

SERIAL SYSTEM LTD

FY2021 AND 2H2021 RESULTS PRESENTATION

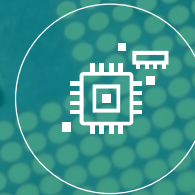
Wednesday, 23 February 2022

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 FY2021 And 2H2021 Performance



US\$'000	2H2021	2H2020	Change (%)	FY2021	FY2020	Change (%)
Sales	457,605	417,113	10	895,893	731,400	22
Gross Profit	38,042	26,616	43	72,973	45,896	59
Gross Profit Margin (%)	8.3	6.4	1.9 ppt	8.1	6.3	1.8 ppt
Net Profit After Tax (Attributable to equity holders of the Company)	5,302	4,744	12	11,139	261	4,168
EPS - fully diluted (US cents) ⁽¹⁾	0.59	0.53	11	1.24	0.03	4,033
NAV per share (US cents) ⁽²⁾	31/12/2021: 16.66			31/12/2020: 15.81		

(1) Earnings per ordinary share ("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 2021 of 896,481,258 and 900,083,010 respectively (six months and full year ended 31 December 2020: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net assets value ("NAV") per ordinary share as at 31 December 2021 and 31 December 2020 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 and 895,841,914 respectively.

FY2021 Highlights



□ Revenue in FY2021 rose 22% year-on-year to US\$895.9M from US\$731.4M in FY2020

- Increase in revenue was mainly due to improved performance in the electronic components distribution and consumer products distribution businesses
- Sales for the electronic components distribution business increased 22% propelled by higher demand for semiconductors, particularly in Hong Kong and China amid global chip shortage and supply chain disruptions
- Consumer products distribution business sales rose 40%, mainly due to higher sales of PC and gaming peripherals in Malaysia, amid continued work-from-home measures, as well as maiden contributions in Japan
- Turnover for other businesses declined 20%, attributed to lower sales activity in the trading and distribution of fast-moving consumer goods in the United States, offset by higher sales in the fast-moving consumer goods in Singapore, medical devices assembly and distribution, as well as hospitality and healthcare solutions

□ Gross profit margin increased to 8.1% from 6.3% a year ago

- Increase was attributed to higher margins achieved by the Group's electronic components and consumer products distribution businesses due to increased demand in its products and the global chip shortage

□ Net profit of US\$11.1M in FY2021, significantly higher than US\$0.3M in FY2020.

- Higher net profit was mainly due to higher gross profit earned as a result of higher sales and improved gross profit margin

2H2021 Highlights



☐ Revenue in 2H2021 increase by 10% to US\$457.6M from US\$417.1M in 2H2020

- Sales for the electronic components distribution business increased 9% boosted by higher sales in Hong Kong and China. The Group's extensive product portfolio and strong presence in Hong Kong and China continued to play out to the Group's advantage amid the global chip shortages
- Taiwan, South Korea and South East Asia and India recorded lower sales mainly attributable to decline in sales for certain product lines, long lead times and allocations for certain product and certain customers temporarily stopping production
- Consumer products distribution business sales rose 26% boosted by higher sales in Malaysia amid work-from-home measures and contribution from Japan
- Turnover for other businesses declined 56%, attributed to lower sales in the trading and distribution of fast-moving consumer goods in Singapore and the United States

☐ Gross profit margin in 2H2021 increased to 8.3% from 6.4% in 2H2020

- Increase was attributed to higher margins achieved by the Group's electronic components distribution business and its Malaysian consumer products distribution businesses due to increased demand in its products and the global chip shortage

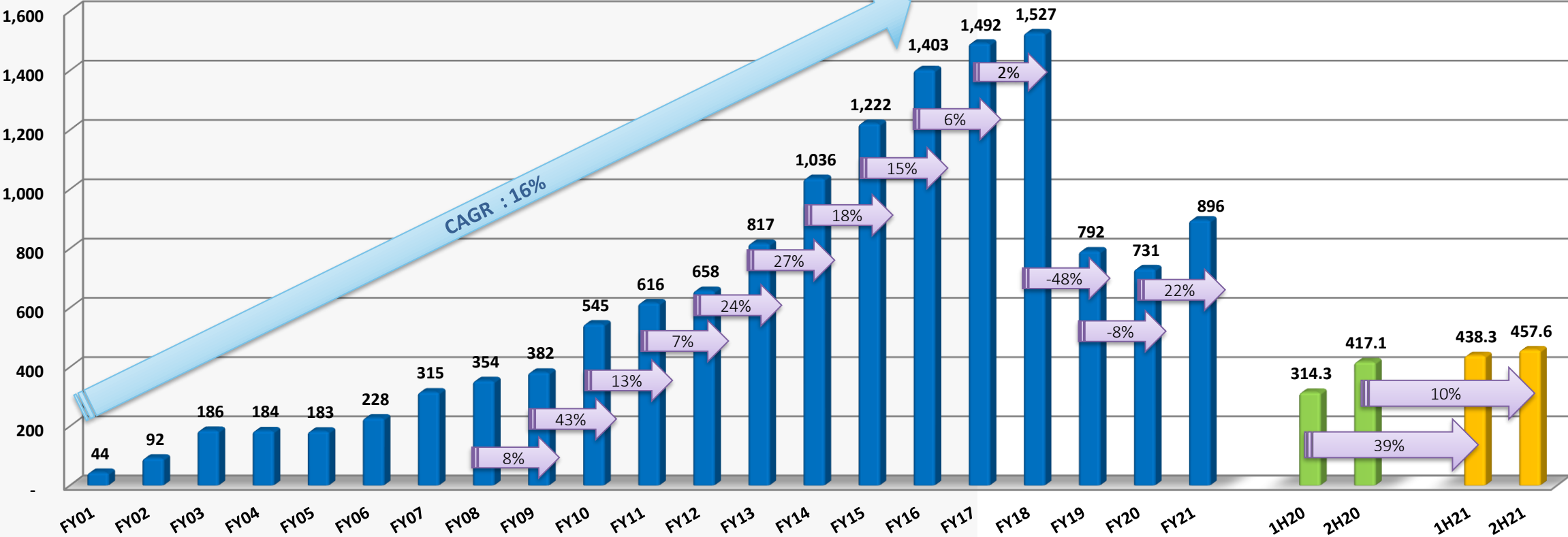
☐ Net profit of US\$5.3M in 2H2021 as compared to US\$4.7M in 2H2020.

- Higher net profit was mainly due to higher gross profit earned as a result of higher sales and improved gross profit margin

Revenue Trend

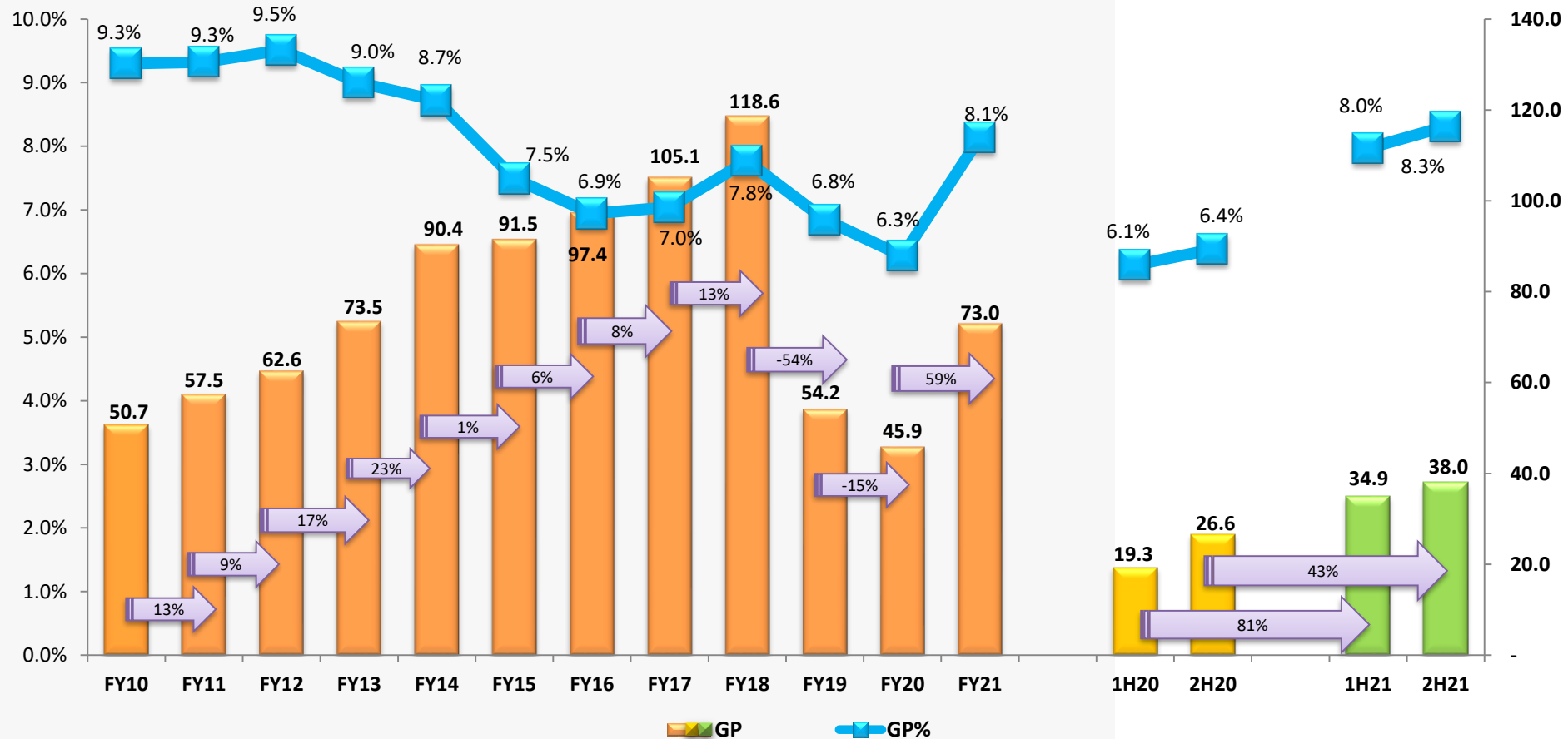


Revenue (US\$' million)

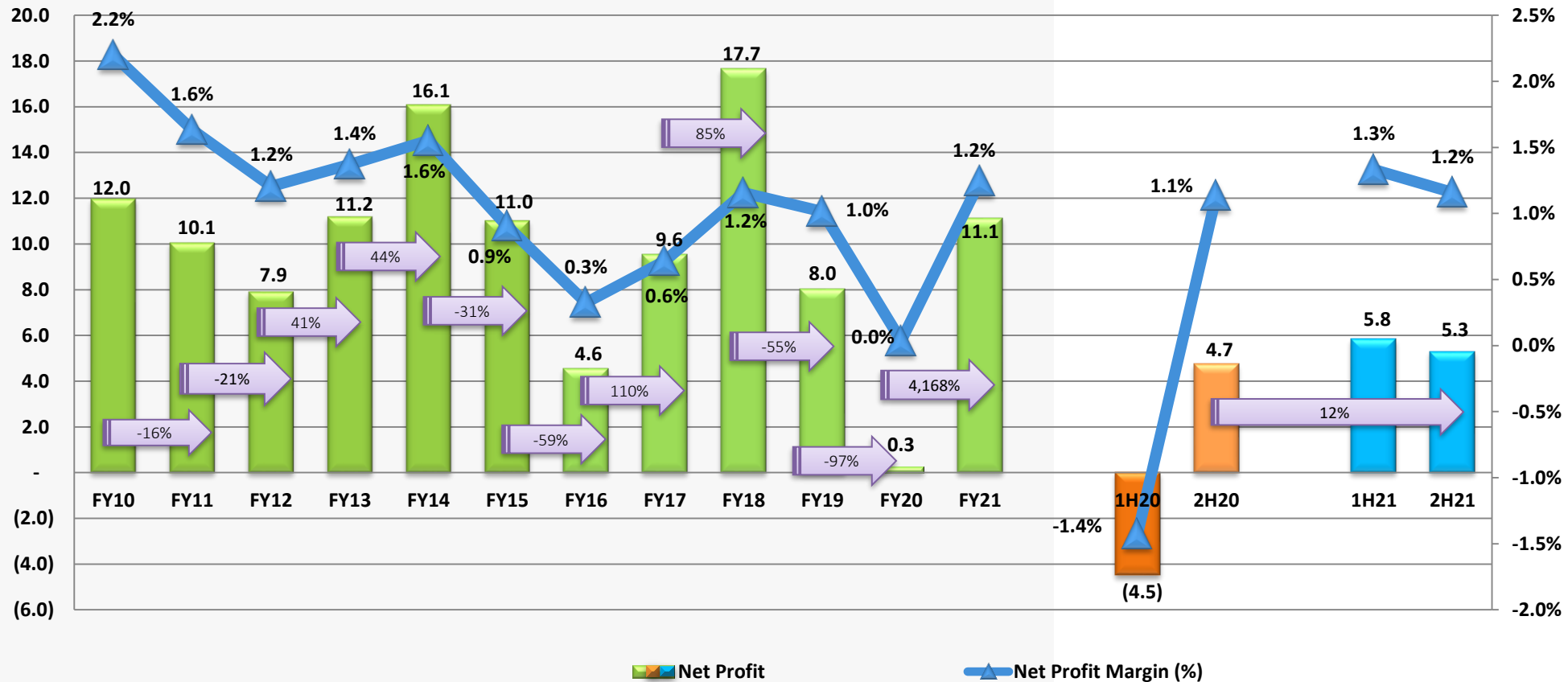


Profitability

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

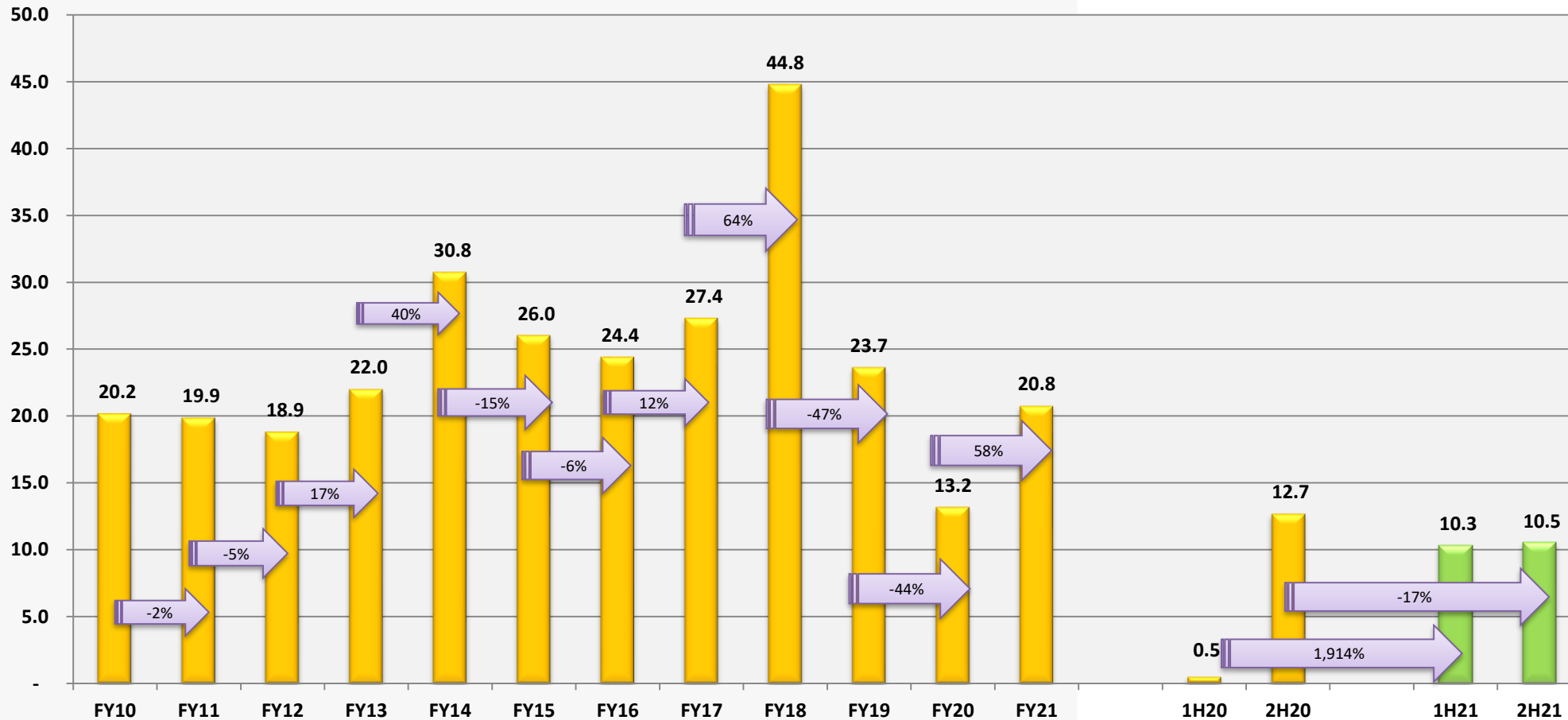


Net Profit & Net Profit Margin (US\$' million)



Profitability

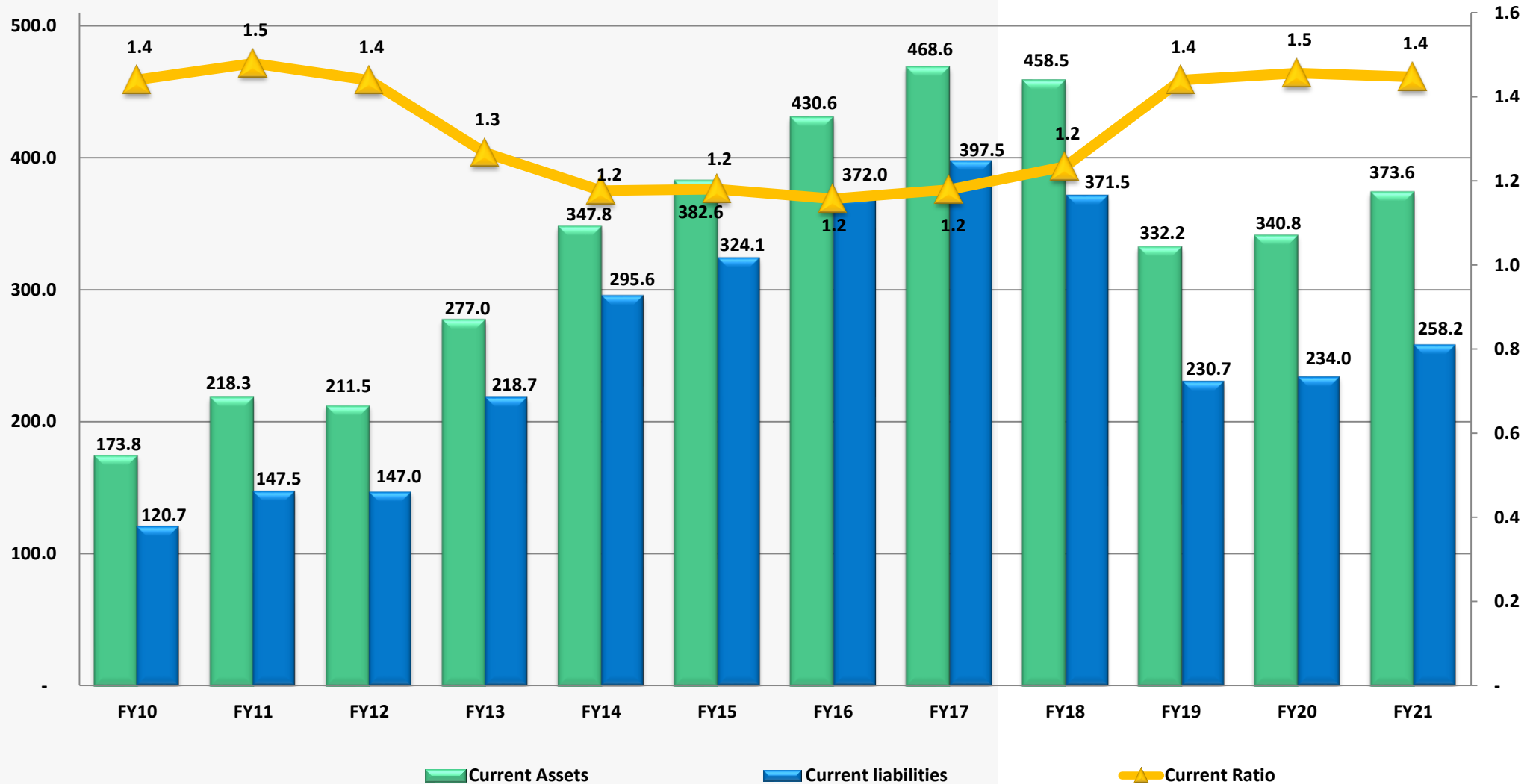
EBITDA (US\$' million)



Financial Position

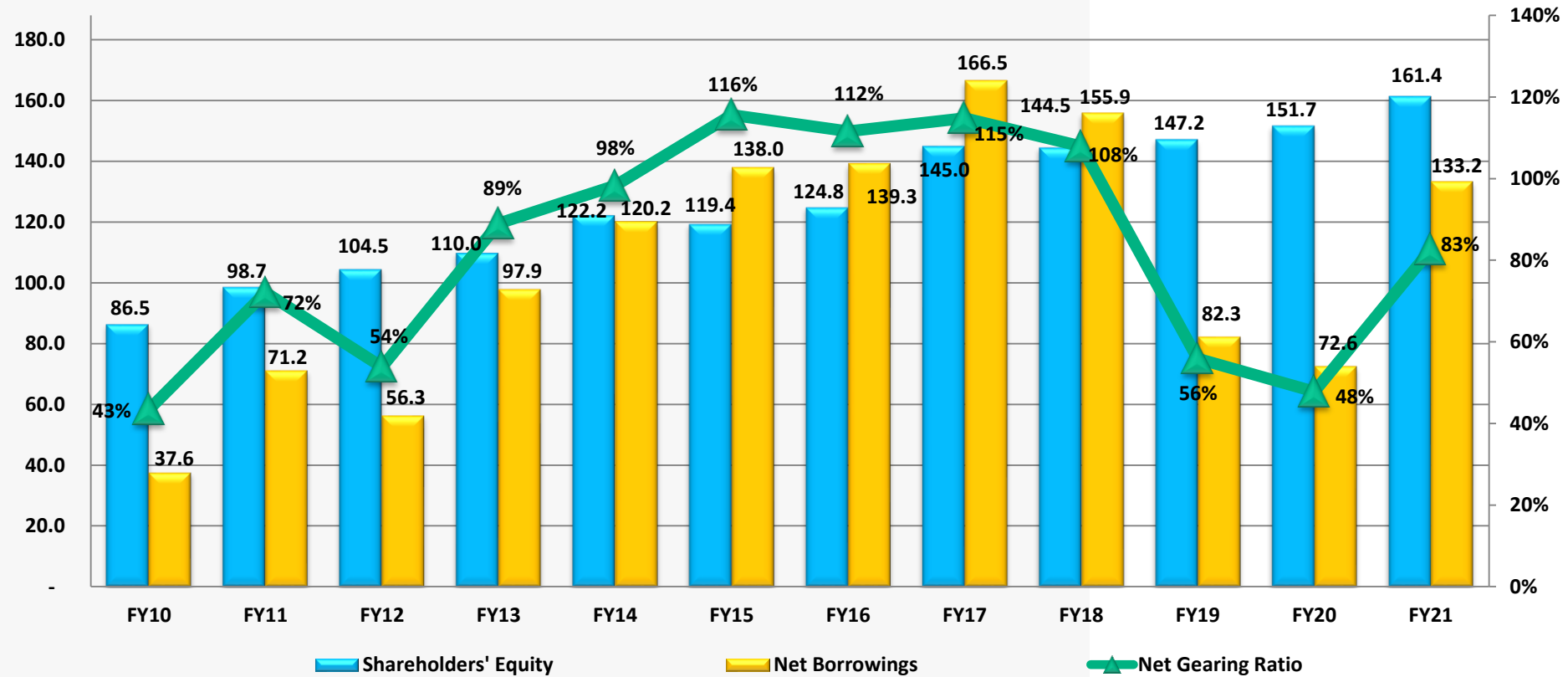


Maintaining Healthy Current Ratio

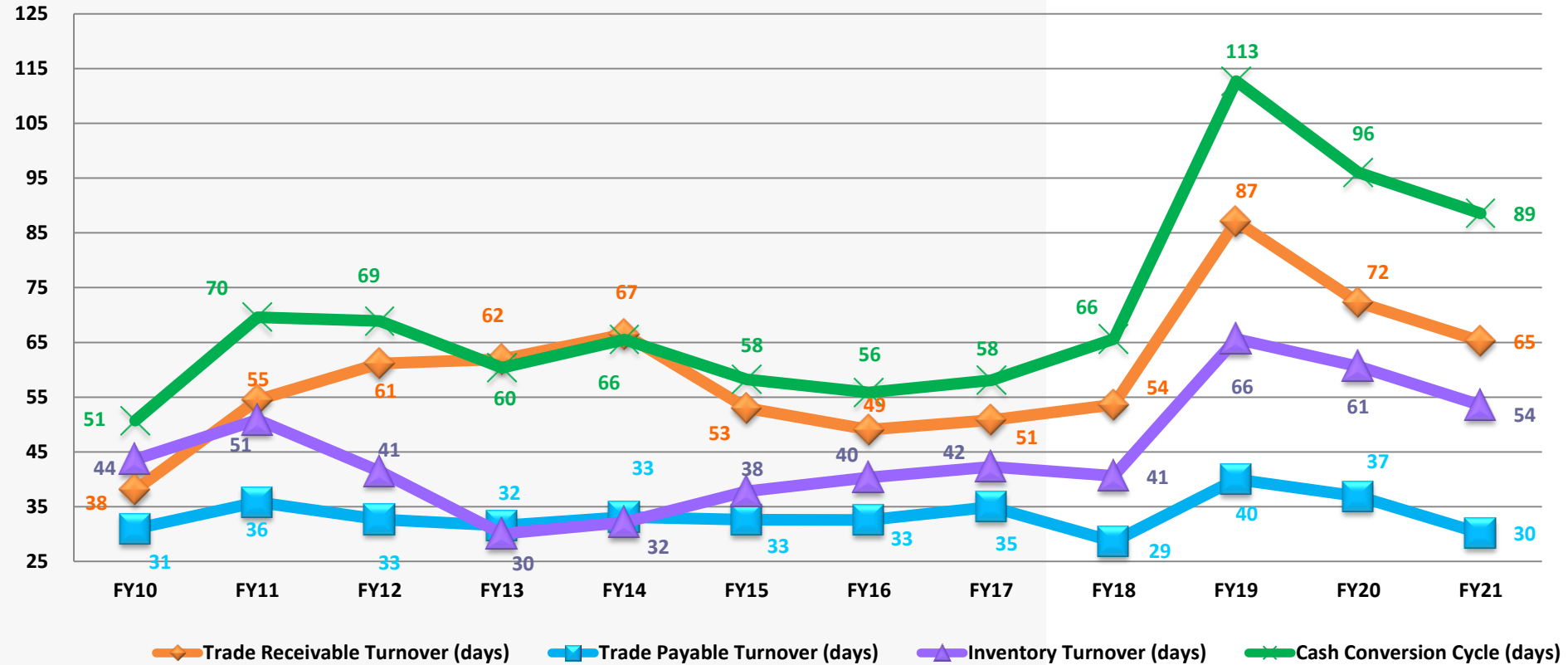


Financial Position

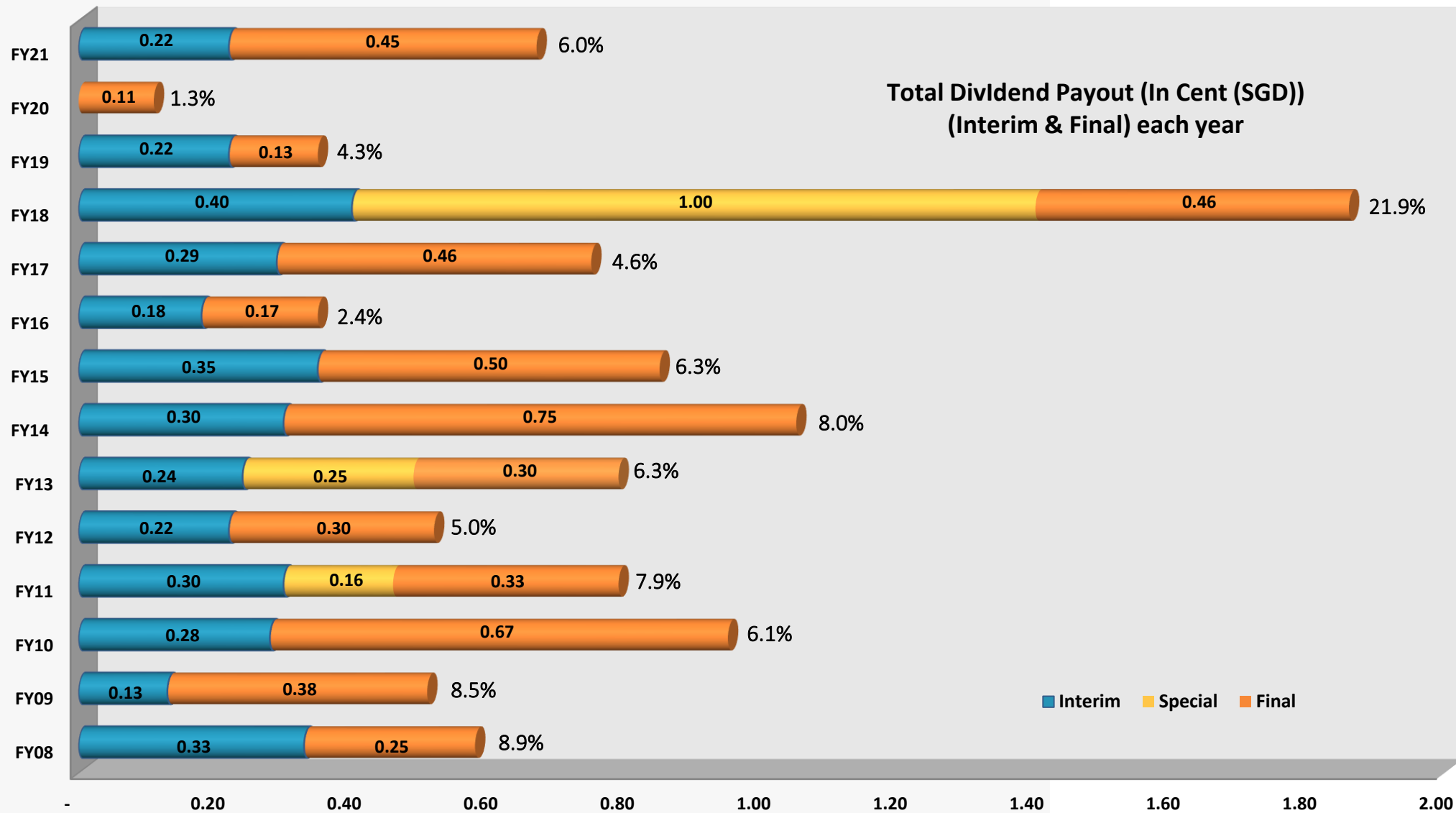
Net Gearing Ratio



Cash Conversion Cycle (days)



Dividend Yield



OUTLOOK



Industry Outlook



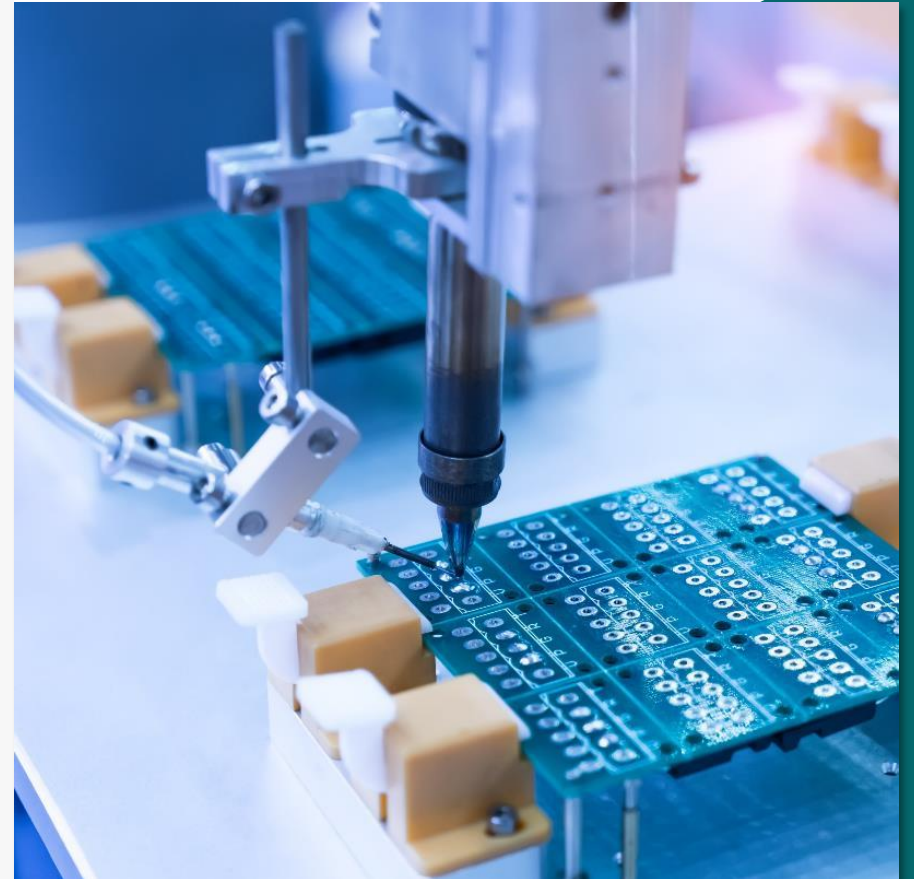
Bright Spots

- Demand for semiconductors remains strong amid a continued global shortage
- Chips with more processing power and memory storage needed to support adoption of emerging technologies (5G, IoT, Electric and Autonomous Vehicles)
- Consumer products distribution business will see continued demand for CPUs and VGAs amid supply constraints



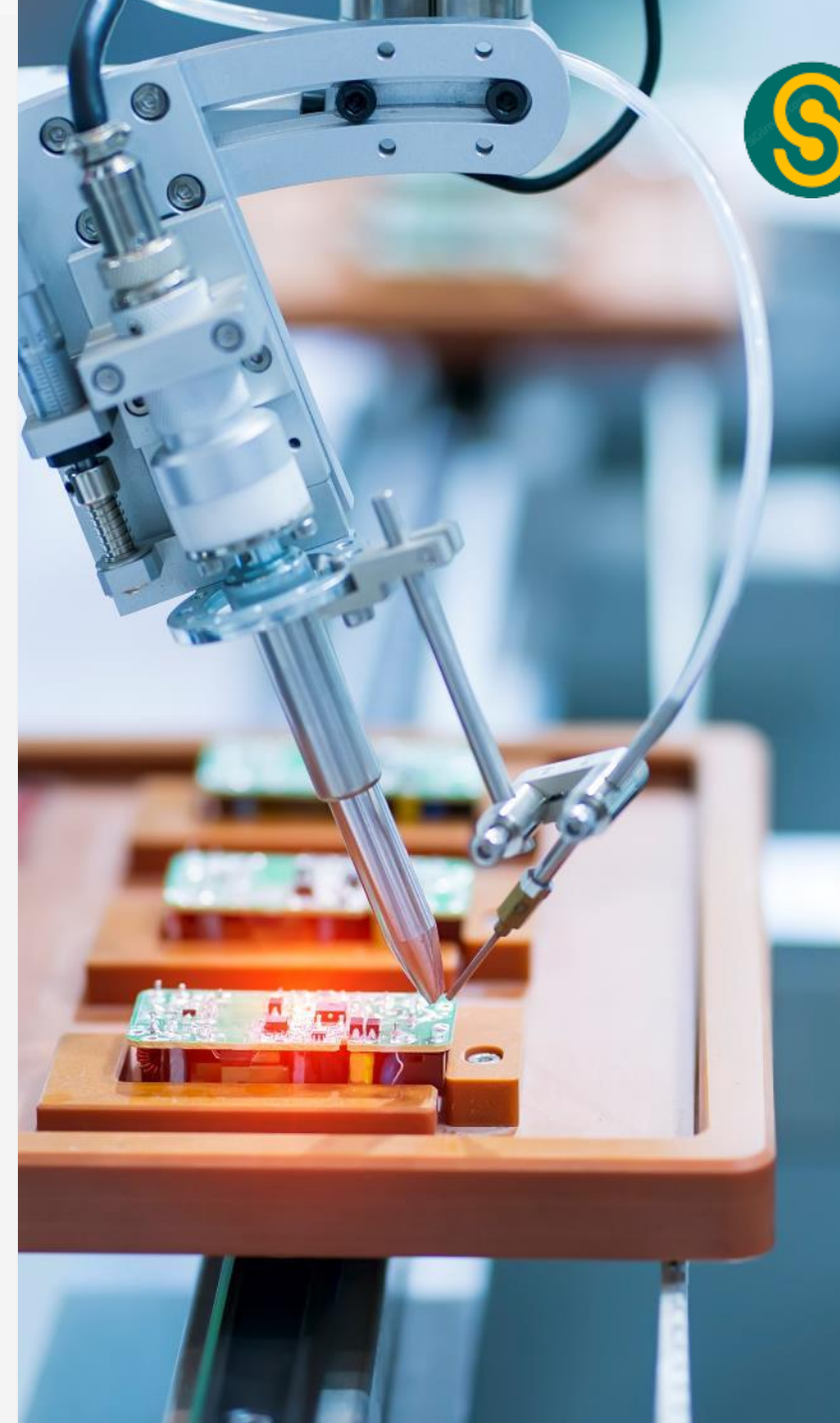
Uncertainties

- Continued supply chain disruptions, leading to increasing sea and air freight costs
- Business uncertainty as countries adopt varying COVID-19 measures

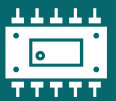
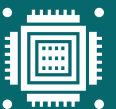
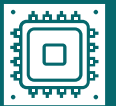


Group Outlook

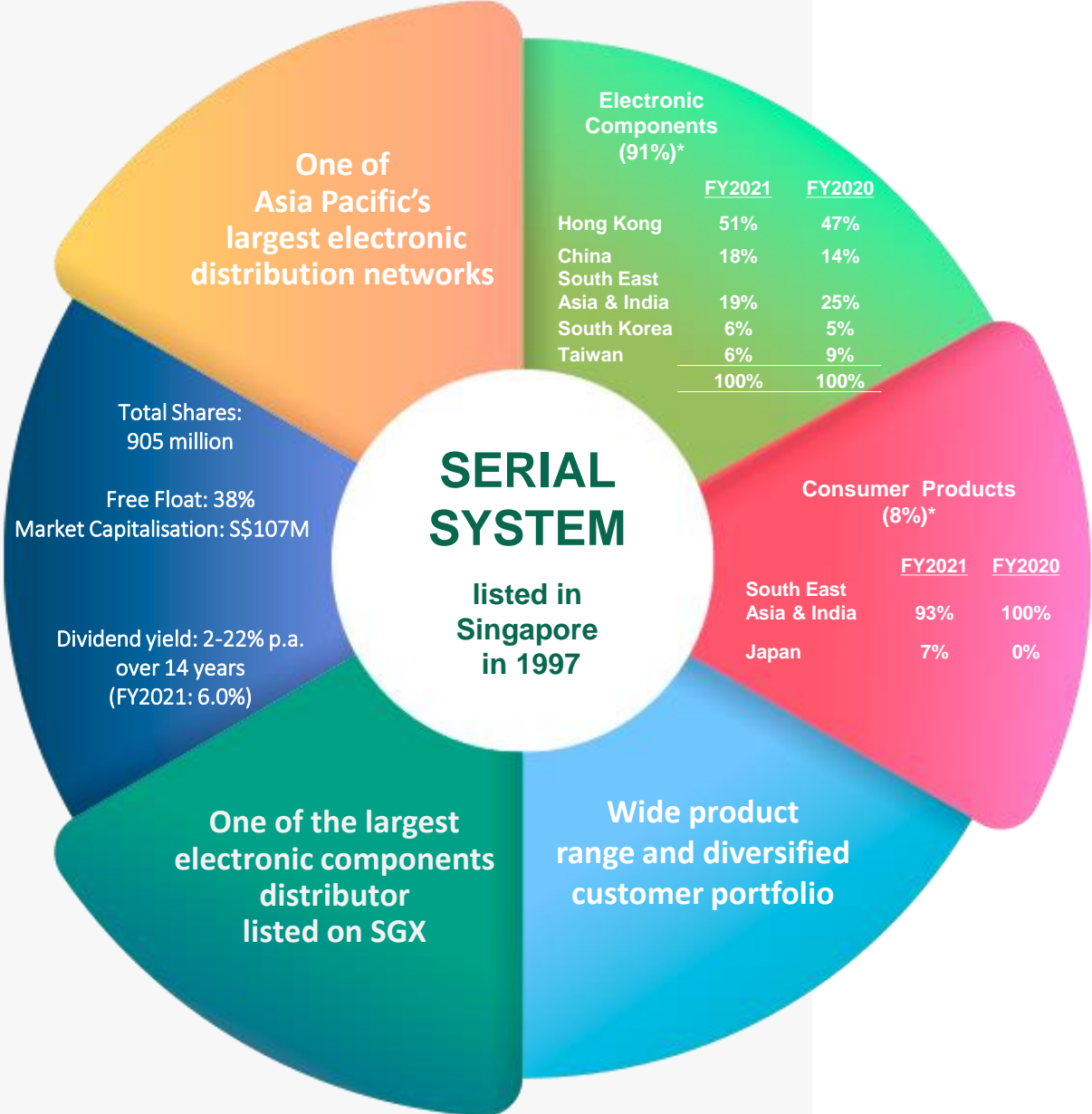
- The Group will build upon momentum achieved in the last two years to increase revenue and operating efficiency
- The Group intends to pursue expansion of customer base and product lines for its key business segments
- The Group will continue to maintain its edge as the leading motherboard and VGA distributor in Malaysia by growing its network
- The Group's foray into Japan to distribute AMD products has made progress, and the Group will focus on fortifying its foothold in the country



SERIAL
新擘集團



Serial System At A Glance



* Group Revenue

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.

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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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