



Aztech Global Ltd.

1H 2022 Results Presentation

25 July 2022

Aztech

Note on Forward-Looking Statements

This presentation may contain certain forward-looking statements including, but not limited to, statements as to future operating results and plans.

These statements are based on our assumptions and estimates and are subject to known and unknown risks and uncertainties and other factors which may cause the actual results, performance or achievements of the Group to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements.

Consequently, readers are cautioned not to place undue reliance on any forward-looking statements.

1H 2022 Results

1. Financial Performance Review
2. Business Update
3. Outlook

Financial Performance Review

Design to Build Resilient & Sustainable Manufacturability

Aztech

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Performance Improvement despite negative external impacts

Revenue

+46.0%

\$364.6M

EBITDA

+41.0%

\$55.0M

**Effective
Tax Rate**

+2.5% pts

15.0%

Net Profit

+45.6%

\$42.8M

**Net Profit
Margin**

11.8%

EPS

+34.7%

5.55Cents

As at 30 June 2022

Net Cash

\$232.1M

31 December 2021:
\$186.8 M

NAV/Share

38 Cents

31 December 2021:
38 Cents

- (1) 1H 2022 EPS was computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945. The fully diluted EPS was the same as the basic EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial period).
- (2) Higher effective tax rate for 1H 2022 due to higher profit achieved in 2Q 2022 and full utilisation of tax incentive from the Group's operations in China in the preceding year and 1Q 2022.
- (3) NAV per share as at 30 June 2022 and 31 December 2021 were computed based on the net assets of the Company and number of ordinary shares of 771,952,945.

2Q 2022 Results Y-o-Y Comparison

Double-digit Revenue and Net Profit Growth

\$ Million	2Q 2022	2Q 2021	% Change
Revenue	236.6	133.7	77.0
EBITDA	36.8	21.1	74.4
Profit Before Tax	34.5	18.4	87.5
PBT Margin (%)	14.6	13.8	80bps
Income Tax Expense	(5.5)	(2.2)	n.m.
Effective Tax Rate (%)	16.0	11.9	410bps
Net Profit	29.0	16.2	79.0
Net Profit Margin (%)	12.3	12.1	20bps
EPS (cents)	3.76	2.28	64.9

Resilient performance helped by the unabated strong production volume and shipment of IoT devices and data-communication products to customers in 2Q 2022, aided by efficient coordination of components availability, execution and delivery of customer orders at its manufacturing facilities in Dongguan, China and Johor, Malaysia.

- (1) Higher income tax expense and effective tax rate in 2Q 2022 due to higher profit achieved in 2Q 2022 and full utilisation of tax incentive from the Group's operations in China in the preceding year.
- (2) In 2021, the facility in Johor was operating at 60% of total workforce limit from June to October 2021 period in a nation-wide effort to curb the spread of COVID-19 infection.
- (3) 2Q 2022 & 2Q 2021 EPS were computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945 and 653,164,444 respectively. The fully diluted EPS for both periods were the same as the EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial period).

2Q 2022 Results Q-o-Q Comparison

Record Quarterly Revenue and Net Profit

\$ Million	2Q 2022	1Q 2022	% Change
Revenue	236.6	128.0	84.8
EBITDA	36.8	18.3	101.1
Profit Before Tax	34.5	15.9	117.0
PBT Margin (%)	14.6	12.4	220bps
Income Tax Expense	(5.5)	(2.0)	n.m.
Effective Tax Rate (%)	16.0	12.8	320bps
Net Profit	29.0	13.9	108.6
Net Profit Margin (%)	12.3	10.8	150bps
EPS (cents)	3.76	1.79	110.1

2Q 2022 performance benefited from productivity and operational efficiency gains arising from fulfilment of critical mass orders at our manufacturing facilities in Dongguan, China and Johor, Malaysia.

Manufacturing operations in Dongguan was suspended from 15-20 March 2022 to support the testing and prevention of further spread of COVID-19 infection. Full operations resumed on 21 March 2022. Manufacturing facility in Johor was fully operational during 1Q 2022.

- (1) Higher income tax expense and effective tax rate in 2Q 2022 due to higher profit achieved in 2Q 2022 and full utilisation of tax incentive from the Group's operations in China in the preceding quarter.
- (2) 1Q 2022 & 2Q 2022 EPS were computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945. The fully diluted EPS for both periods were the same as the EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial period).

1H 2022 Results Y-o-Y Comparison

Improvement in Net Profit aligned with Revenue Growth

\$ Million	1H 2022	1H 2021	% Change
Revenue	364.6	249.7	46.0
EBITDA	55.0	39.0	41.0
Profit Before Tax	50.4	33.6	50.0
PBT Margin (%)	13.8	13.4	40bps
Income Tax Expense	(7.6)	(4.2)	n.m.
Effective Tax Rate (%)	15.0	12.5	250bps
Net Profit	42.8	29.4	45.6
Net Profit Margin (%)	11.8	11.8	0bps
EPS (cents)	5.55	4.12	34.7

Strong 1H 2022 performance was lifted mainly by productivity and efficiency gains arising from fulfillment of critical mass orders in 2Q 2022 and savings from cost control measures, despite inflationary cost pressures and higher taxation incurred due to higher profit achieved in 2Q 2022 and full utilisation of tax incentive from the Group's operations in China in the preceding year and 1Q 2022.

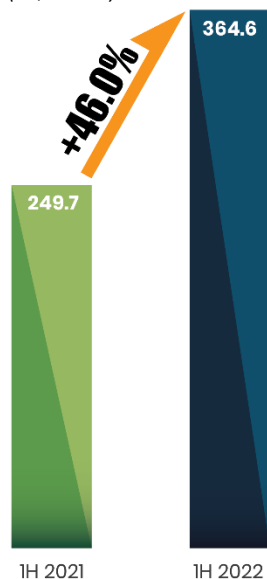
- (1) Higher income tax expense and effective tax rate in 1H 2022 due to higher profit achieved in 2Q 2022 and full utilisation of tax incentive from the Group's operations in China in the preceding year and 1Q 2022.
- (2) 1H 2022 & 1H 2021 EPS were computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945 and 713,782,829 respectively. The fully diluted EPS for both periods were the same as the EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial period).

1H 2022 Revenue by Segments

IoT Devices & Data-Communications Products Continued to be Revenue Growth Driver

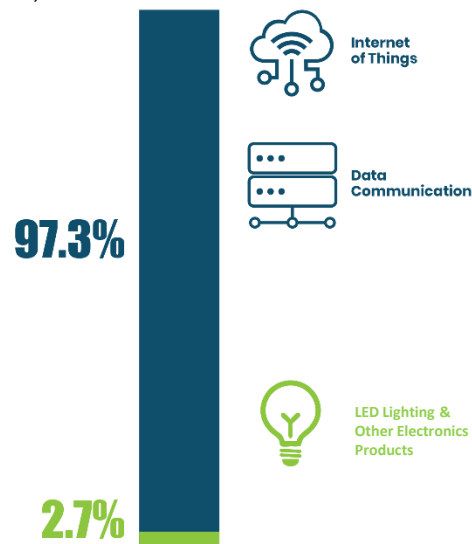
Revenue

(in \$ million)



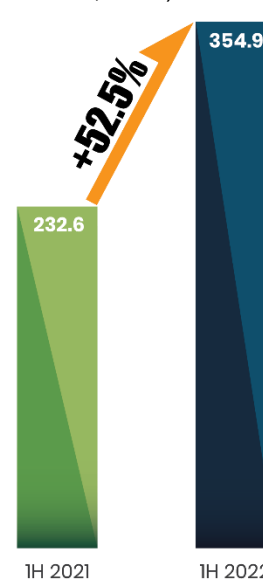
Segment Revenue

(in %)



IoT and Datacom Products

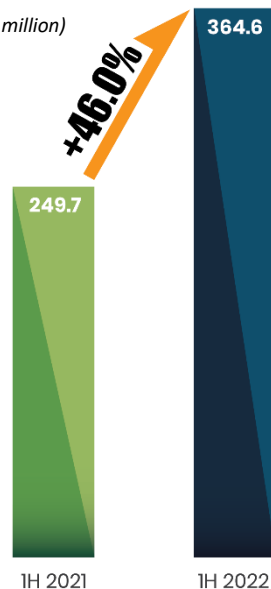
(Revenue in \$ million)



Maintains Revenue Streams from Core Markets of North America & Europe

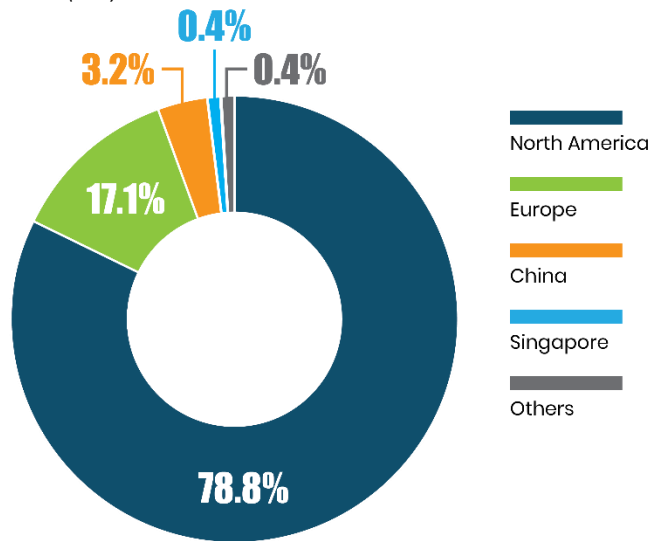
Revenue

(in \$ million)



Revenue by Countries

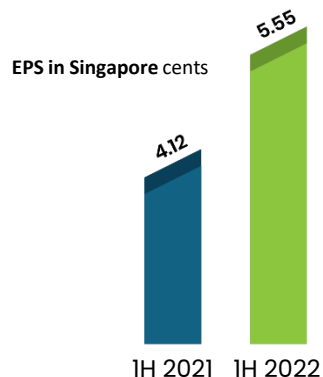
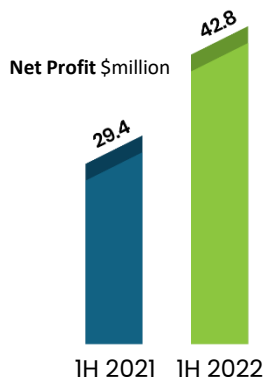
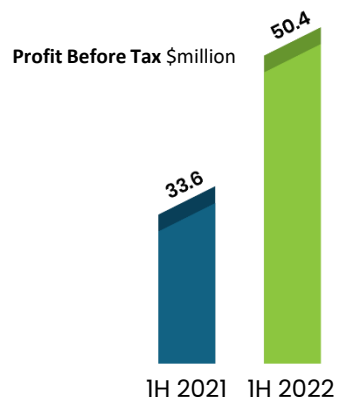
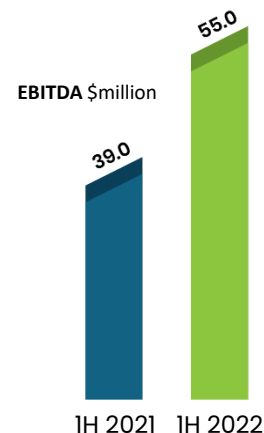
(in %)



1H 2022 revenue is calculated based on geographical locations of our customers where the revenue is derived from.

Europe comprises mainly Germany, Italy, Netherlands, Sweden, United Kingdom and Poland. North America comprises mainly the United States and Canada.

1H 2022 EBITDA, Pre-tax Profit, Net Profit & EPS Performance



Notes:

- EBITDA grew 41.0% to \$55.0 million from \$39.0 million
- Profit before tax saw an improvement of 50.0% from \$33.6 million to \$50.4 million
- Net Profit increased by 45.6% to \$42.8 million from \$29.4 million
- Maintained net profit margin at 11.8%
- EPS increased from 4.12 cents in 1H 2021 to 5.55 cents in 1H 2022 mainly due to increase in Net Profit in 1H 2022

(1) 1H 2022 & 1H 2021 EPS were computed based on profit attributable to equity holders of the Company and weighted average number of ordinary shares of 771,952,945 and 713,782,829, respectively. The fully diluted EPS for both periods were the same as the EPS based on the weighted average number of ordinary shares on issue (no options were exercisable during the financial period).

Balance Sheet Summary as at 30 June 2022

Healthy Balance Sheet & Net Cash Position

(\$ million)	30 June 2022	31 December 2021
Cash & Bank Balances	241.6	201.5
Total Bank Borrowings	(9.5)	(14.7)
Net Cash	232.1	186.8
Current Assets	584.9	491.6
Current Liabilities	(308.9)	(220.4)
Working Capital	276.0	271.2
Total Net Assets	292.5	293.0
Accumulated Profits	95.5	91.3
Share Capital & Reserves	197.0	201.7
Total Equity	292.5	293.0
Net Asset Value per Share (\$)	0.38	0.38

(1) NAV per share as at 30 June 2022 and 31 December 2021 were computed based on the net assets of the Company and number of ordinary shares of 771,952,945.

As at 30 June 2022, the Group reported a net cash of \$232.1 million, while accumulated profits increased by 4.6% to \$95.5 million following a dividend payment of \$38.6 million in May 2022.

The Group generated positive free cash flow of \$83.7 million for 1H 2022:

(\$ million)	1H 2022
Cash Flow From Operating Activities	84.4
Less Capital Expenditure	0.7
Free Cash Flow	83.7

Business Update

Design to Build Resilient & Sustainable Manufacturability

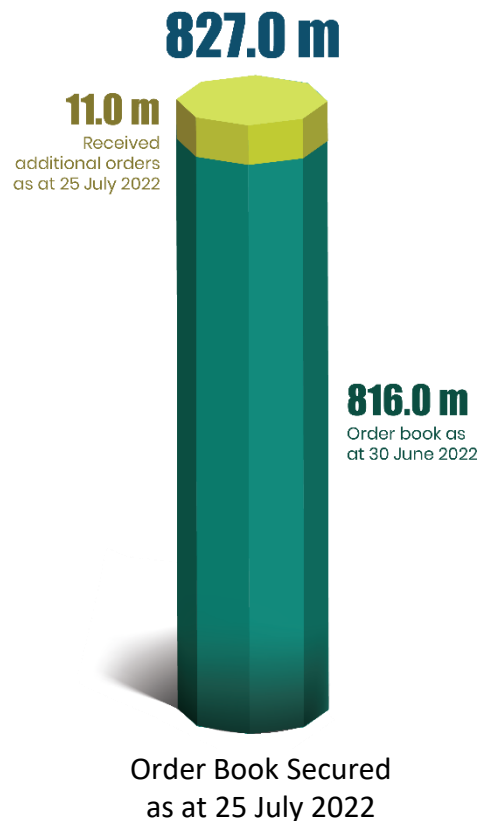
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Healthy Order Book



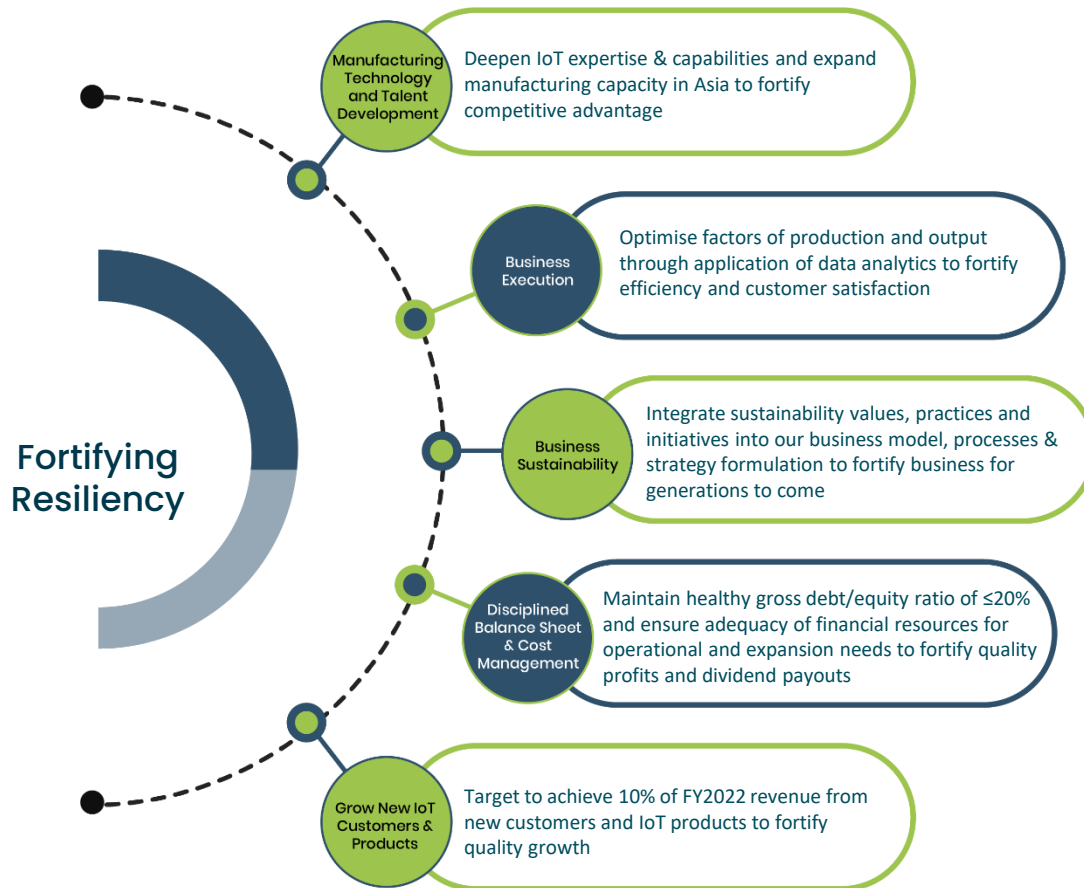
-Order book as at 30 June 2022 was \$816.0 million, and the Group has since received additional orders of \$11.0 million as at 25 July 2022, thus bringing its total order book secured to date to \$827.0 million, of which \$450.0 million is planned for completion in FY2022.



The Group's order book in respect as at any particular date is subject to changes in its customers' transactions and may not be indicative of its revenue for any succeeding periods.

All currencies are in Singapore dollars unless otherwise specified.

FY2022 5-Focus To Fortify Resiliency



Outlook

Design to Build Resilient & Sustainable Manufacturability

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Higher energy prices, rising interest rates, supply chain constraints amidst threats of possible COVID-19 restrictions injecting volatility to the operating landscape

Mitigation measures

- Disciplined balance sheet management and cost control measures to minimise the impact of inflationary cost pressure and rising interest rate environment
- Leverage on the Group's versatile operational framework to manage and balance customer orders across our manufacturing plants to ensure timely delivery, while safeguarding our employees' health and well-being
- Continue with our 3-Pronged Component Management Approach to manage component tightness
 - Actively collaborate with our customers on design changes to use alternative components
 - Leverage on our close working relations with long-term suppliers to secure required components
 - Expand our base of alternative suppliers to complete our component requirements for production

With various mitigation measures and growth focuses in place to fortify our business resiliency, we expect our operations to continue to benefit from

- Long-term global demand for IoT and data communication products;
- Healthy order book secured; and
- Resilient balance sheet.
- Barring unforeseen circumstances, we are cautiously optimistic of FY2022 performance.

(1) Fortune Business Insights, Mar 2022: Global IoT market is projected to grow at 2022-2029 CAGR of 26.4% to US\$2,465.26 billion in 2029. | Fortune Business Insights, Jun 2021: Global IoT healthcare market is projected to grow at 2021-2028 CAGR of 25.9% to US\$446.52 billion in 2028. | Data Bridge Market Research, Jan 2022: Global automotive IoT market is estimated to grow at 2022-2029 CAGR of 27.32% to US\$672.5 billion by 2029. | Future Market Insights, Apr 2022: Global Industrial IoT market is predicted to grow at 2022-2032 CAGR of 12.2% to US\$1.3 trillion in 2032. | Allied Market Research, Oct 2021: Global Consumer IoT market is estimated to grow at 2021-2030 CAGR of 13.9% to reach US\$292.83 billion by 2030. | Grand View Research, May 2022: Global smart home security camera is projected to grow at 2022-2030 CAGR of 18.7% to US\$30.1 billion in 2030 with the US market projected to grow at 2022-2030 CAGR of 19.6%. | Transparency Market Research, Mar 2022: Global smart lighting market is expected to grow at 2021-2031 CAGR of 20.3% to US\$83.52 billion by 2031.



Thank You

25 July 2022



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