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 23% and Profit After Tax of 64% in the First Quarter Ended 30 September 2022 ("Q1 FY2023")

Singapore, 14 November 2022 - Singapore Exchange Mainboard listed Silverlake Axis Ltd. ("SAL" or the "Group"), a leading enterprise technology, software, and services company with focus in the financial services industry 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 30 September 2022.

- Revenue increased by 23% to RM188.0 million, contributed by growth in software licensing, hardware sale, insurance ecosystem transactions and services, and retail transactions processing.

- Earnings for the first quarter grew compared to the same period last year:
  - Gross Profit increased 25% to RM110.1 million;
  - Profit After Tax increased 64% to RM57.6 million;
  - Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") increased 34% to RM76.8 million.

- Software-as-a-Service ("SaaS") revenue increased 82% to RM13.1 million compared to RM7.2 million recorded in the same period last year. SaaS currently constitute 7% of total Group revenue, 2% higher than Q1 FY2022.

- RM17.3 million or 9% of total Group revenue was delivered via cloud computing compared to RM13.7 million in Q1 FY2022, an increase of 26% compared to the same period prior year.

- Our deals pipeline is at a healthy RM2.1 billion total gross with Q1 FY2023 contract wins totalling RM136.2 million. There are currently RM282.3 million deals in categories that have a high probability of closure. The Group's secured FY2023 revenue or revenue backlog remains at a comfortable level.

FINANCIAL HIGHLIGHTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

	First Quarter ended 30 September		
	2022 Unaudited RM	**2021 Unaudited RM**	**Change %**
Revenue	187,973,646	152,476,528	23
Gross profit	**110,136,666**	**87,966,220**	**25**
Other income	6,434,894	2,142,674	200
Operating expenses	(51,083,444)	(42,554,911)	20
Profit before tax	**66,933,495**	**48,176,420**	**39**
Income tax expense	(9,350,968)	(12,977,171)	(28)
Profit for the period	**57,582,527**	**35,199,249**	**64**
EBITDA	**76,756,032**	**57,483,576**	**34**
Basic earnings per share (sen)	**2.28**	**1.32**	**73**
Diluted earnings per share (sen)	**2.28**	**1.32**	**73**

REVENUE BY BUSINESS ACTIVITIES

	First Quarter ended 30 September		
	2022 Unaudited RM	2021 Unaudited RM	Change %
Software licensing	38,912,017	5,385,602	623
Software project services (professional services)	13,942,247	20,320,918	(31)
Maintenance and enhancement services	109,168,398	118,238,076	(8)
Sale of software and hardware products	11,716,775	584,972	1903
Insurance ecosystem transactions and services	13,342,470	7,675,910	74
Retail transactions processing	891,739	271,050	229
Total	**187,973,646**	**152,476,528**	**23**
Delivered through:			
• Cloud computing	9%	9%	0%
• Software-as-a-Service	7%	5%	2%

Group revenue grew 23% to RM188.0 million in Q1 FY2023, compared to RM152.5 million recorded in Q1 FY2022.

Project related revenue comprising software licensing and software project services (professional services) increased by 106% from RM25.7 million to RM52.9 million in Q1 FY2023.

- Software licensing revenue saw a significant increase from RM5.4 million to RM38.9 million largely contributed by the delivery of software licensing contracts and banking deals secured in Indonesia and Thailand.

- Software project services (professional services) revenue of RM13.9 million was lower compared to RM20.3 million last year. The ongoing implementation of two new MÖBIUS contracts are near completion and a key new implementation project secured in Thailand has just commenced with initial progressive revenue recognised in Q1 FY2023. There are also a few new project services which are at the final stage of contracting. These revenue will be recognised progressively in the subsequent periods.

- 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 amounted to RM123.4 million, marginally lower compared to RM126.2 million in the same period last year.

- Maintenance revenue continues to sustain and will increase as implementation projects which have gone live enter maintenance mode. However, enhancement services revenue was marginally lower this quarter, as delays in work order sign-offs or acceptance by the customers missed revenue recognition in Q1. We should be able to catch up and see growth in subsequent quarters.

- Insurance ecosystem transactions and services revenue increased 74% from RM7.7 million to RM13.3 million.
  (i) Revenue from vehicle claims processing activities has recovered significantly after the resumption of business and economic activities in all the countries we operate in, as well as increased revenue from our new operations in Japan and UAE.
  (ii) Revenue from the processing of insurance policy (e-policy) related transactions was comparable with prior year.
  (iii) Revenue from TrueSight suite of productivity & analytics solutions has improved quarter to quarter as a result of focused and active cross-selling of the solutions to existing customers as well as successful onboarding of new customers.

- Revenue from retail transactions processing increased 229% to RM0.9 million in Q1 FY2023. There were higher subscriptions over the period by pharmaceutical and retail customers in Malaysia and Singapore for our cloud-based retail solution – AgoraCloud.

Sale of software and hardware products recorded higher revenue of RM11.7 million in the current quarter as compared to RM0.6 million in the same period last year as customers invested into hardware upgrades to enhance their technology infrastructure to support core banking systems installed by SAL. Hardware sales in general are seasonal in nature and dependent on customer requirements.

RM17.3 million or 9% of total Group revenue was delivered via cloud computing compared to RM13.7 million in Q1 FY2022, an increase of 26% compared to the same period prior year.

Revenue from Software-as-a-Service ("SaaS") grew 82% to RM13.1 million and now constitute 7% of our total Group revenue in current quarter.

The Group recorded a gross profit of RM110.1 million in Q1 FY2023, 25% higher than the RM88.0 million recorded in the same period last year. Gross profit margin of 59% this quarter was comparable with 58% in Q1 FY2022.

Other income increased from RM2.1 million to RM6.4 million in Q1 FY2023 as the Group has recorded higher foreign currency exchange gain on the cash reserves due to the appreciation of foreign currencies against Ringgit Malaysia in Q1 FY2023.

The Group's total expenses of RM51.1 million in Q1 FY2023 was 20% higher compared with RM42.6 million in the same period last year. These were planned and expected increases to support growth and sustainability of our business. Key reasons for the increase are:

- Higher spent in marketing, business development and brand awareness, with focus on sales and leads generation to grow our sales pipeline.
- Further investments in internal improvement projects to enhance efficiencies across the Group.
- Higher investments in human resources management to attract talent and manage employee career growth and retention.

In Q1 FY2023, we also had higher finance costs for the revolving credit facility drawdown for a corporate exercise we executed in Q4 last year. Additionally, the resumption of land and air travel post pandemic to support business activities also contributed to the increase in expenses this quarter as compared to the previous corresponding period.

While expenses have increased, the Group had carefully managed this to ensure this is well supported and absorbed through corresponding revenue growth. Overall, the Group's expense over revenue ratio has improved from 28% to 27% as compared to prior year Q1, consistent with FY2022 and within the industry benchmark of 30%. In addition, Q1 FY2023 JAWS was positive at 3%, with growth in revenue outpacing expenses growth. Both ratios are the key metrics used for our cost monitoring to ensure the spending are within planning parameters.

In aggregate, the Group's Profit Before Tax ("PBT") increased by 39% from RM48.2 million to RM66.9 million and EBITDA increased by 34% from RM57.5 million to RM76.8 million in Q1 FY2023.

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

	First Quarter ended 30 September		
	2022 Unaudited RM	**2021 Unaudited RM**	**Change %**
Current income tax ("CIT")	10,351,660	14,260,288	(27)
Deferred tax ("DT")	(1,000,692)	(1,283,117)	(22)
Total income tax expense	**9,350,968**	**12,977,171**	**(28)**
% of CIT over Group's Profit Before Tax	15%	30%	(15%)
% of DT over Group's Profit Before Tax	(1%)	(3%)	2%
% of CIT and DT over Group's Profit Before Tax	14%	27%	(13%)

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 15% in Q1 FY2023 as compared to 30% in the previous corresponding period. The decrease was mainly due to lower chargeable income derived as a result of the bilateral tax relief claimed and the utilisation of written-down allowance of intellectual property rights in Q1 FY2023.

As a consequence of these factors, the Group reported a Profit After Tax ("PAT") of RM57.6 million in Q1 FY2023, an increase of 64% from RM35.2 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.

BUSINESS AND INDUSTRY OUTLOOK

After our double-digit growth last financial year in revenue and profitability, we continued with a strong start to FY2023. Both revenue and profitability had double-digit growth in Q1 FY2023. This was achieved because we were able to maintain momentum and closed new deals, delivering revenue and profit growth as evidenced in our results.

We continue to hit the sweet spot in terms of our market strategy execution – maintaining and continuously grow revenue from our existing clients' base while focusing on helping our clients and new clients in their business and IT transformation with our suite of modern core and digital banking solutions.

Our products and technology provide the means for our customers to extend and deepen their reach to their markets and customers. They can launch products with speed and innovate with channels and distribution to serve a larger market and capture value from the entire eco supply chain, while optimising and reducing their infrastructure spent. This market for solutions continues to grow despite the inherent uncertainty and volatility. We understand our customers and our markets deeply and this is reflected in our top line growth and the growth in our opportunities and deals pipeline.

Our strategy of building bench strength in our sales and marketing functions continue as we aggressively seek to cover the markets we operate in. We are also developing and strengthening our delivery and customer success teams to service the growing stream of new projects coming in. We are forming new key partnerships to extend the adoption of our suite of banking solutions. The model is very successful in Thailand and Indonesia and we have similar models in Bangladesh and Pakistan. We will continue to expand our reach through the partnership model.

While growing the banking business, we are placing strong focus in our Insurance and Insurtech business. We believe this is a business that can scale much further than banking and our progress so far has been encouraging. Our existing SaaS business in insurance claims is showing strong double-digit growth and we continue to have success as we seek synergies from two insurance fintech investments we made in FY2022. All this is housed under our Fermion brand and today, we have strong market positions in key ASEAN markets. Going forward, we continue to look for suitable investments and acquisitions to grow our scope and offerings in the Insurtech industry.

In our retail business, our continued transition to cloud-based SaaS and focus on the pharmaceutical market is yielding results albeit adoption takes time. Our priorities remain focused on acquisition and deployment at scale and ensuring we have annual recurring revenue growth.

Overall, the Group continues to execute to our strategy and pivot as required. We monitor the progress and quantify results of our initiatives to ensure we have internal alignment and support the change that is happening with our clients and market.

While we execute our market strategy, we continue to keep an eye to the future sustainability of our business. Key is calibrated investments and working towards building a strong foundation for our business and ensuring we have a seamless transition to the next phase of our growth.

We have set the foundation for a strong and enduring business and we believe in our go-to market strategy and we shall continue to execute towards it. We are watchful for potential global headwinds and economic uncertainty. Key is we need to remain agile and be responsive internally to ensure resilience and success.

ABOUT SILVERLAKE AXIS

Silverlake Axis Ltd. ("SAL") is a leading enterprise technology, software, and services company with focus in the financial services industry, and serving 40% of the top 20 largest banks in South East Asia. Founded in 1989, SAL

has an impeccable track record of client retention and 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.

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