

SERIAL SYSTEM LTD

FY2023 AND 2H2023 RESULTS PRESENTATION

Tuesday, 30 April 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



CORPORATE OVERVIEW



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.

(2) 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 existing and 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 existing and 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

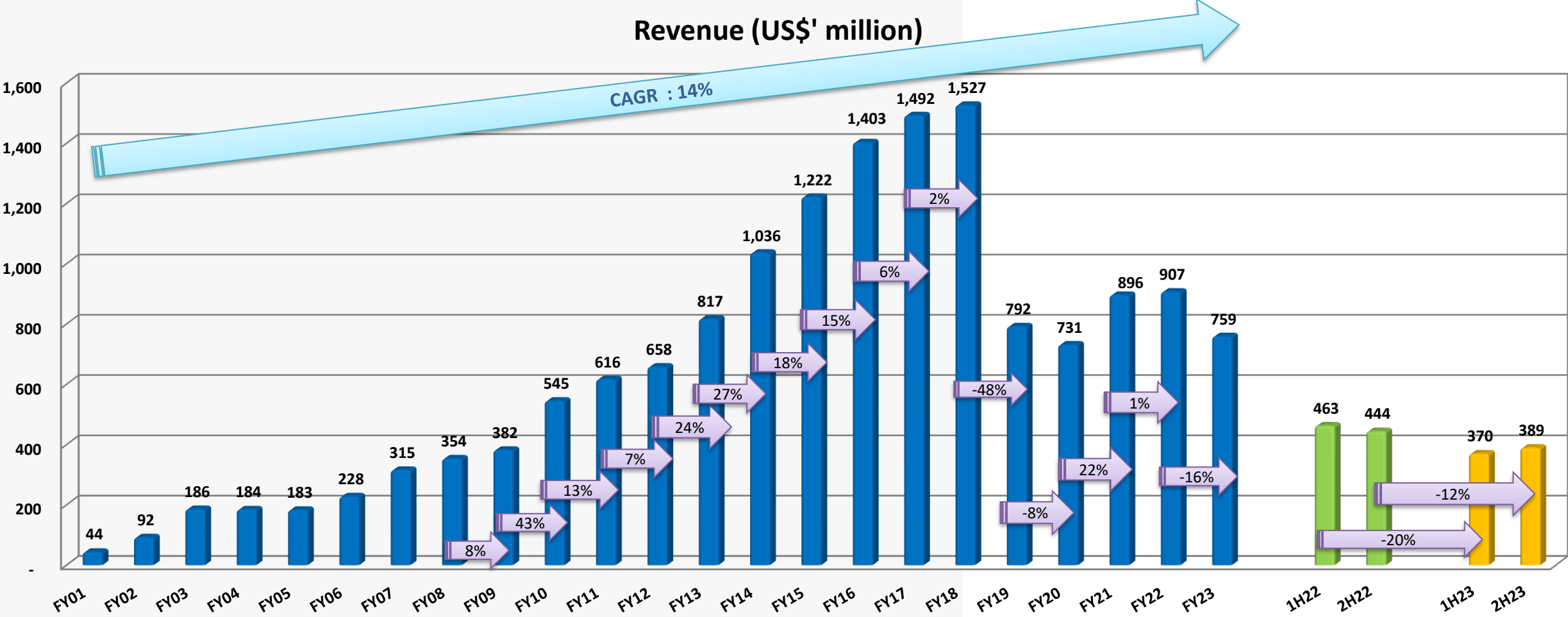
□ Gross profit margin declined by 0.1 percentage point to 7.5% in 2H2023

- 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

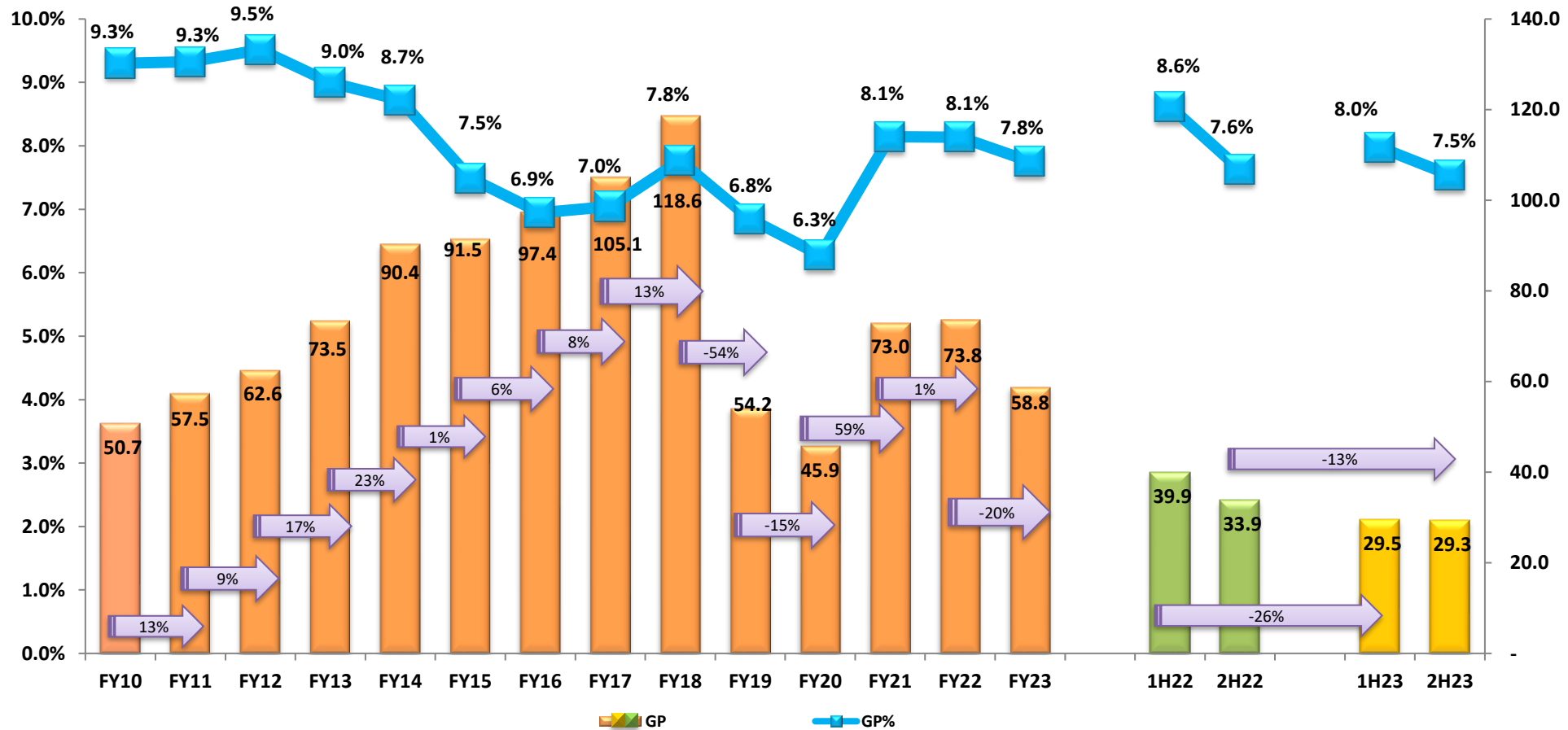
□ Net loss of US\$2.1M in 2H2023, compared to net loss of US\$5.0M in 2H2022

- 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

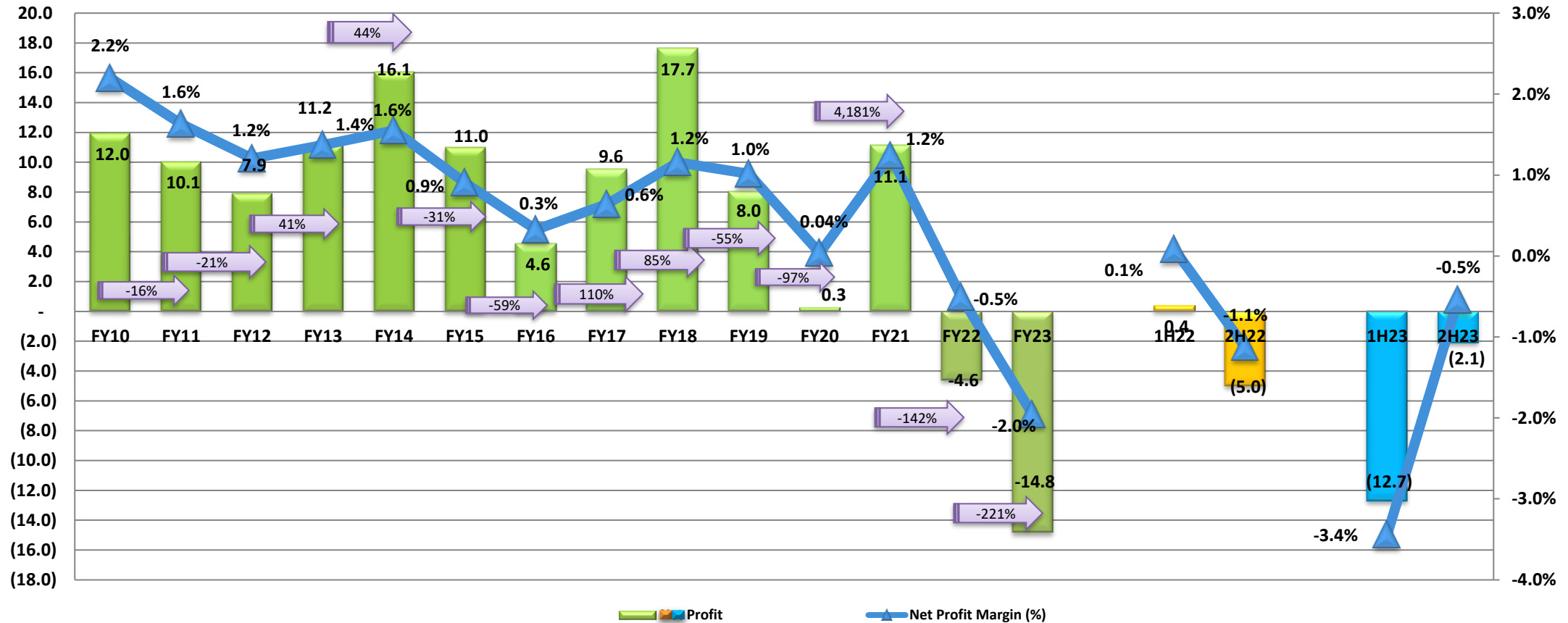


Gross Profit & Gross Profit Margin (US\$' million)

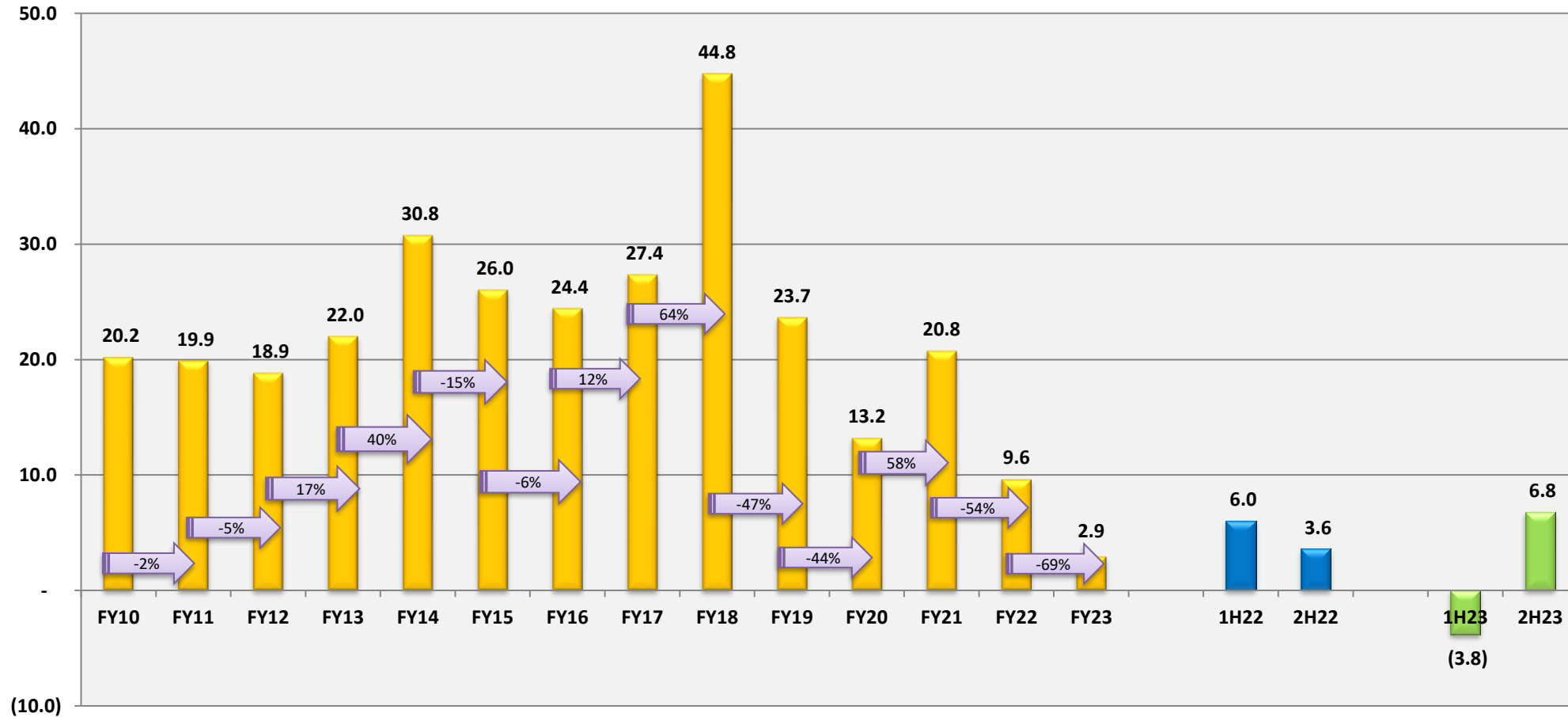


Profitability

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

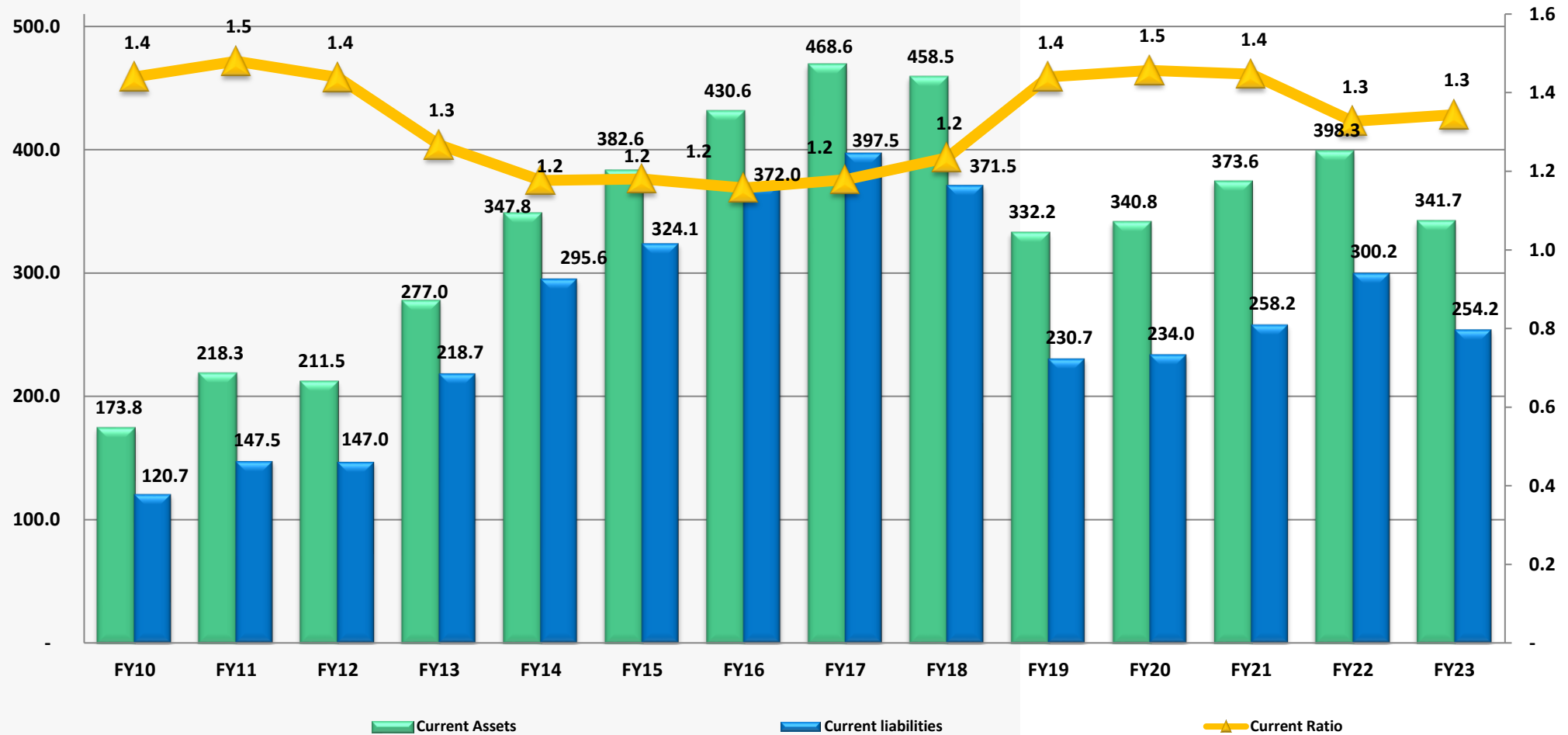


EBITDA (US\$' million)



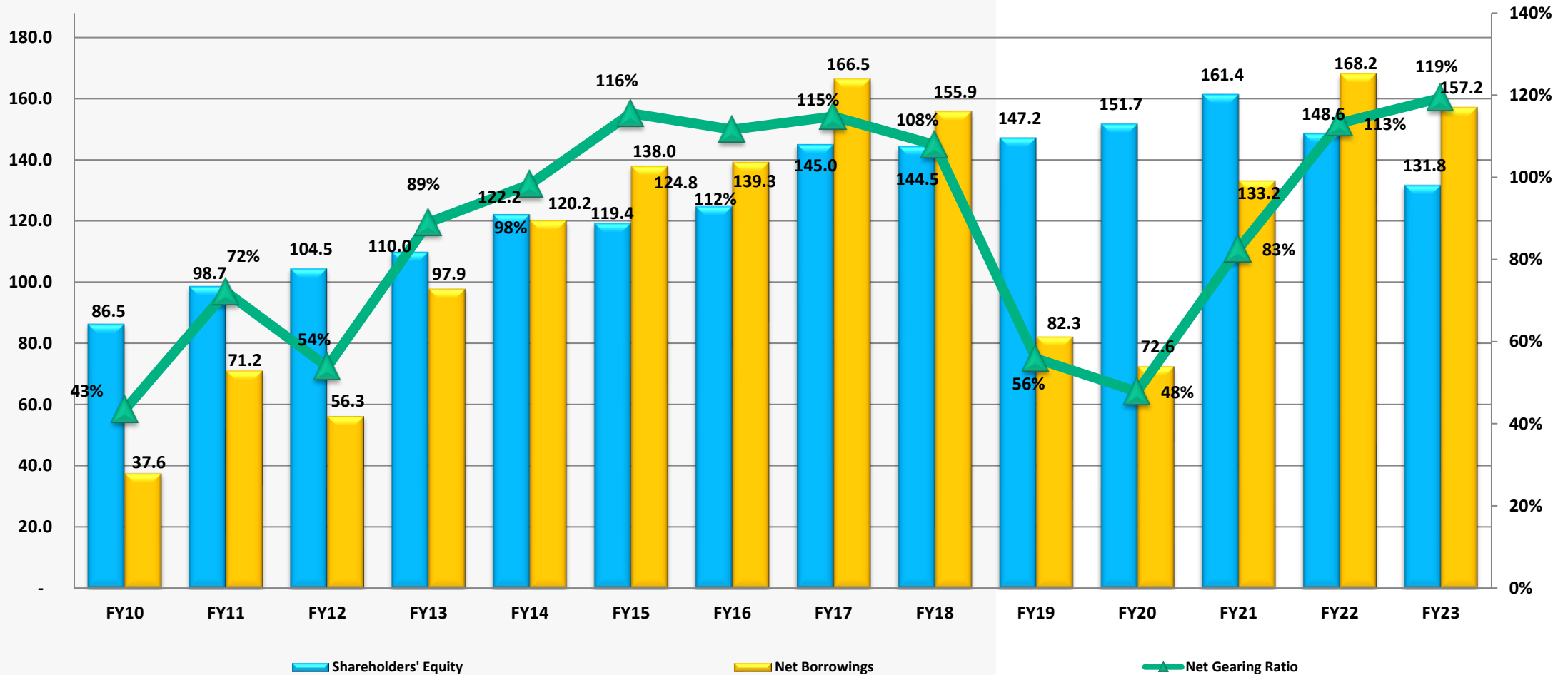
Financial Position

Maintaining Healthy Current Ratio

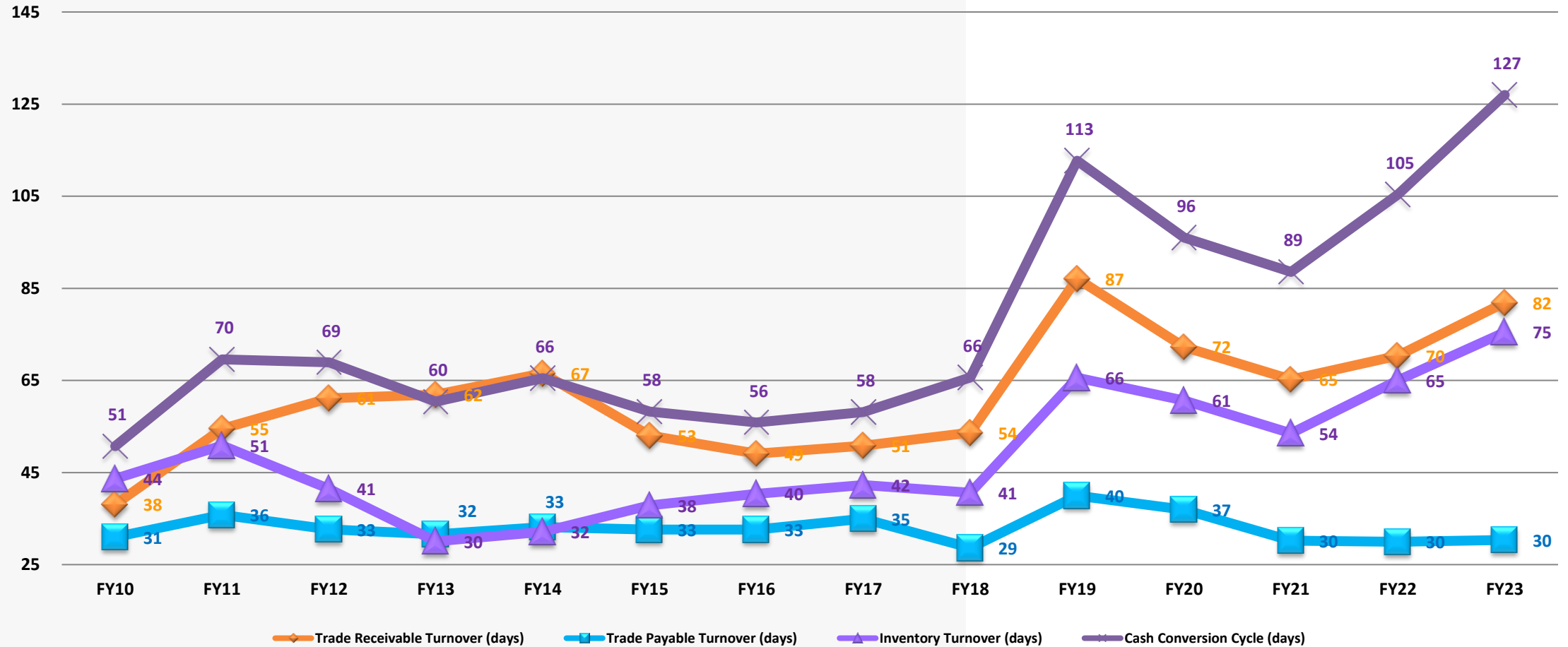


Financial Position

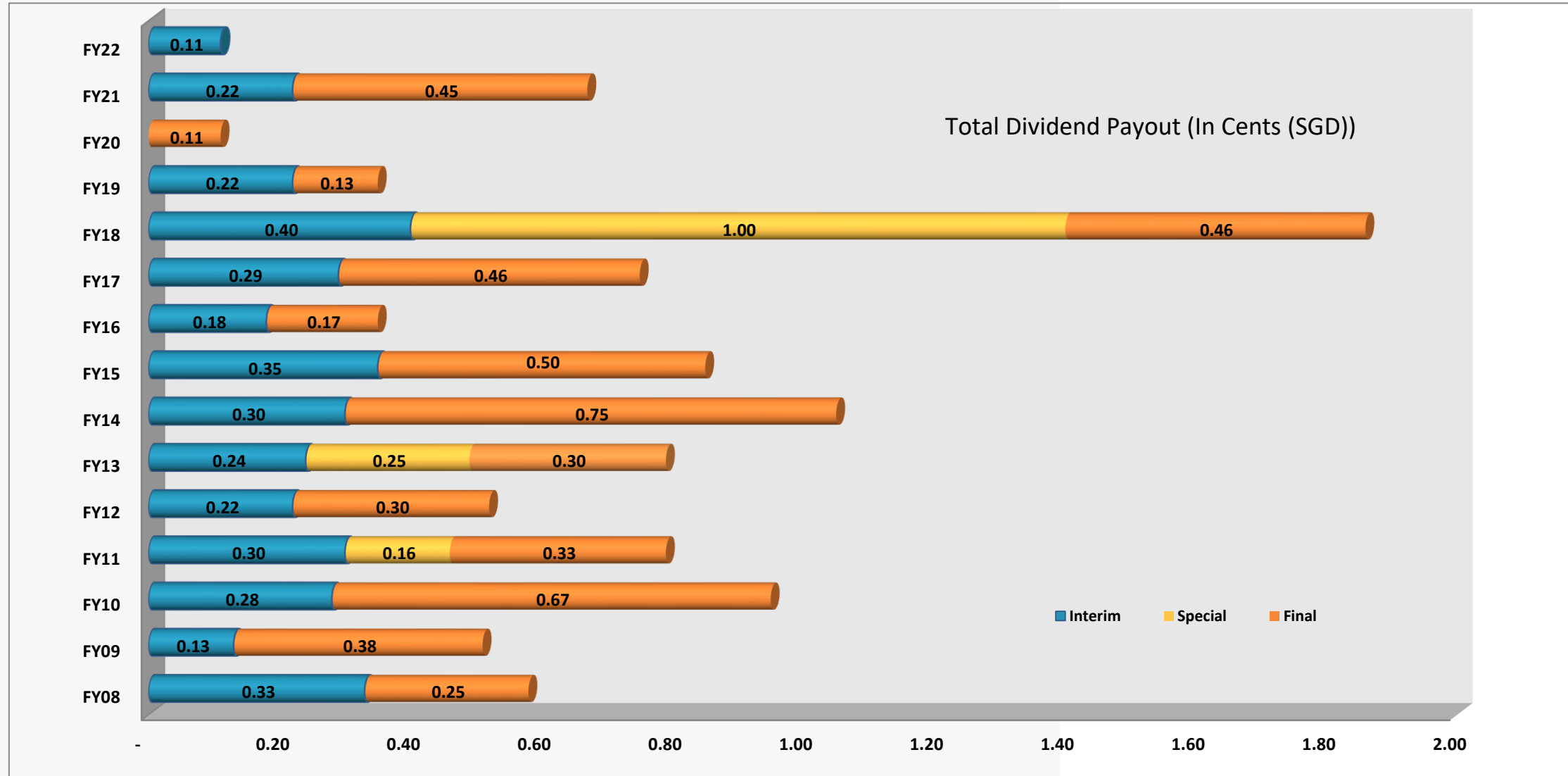
Net Gearing Ratio



Cash Conversion Cycle (Days)



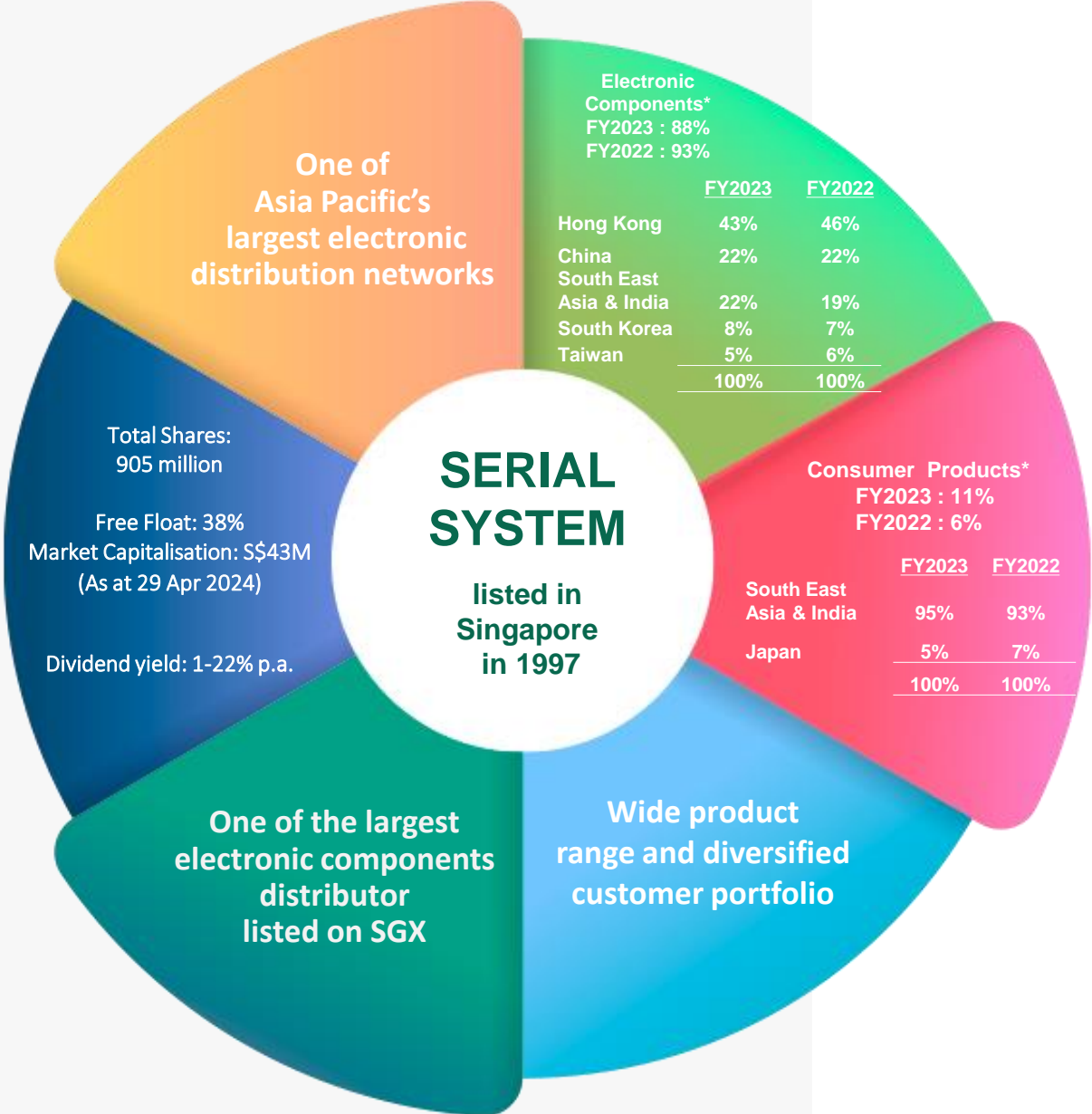
Dividend Yield



CORPORATE OVERVIEW



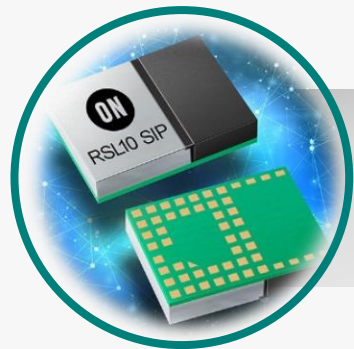
Serial System At A Glance



* Group Revenue

Diversified Business

Supporting a network of global brands, Serial System is a leading distributor of electronic components and consumer products in Asia. It is also a strategic investor in businesses in healthcare, managed print services and 3D printing, and fast moving consumer products.



**Electronic Components
Distribution**



**Consumer Products
Distribution**



**Managed Print
Services and 3D
Printing**



**Hospitality and
Healthcare Solutions**



**Medical Devices
Assembly
and Distribution**



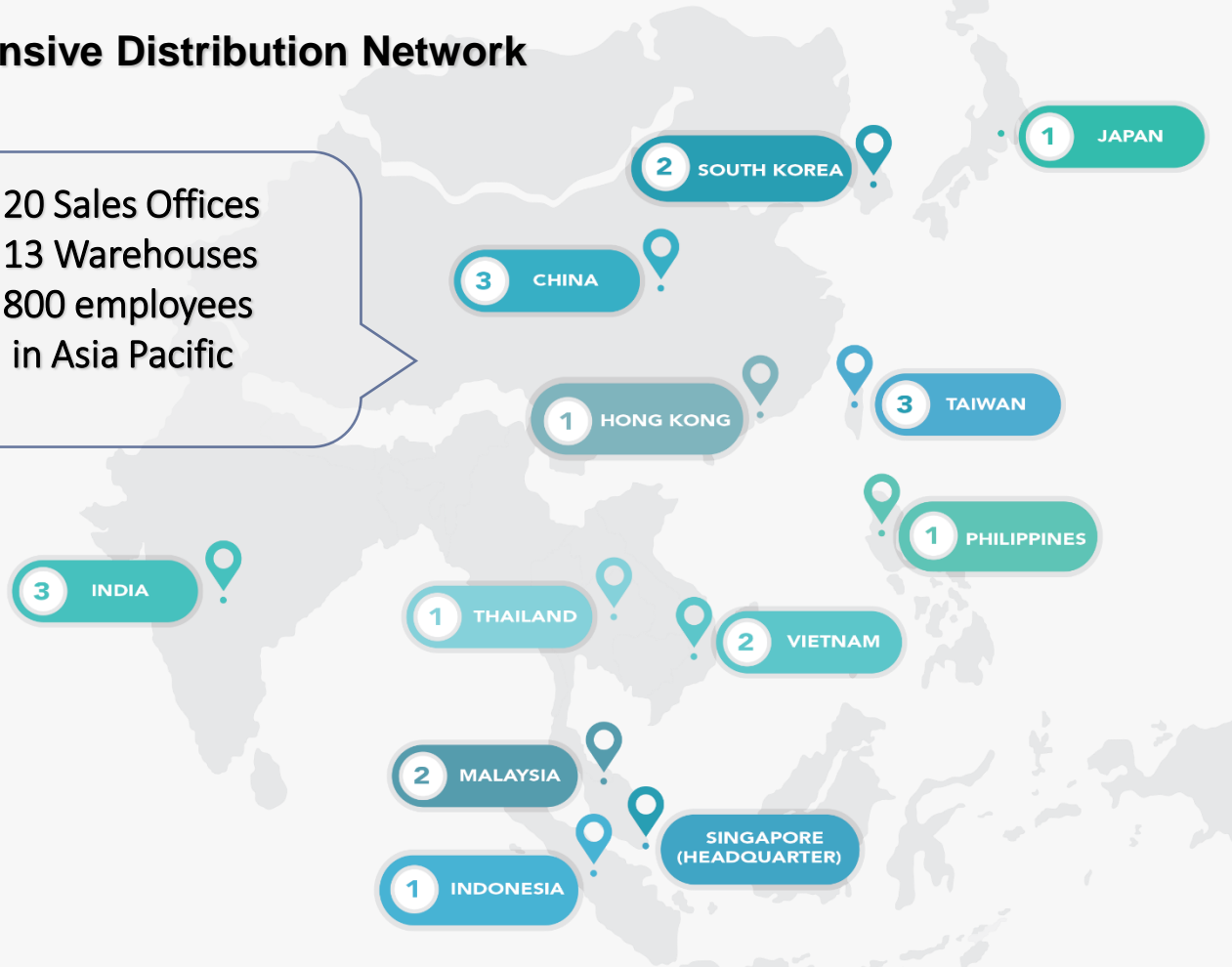
**Fast Moving
Consumer Products**

Strong Asia Pacific Presence



Extensive Distribution Network

- ❖ 20 Sales Offices
- ❖ 13 Warehouses
- ❖ 800 employees in Asia Pacific



One of the largest Asian geographical presence (in terms of offices) in the electronic and semiconductor distribution industry

The Group's offices and representations

CHINA

North China

Beijing

East China

Shanghai

South China

Shenzhen

HONG KONG

INDIA

Bangalore

New Delhi

Pune

JAPAN

Tokyo

MALAYSIA

Penang

Kuala Lumpur

PHILIPPINES

Manila

SINGAPORE

(Headquarter)

SOUTH KOREA

Seoul

Daegu

INDONESIA

Jakarta

TAIWAN

Taipei

Hsinchu

Taichung

THAILAND

Bangkok

VIETNAM

Ho Chi Minh

Partnering Leading Suppliers

Electronic Components Distribution



... more than 90 Franchised Product Lines in Serial System Group

Partnering Leading Suppliers

Consumer Products Distribution



AMD

AOC

Apacer

ASRock



GIGABYTE™

SAMSUNG

UltiMaker



ViewSonic®

KYOCERA

Lexmark™

msi®

PHILIPS
Monitors

PNY®

Consumer Products Distribution



- Serial I-Tech (Far East) Pte. Ltd., Achieva Technology Sdn. Bhd., SerialTec Pte. Ltd. and SerialTec (Japan) Co., Ltd. (“SerialTec. (collectively “Consumer Products Distribution Group”) are wholly-owned subsidiaries of the Group distributing computer peripherals and photo products.
- Major suppliers include AMD, AOC, ASRock, Benro, Gigabyte, Intel, MSI, Philips and ViewSonic
- SIFE and Achieva Technology works closely with partner brands to fulfil their distribution needs and provides a onestop solution for their customers
- In e-commerce, SIFE and Achieva Technology maintains key channels on online platforms such Lazada and Shopee, giving them a strong presence in the region
- In April 2022, the Group expanded further its consumer peripherals distribution business in Thailand by onboarding its existing and new product lines into its 49%-owned subsidiary, Achieva Technology (Thailand) Company Limited.



Swift-Value Business Pte. Ltd. (100%-stake)



- Major suppliers include Kyocera, Hewlett-Packard (HP), Epson and Canon products and also the authorised reseller of products from major brands such as Fuji Xerox and Samsung
- By providing fast and value-added service, Swift-Value is able to achieve customer loyalty and offers an extensive and consistent network to its suppliers and partner brands
- Swift-Value has also partnered with UltiMaker, one of the leading 3D-Printer brands operating out of the Netherlands to serve as their official logistics service provider in the Asia Pacific region, Swift-Value caters timely and cost efficient solutions to the partners in the following regions (including but not limited to): Singapore, Australia, China, Taiwan, Thailand, Indonesia and Malaysia.

Consumer Products Distribution

Managed Print Services and 3D Printing



Print-IQ Singapore Pte. Ltd.

- Started in 2014, Singapore-based Print-IQ is 91.43% owned by Serial System
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers
- Partner for top Netherlands-based 3D printer brand, Ultimaker
- Asia-wide partner for Germany-based BASF to distribute 3D printing filaments

Achieva Technology (Thailand) Company Limited (Previously known as Print IQ Co., Ltd)

- Set up in 2019, Achieva Technology (Thailand) is 49% owned by Serial System since December 2019
- Supplies Lexmark printers and toners and provides managed print services for their customers

PT Sentral Mitra Informatika Tbk

- Set up in 2008, PT SMI is 15.9% owned by Serial System since November 2018
- Listed on Development Board of Indonesia Stock Exchange

Under the managed print services business model, companies outsource their printing, scanning and copying functions, as well as the management of the equipment, to external service providers like Print-IQ and PT SMI. This reduces their operating costs and wastage.



Other Businesses



Serial MultiVision Pte. Ltd. (100%-stake)

- Core business: Hospitality and Healthcare solutions
- Hospitality solutions: Build based on a core venue management application suite known as Venue360
- Leading edge modules within Venue360: Electronic meal ordering system (eMOS), Intelligence Room Infotainment Solution, Digital Media Content Management System, and Incident Tracking and Reporting System
- Clients: Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, Institute of Mental Health, St Andrew's Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena, Yishun Community Hospital, Sengkang Hospital, Sengkang Community Hospital, Alexandra Integrated Health, Bright Vision Community Hospital, Ang Mo Kio Thye Hwa Kwan Hospital and Woodlands Health Campus

Contract Sterilization Services Pte Ltd (75%-stake)

- Assembly and distribution of medical devices
- Offers full range of standard and customised perfusion tubing packs marketed over the Asia-Pacific region:
 - *Perfusion Tubing*
 - *ECMO Tubing Pack*
 - *Angio Pack*
 - *Procedural Pack*
 - Hemoconcentrator Tubing Pack
 - Ophthalmic Pack
 - Surgical Face Mask
- ISO 13485-certified and its perfusion products bear the coveted CE certification mark.



OUTLOOK



Industry Outlook



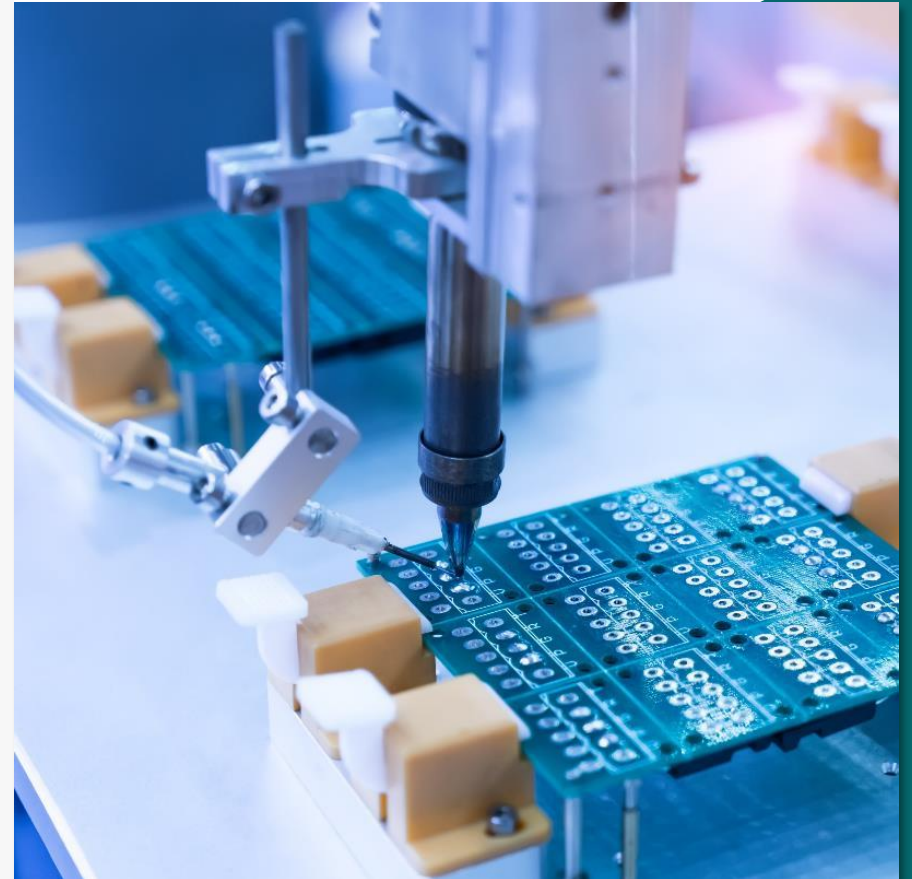
Bright Spots

- 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



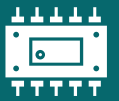
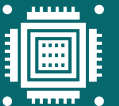
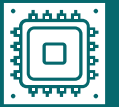
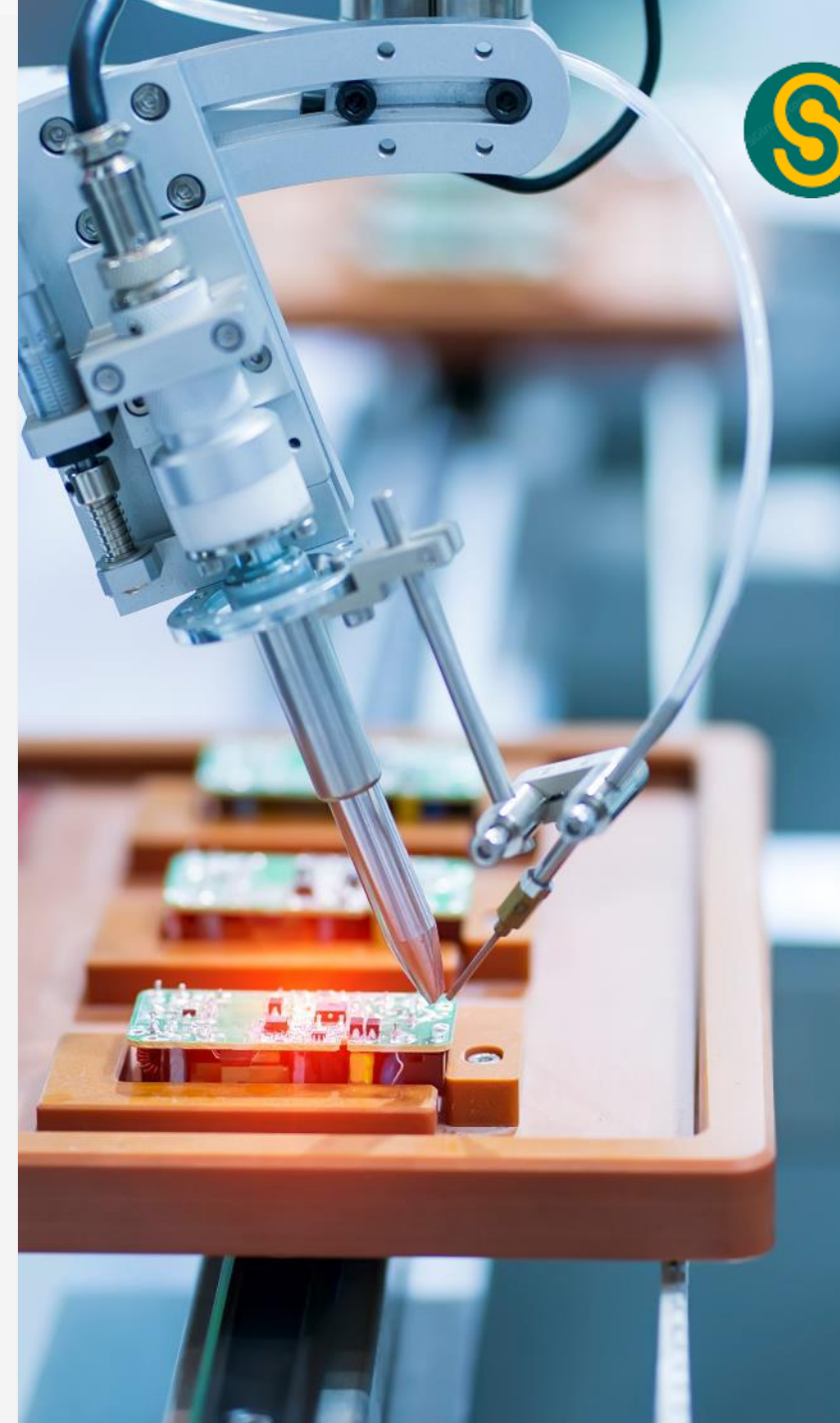
Uncertainties

- 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



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.

Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. Such statements are not and should not be construed as management’s representation on the future performance of Serial System. Therefore, the actual performance of Serial System may differ significantly from expressions provided herein.

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This presentation has been prepared exclusively for the parties presently being invited for the purposes of discussion. Information contained in this presentation does not constitute a prospectus or offering circular in whole or in part.

A large, circular, multi-colored 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. The background is a blurred cleanroom setting with blue and white tones.

Thank You

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