

Serial System Reports Net Profit of US\$0.6 Million on Revenue of US\$221.8M in 1Q2022; Gross Profit Margin Improves to 8.6%

US\$'000	1Q2022	1Q2021	Change (%)
Sales	221,752	223,332	(1)
Gross Profit	19,131	17,295	11
Gross Profit Margin (%)	8.6	7.7	0.9 ppt*
Net Profit After Tax (Attributable to shareholders)	622	2,699	(77)
Earnings Per Share - fully diluted (US cents)	0.07	0.30	(77)

* ppt – Percentage Points

Singapore, 18 June 2022 – SGX Mainboard-listed Serial System Ltd (“**Serial System**” or the “**Group**”) recorded a 11% increase in gross profit amid a marginal decline in revenue for the three months ended 31 March 2022 (“**1Q2022**”) to US\$19.1 million from US\$17.3 million a year ago. The continued global shortages in semiconductors affected revenue growth while contributing to a higher gross profit margin.

Reflecting on the chip shortages which affected sales in all regions except Hong Kong and China, 1Q2022 revenue declined 1% to US\$221.8 million from US\$223.3 million a year ago. Hong Kong and China business improved due to the Group’s ongoing strategy to widen its base of suppliers and customers – including the electric and autonomous vehicles, IoT, telco infrastructure, cloud computing and storage sectors.

The consumer products distribution and other business segments reported weaker performance due to the lack of new product launches by the Group’s suppliers as well as cessation of stay-at-home restrictions in the majority of the Southeast Asia countries in which the Group operates.

The Group’s net profit declined to US\$0.6 million for 1Q2022 from US\$2.7 million in 1Q2021, mainly due to an allowance for stock obsolescence of US\$1.2 million during the current period as compared to write-back of US\$1.1 million in 1Q2021, higher net financing costs due to the increase in interest rates, as well as fair value loss on equity security investments in 1Q2022.

On the outlook, the Group expects business momentum to pick up alongside the cyclical uptick in manufacturing activities in 2Q2022 and 3Q2022, even as it continues to execute its growth strategies while at the same time improving on cost control.

The Group is also closely monitoring the Russia-Ukraine conflict as well as other geopolitical tensions, higher interest rates and inflationary pressures on operating costs, and changes in consumer spending which may affect business sentiment in the coming quarters.

Dr. Derek Goh, CEO of Serial System, said: “The Group has remained resilient despite the challenging operating environment, and we continue to benefit from our growth strategies. While we still face headwinds on several fronts, we continue to remain optimistic on the demand for chips, and we will continue to enhance our value proposition as a reliable distributor with a lean cost structure.”

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Serial System Ltd

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 21 offices and 13 warehousing facilities throughout Asia Pacific. It also has a wide customer base of more than 5,000 spanning a diverse range of industries such as consumer electronics, telecommunications, household appliances, industrial, electronic manufacturing services, security and surveillance, automotive and medical.

Its major suppliers for electronic components distribution include ON Semiconductor, OSRAM Opto Semiconductors, TE Connectivity, Micron, Allegro MicroSystems, GigaDevice, Littelfuse and Molex. Its major suppliers for consumer products distribution include AMD, Hewlett-Packard, Intel, Gigabyte, MSI, AOC, Philips, ViewSonic and ASRock.

Serial System’s ability to align itself with the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information, please visit www.serialsystem.com