	<b>Adjustment RM</b>	<b>As restated RM</b>
<b>31 March 2021</b>			
Gross profit	276,518,046	(8,145,195)	268,372,851
Operating expenses	(133,239,269)	435,140	(132,804,129)
Income tax expense	(49,021,829)	7,710,055	(41,311,774)

## BUSINESS AND INDUSTRY OUTLOOK

Overall market sentiments continue their favourable momentum currently but we are watchful for impacts from the geopolitical tensions in Europe and pervasive inflationary pressures worldwide. These two factors combined potentially may raise the risk to the global recovery and increase volatility for our markets going into our new financial year 2023.

Our positive first half financial performance continued into Q3 as we focused on executing our strategy. Momentum in deal closures remain strong albeit at a slower pace in Q3 compared to Q2. Nevertheless, the underlying momentum remains robust and we remain confident on our short-term prospects.

We expect the momentum built YTD to Q3 FY2022 to continue into our full year results and this should reflect in the underlying financial performance of the Group. Deal activity remains robust with a total deal pipeline of RM1.7 billion gross that we are pursuing. YTD FY2022, we closed RM395.4 million, far exceeding the prior corresponding period of RM255.3 million.

We have progressed and remain deeply focused on our cloud and SaaS strategy with 13% of our revenue now delivered through cloud and 5% via SaaS and growing incrementally. Both segments are showing double-digit growths and will continue to be so as we pivot more to cloud-based software offerings and SaaS services.

The banking segment continues to be the main performance driver for the Group. We are consciously investing in new areas such as our Insurtech business under the Fermion brand. To date, Fermion is performing to plan and we are optimistic on the prospects of this segment.

Overall, Thailand and Indonesia are generating a greater number of sizeable new deals. They will continue to be important markets and we will support and expand across these geographies through partnerships and internal sales support.

## **SILVERLAKE AXIS LTD.**

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

We see sustained upward pressure on our operating cost base as inflation and intensifying competition for talent has translated into competitive revisions to remuneration packages to attract and retain the talent required to operate our business to its potential.

License and project (professional services) revenues continue to perform strongly and with sales activity robust we have expectations of continued growth in this segment. Our recurring revenue segments have continued to perform well with single-digit growth and reasonable forward-looking prospects in the pipeline.

Our strategy has been articulated and we are focused on execution in the following core areas:

- A Group “center of excellence” initiative is in an advanced stage of implementation and there are good results across the Group with greater collaboration and sales focus. Cost and revenue synergies are being created and leveraged upon as we continue the journey.
- Our product strategy has emphasised our new product MÖBIUS and we are experiencing a number of enquiries and conversion into signed contracts are ongoing. Following from our first win in Thailand, we are now approaching a steady state and cadence to the business with interest in the product growing. With MÖBIUS, we are able to offer a strong core transformation option to our existing and new customers, and an upgrade path within the Silverlake Group.
- Our people strategy remains critical as the war for talent intensifies and we are adjusting to new work paradigms and changing hiring dynamics. We are confident that our transformation plans for our People and Organisation function are well developed and able to deliver the full spectrum from talent acquisition to training/development and succession planning.
- Our marketing and branding initiatives are also being developed and refined and we are able to better position our products to a larger market more efficiently and our products are top of mind to our market. We work with a variety of partners including global system integrators, consulting houses and cloud providers and this has proven to be an effective strategy especially in Thailand and potentially Indonesia, Malaysia and Singapore.

Large deals are coming through the pipeline and our customer base remains resilient. As a Group, we have built a strong financial foundation and we are well positioned to capitalise on emerging opportunities that may present themselves both organic and inorganic.

## **ABOUT SILVERLAKE AXIS**

Silverlake Axis Ltd. (“SAL”) is a leading enterprise technology, software and services company largely focused on financial services and serving 40% of the top 20 largest banks in South East Asia. Founded in 1989, SAL has an impeccable track record of successful delivery of innovative and transformative solutions to its enterprise customers and their ecosystems. The Group has more than 370 enterprise customers in over 80 countries across Asia, Europe, Middle East, Africa and the Americas.

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](http://www.silverlakeaxis.com).

## **CONTACT**

Email: [investor.relations@silverlakeaxis.com](mailto:investor.relations@silverlakeaxis.com)

Mr. Anil Singh Gill - Senior EVP, Strategic Finance; Head of Investor Relations  
Mr. Lee Teong Sang - Principal Consultant