

SERIAL SYSTEM LTD

FY2022 AND 2H2022 RESULTS PRESENTATION

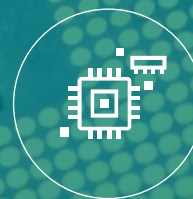
Thursday, 23 February 2023

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**



OUTLOOK

FINANCIAL RESULTS



Snapshot Of FY2022 And 2H2022 Performance



US\$'000	2H2022	2H2021	Change (%)	FY2022	FY2021	Change (%)
Sales	443,955	457,605	-3	906,723	895,893	1
Gross Profit	33,858	38,042	-11	73,750	72,973	1
Gross Profit Margin (%)	7.6	8.3	-0.7 ppt	8.1	8.1	0 ppt
Net (Loss)/Profit After Tax (Attributable to equity holders of the Company)	(5,008)	5,302	NM	(4,624)	11,139	NM
(LPS)/EPS - fully diluted (US cents) ⁽¹⁾	(0.55)	0.59	NM	(0.51)	1.24	NM
NAV per share (US cents) ⁽²⁾	31/12/2022: 15.36			31/12/2021: 16.66		

(1) (Loss)/Earnings per ordinary share ("LPS"/"EPS") 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 2022 of 904,841,914 respectively (the six months and full year ended 31 December 2021 of 896,481,258 and 900,083,010 respectively) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net assets value ("NAV") per ordinary share as at 31 December 2022 and 31 December 2021 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 respectively.

FY2022 Highlights



☐ **Revenue** in FY2022 rose 1% year-on-year to US\$906.7M from US\$ 895.9M in FY2021

- Higher turnover in the electronic components distribution business lifted top line, offset by decline in consumer products distribution segment and other businesses.
- Sales for the electronic components distribution business increased 3%, driven by improved performance in all regions. Higher turnover in Hong Kong and China's renewable energy, artificial intelligence and automotive segments reflect success of the Group's efforts to break into these emerging segments.
- 23% decline in sales for the consumer products distribution business, as demand soften amid the easing of work-from-home measures in Malaysia, combined with lower sales of printer accessories in Singapore, partially offset by higher sales in Thailand.
- Turnover for other businesses declined 7%, due to lower activity in the trading and distribution of fast-moving consumer goods in Singapore, partially offset by higher revenue contribution from the medical device assembly and distribution business in Singapore

☐ **Gross profit margin** remained at 8.1%

- Higher margins in the Group's other businesses were offset by lower margins in the consumer products distribution business amid intense market competition

☐ **Net loss** of US\$4.6M in FY2022, compared to net profit of US\$11.1M in FY2021

- Mainly due to higher net foreign exchange loss of US\$6.6 million and allowances for inventory obsolescence of US\$4.7 million

2H2022 Highlights



□ Revenue in 2H2022 declined 3% to US\$444.0M from US\$457.6M in 2H2021

- Turnover for the electronic components distribution business declined by 2% mainly due to lower sales in Hong Kong and China amid softened demand due to COVID-related supply chain disruptions in China, partially offset by better performance in South Korea
- Consumer products distribution business sales declined 16%, attributable to lower sales in Malaysia and Singapore affected by lower demand for their products. The decline was partially mitigated by improved performance in Thailand, as the Group onboarded more product lines
- Improved performance in the medical device assembly and distribution business, as well as hospitality and healthcare solutions boosted revenue contribution from other businesses by 67%

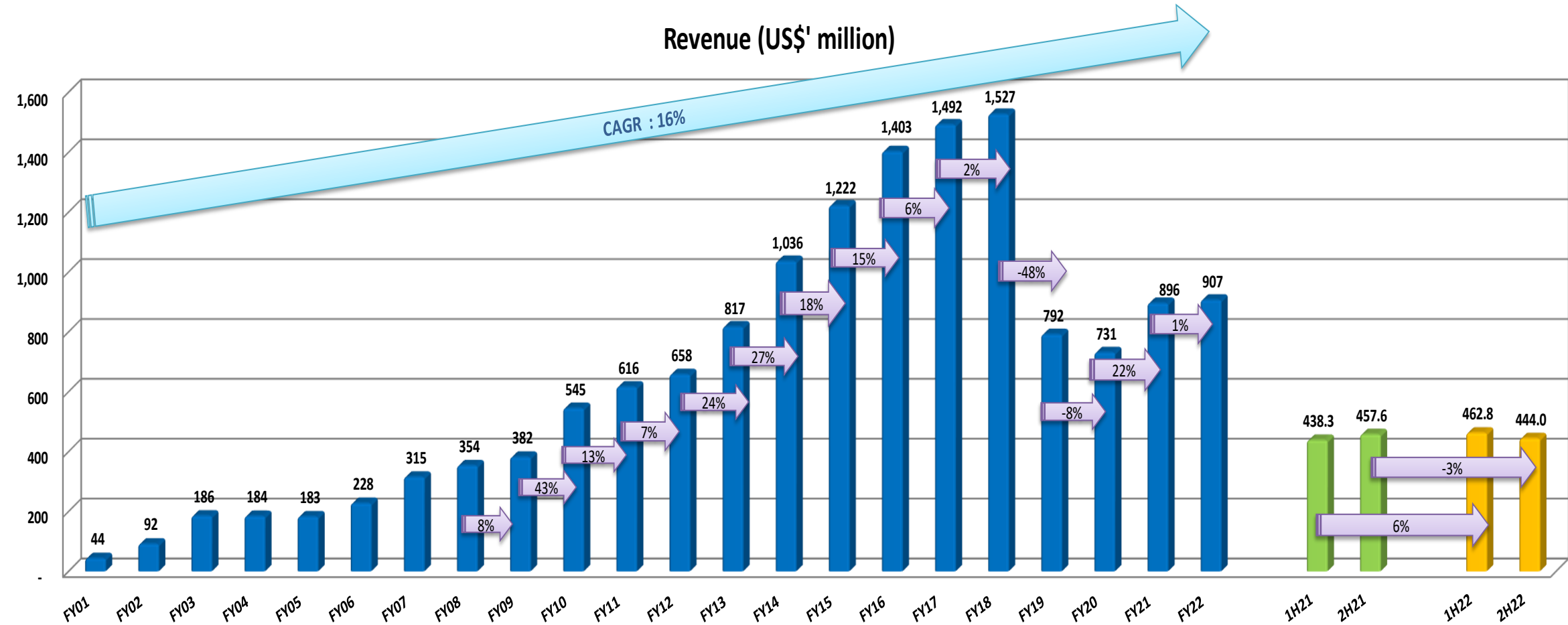
□ Gross profit margin in 2H2022 declined to 7.6% from 8.3% in 2H2021

- Intense market competition, coupled with the challenging operating environment, resulted in lower margins achieved by all three business divisions during the period in review

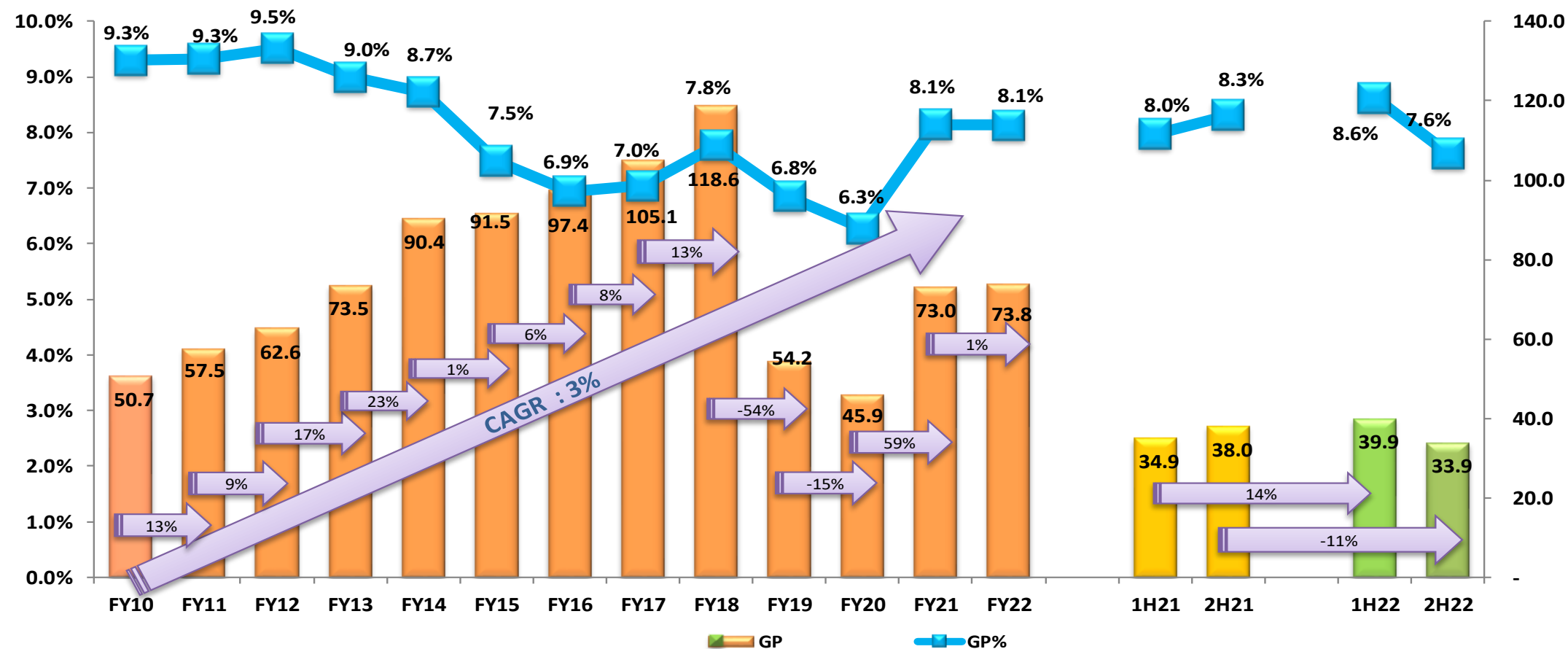
□ Net loss of US\$5.0M in 2H2022 as compared to net profit of US\$5.3M in 2H2021.

- Mainly due to net foreign exchange loss of US\$3.0 million and allowances for inventory obsolescence of US\$3.7 million

Revenue Trend

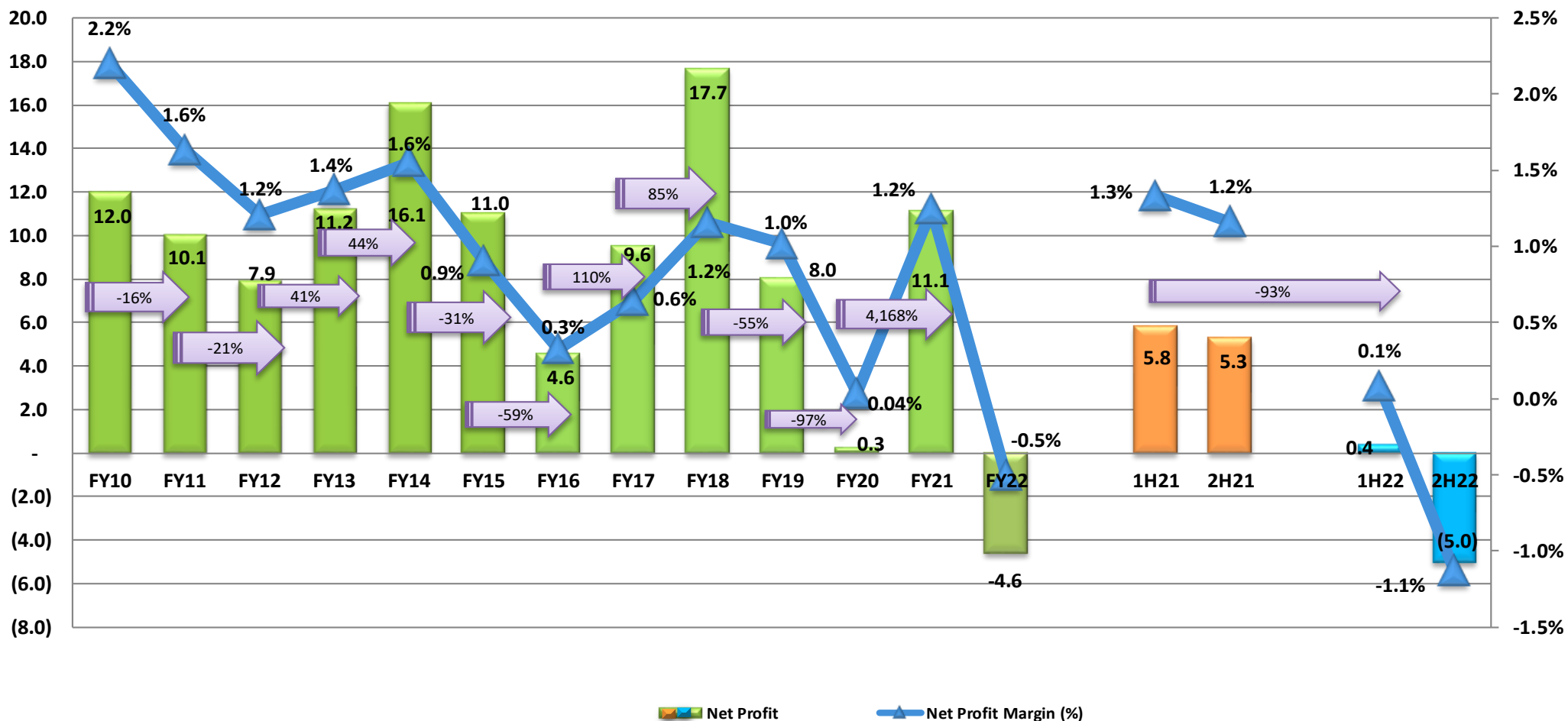


Gross Profit & Gross Profit Margin
(US\$' million)

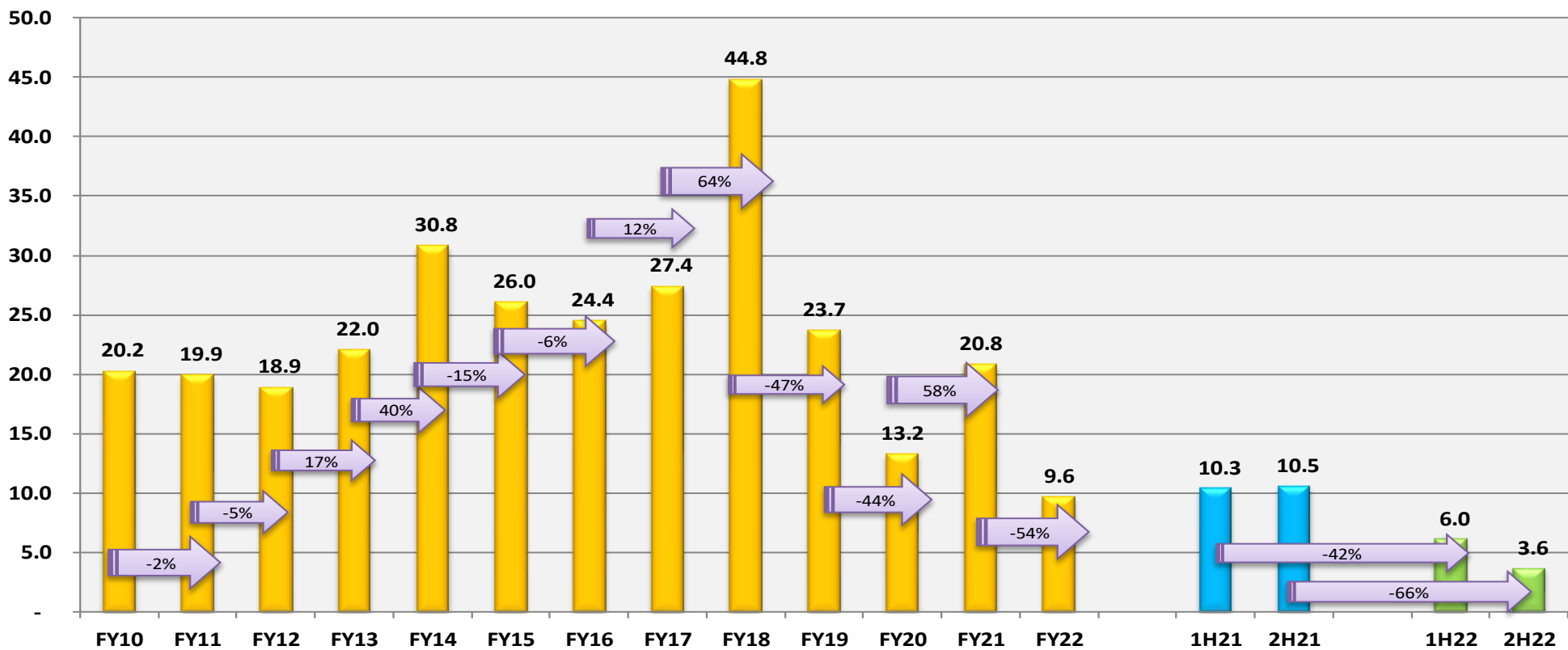


Profitability

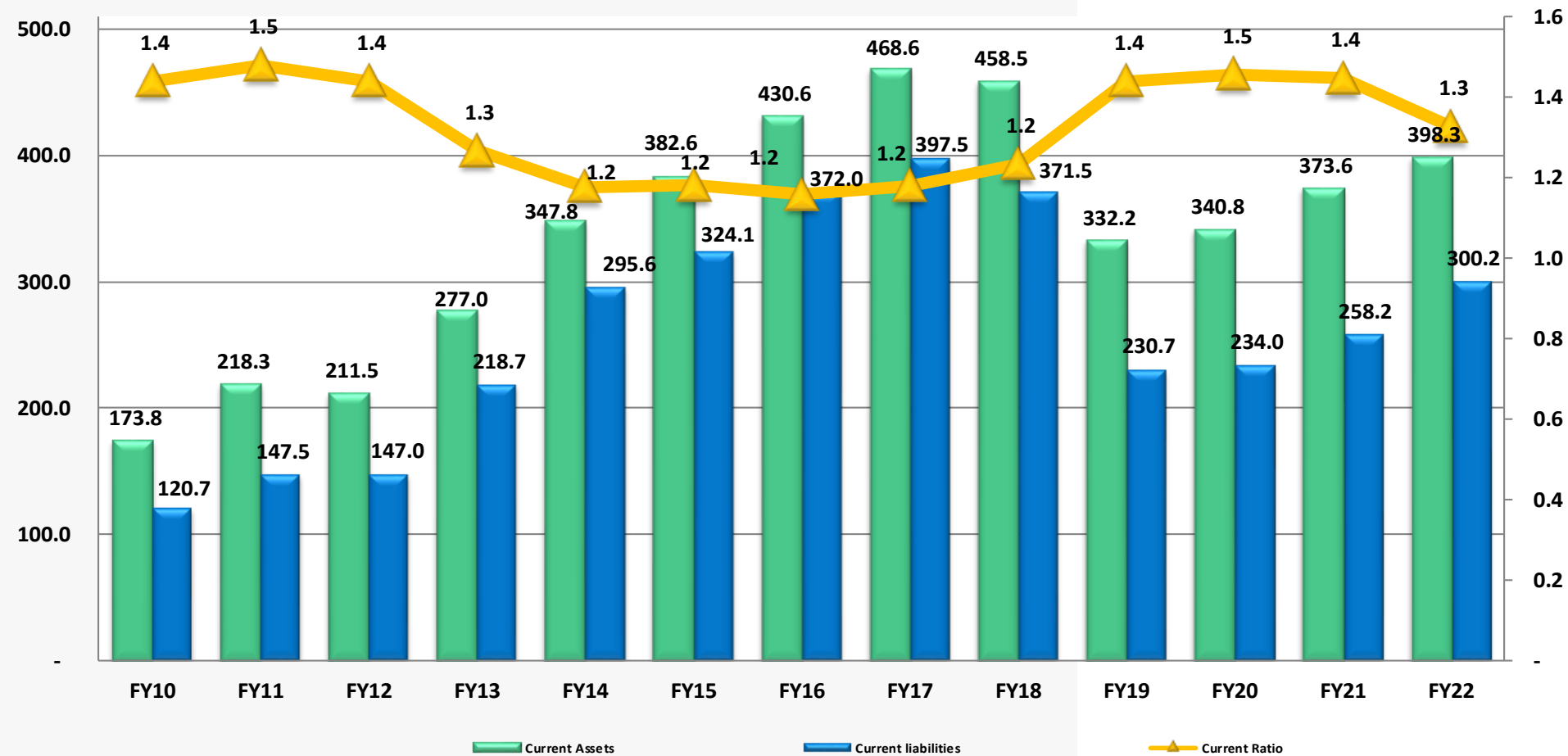
Net Profit & Net Profit Margin (US\$' million)



EBITDA (US\$' million)

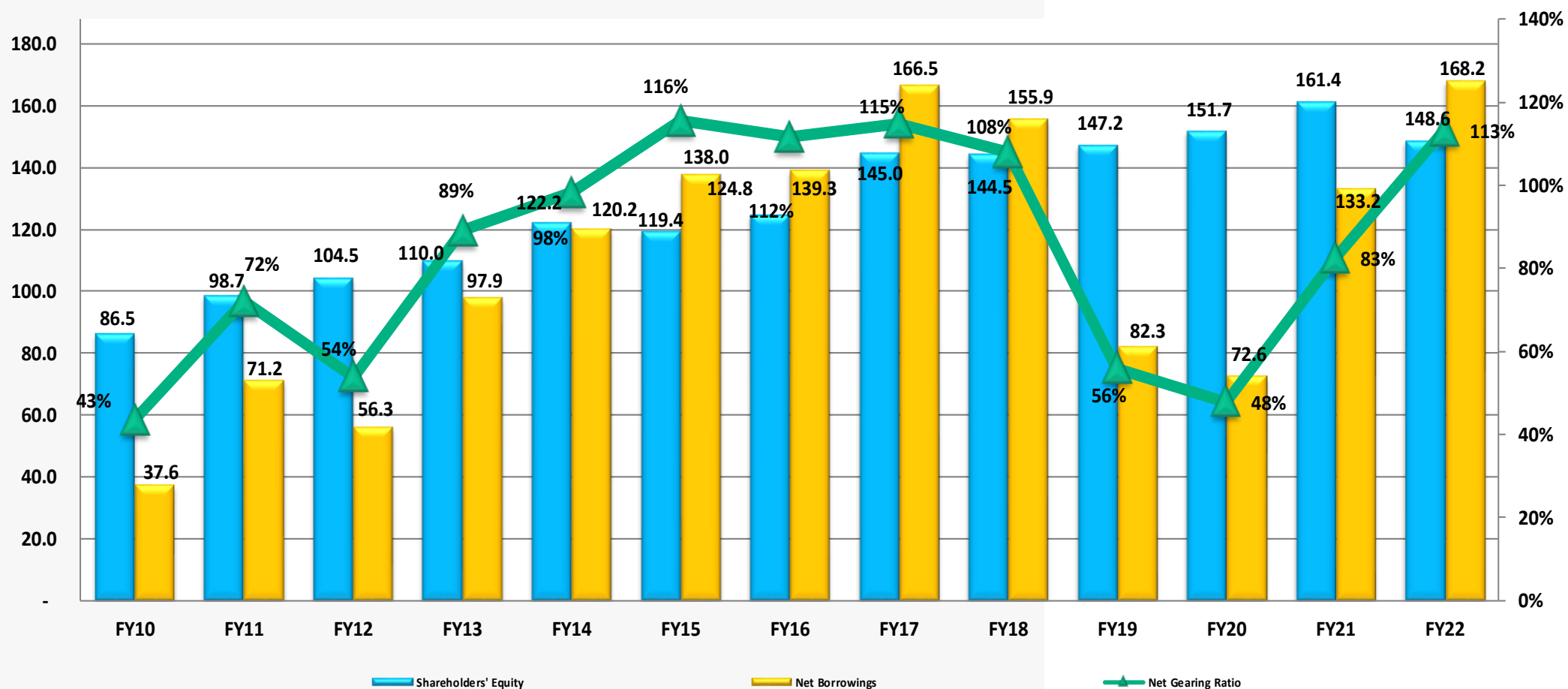


Maintaining Healthy Current Ratio

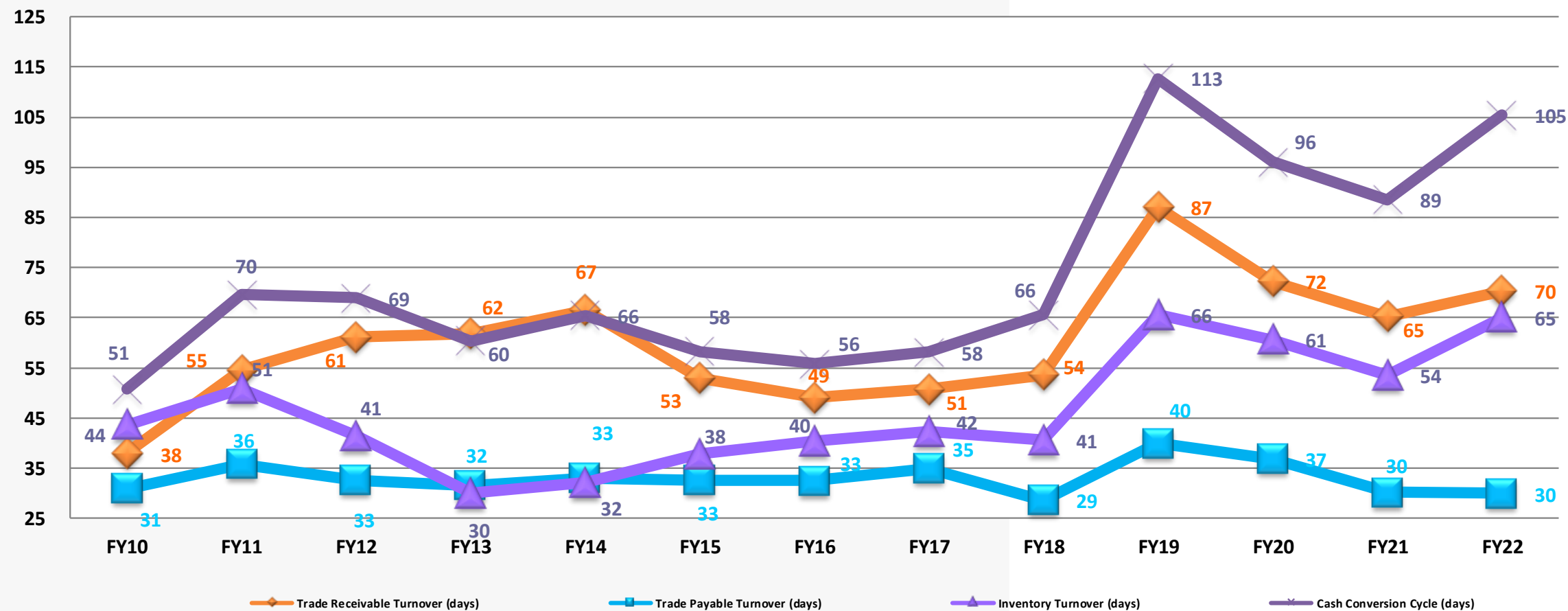


Financial Position

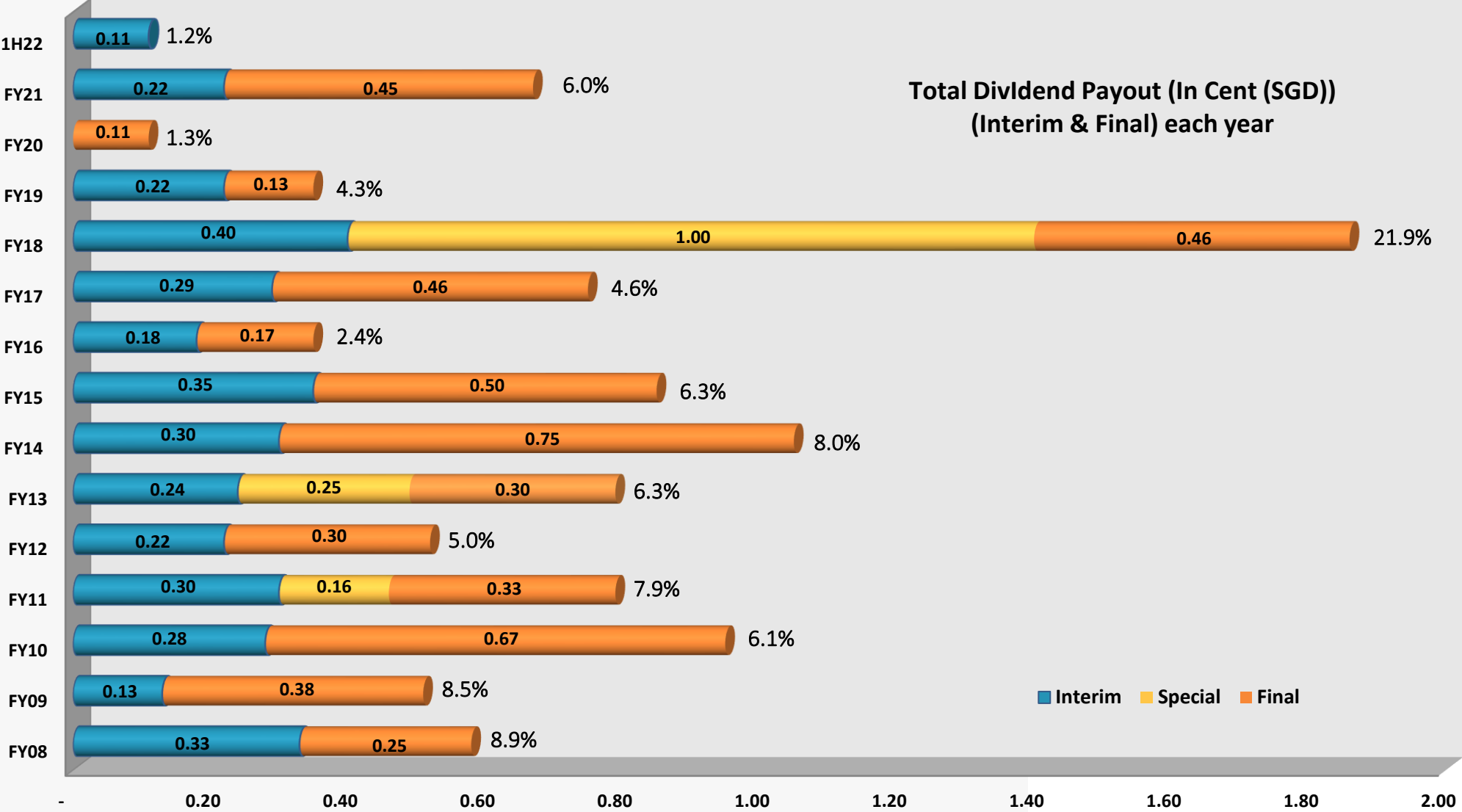
Net Gearing Ratio



Cash Conversion Cycle (days)



Dividend Yield



OUTLOOK



Industry Outlook



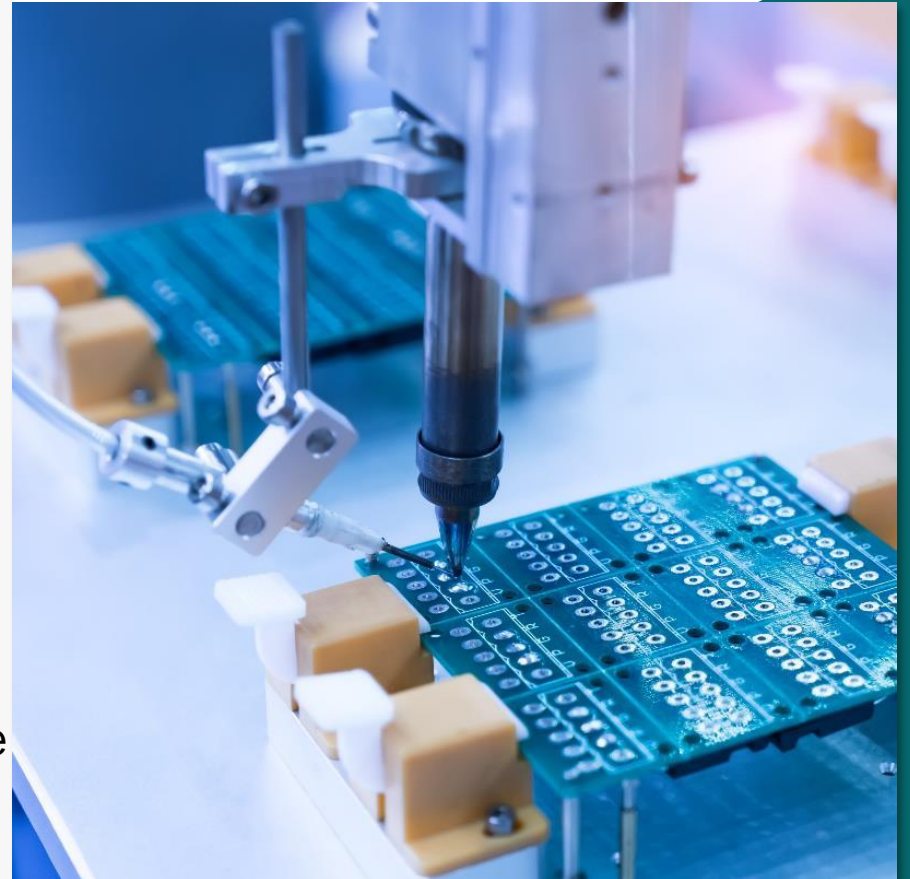
Bright Spots

- Long-term growth for semiconductors remains robust, as high-quality chips needed to support adoption of emerging technologies (5G Infrastructure, IoT, Artificial Intelligence, electric and autonomous vehicles etc.)
- Suppliers are on the lookout for strong distributors
- Business momentum to improve as COVID restrictions in China ease



Uncertainties

- Short-term demand expected to remain soft as companies continued to clear earlier inventories
- Rising interest rates and persistent inflation will put pressure on operating costs, increase currency volatilities and impact consumer demand
- Ongoing geopolitical tensions may result in supply chain disruptions and higher costs.

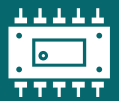
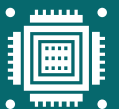
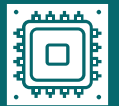


Group Outlook

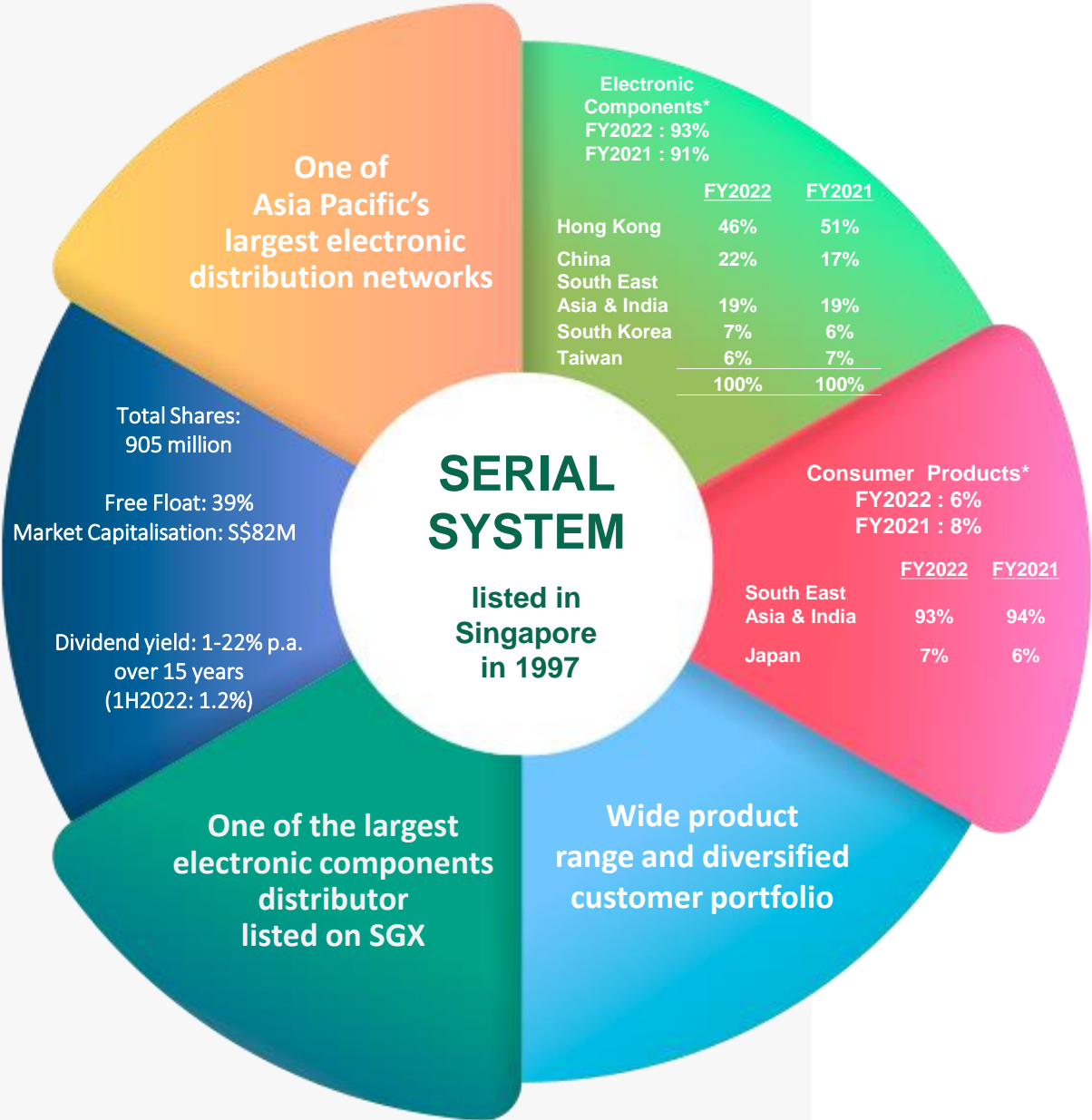
- The Group sees opportunities to increase supplier base, particularly in China, as suppliers look for reliable distributors
- Further expanding into emerging sectors, building upon track record in renewable energy, artificial intelligence and automotive segments
- Increase range of consumer products and suppliers to maintain lead in Malaysia. Expanded into Thailand in April 2022, strengthening business resilience
- Review operations to boost efficiency and reduce costs, while closely managing inventories and trade credit



SERIAL
新暉集團



Serial System At A Glance



* Group Revenue

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Thank You

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