

SERIAL SYSTEM LTD

1H2023 RESULTS PRESENTATION

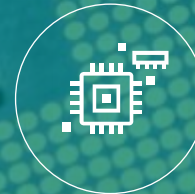
Thursday, 10 August 2023

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 1H2023 Performance



US\$'000	1H2023	1H2022	Change (%)
Sales	369,771	462,768	(20)
Gross Profit	29,486	39,892	(26)
Gross Profit Margin (%)	8.0	8.6	(0.6) ppt
Net (Loss)/Profit After Tax (Attributable to equity holders of the Company)	(12,726)	384	NM
(LPS)/EPS - fully diluted (US cents) ⁽¹⁾	(1.41)	0.04	NM
NAV per share (US cents) ⁽²⁾	30/06/2023: 13.90	31/12/2022: 15.36	

ppt - Percentage Points

NM – Not Meaningful

(1) (Loss)/earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the six months ended 30 June 2023 and 30 June 2022 of 904,841,914 after adjusting assumed conversion of all potential dilutive ordinary shares. There were no potential dilutive ordinary shares for the six months ended 30 June 2023 and 30 June 2022.

(2) Net assets value per ordinary share as at 30 June 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.

1H2023 Highlights



□ Revenue of US\$369.8M, 20% lower from S\$462.8M in 1H2022

- Mainly due to lower turnover from the electronic components distribution business, which declined 25% year-on-year to US\$325.8 million
- Order intakes remain soft amid overstocking in the supply chain and macroeconomic challenges such as elevated inflationary pressures, rising interest rates and ongoing USA-China trade tensions
- Decline was partially offset by higher revenue contribution from consumer products distribution business, which rose 61% to US\$40.5 million, driven by higher sales in Thailand, Malaysia and Japan. Turnover in Thailand and Malaysia increased due to newly onboarded product lines during 1H2023
- Turnover for other businesses increased marginally by 1% to US\$3.5 million, mainly due to higher revenue from the medical device assembly and distribution business

□ Gross profit margin (GPM) stood at 8.0%

- GPM declined 0.6 percentage points from 8.6% in 1H2022, mainly due to keen market competition in a challenging operating environment in the electronic components and consumer products distribution business divisions

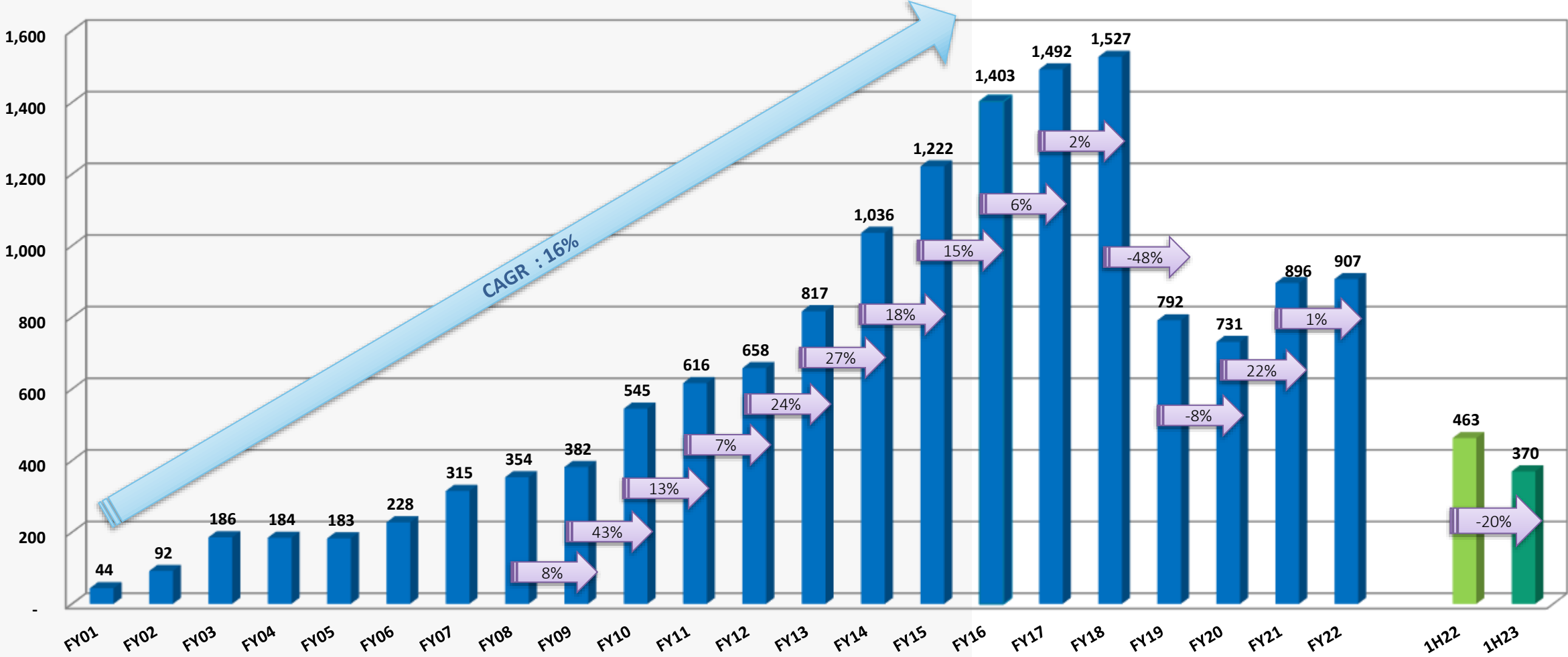
□ Net loss of US\$12.7M, compared to net profit of US\$0.4M in 1H2022

- Mainly due to net foreign exchange loss of US\$4.8 million, allowances for inventory obsolescence of US\$3.7 million, loss allowance on trade and other receivables of US\$1.7 million and higher interest expenses impacted by the high interest rates in 1H2023

Revenue Growth Trend

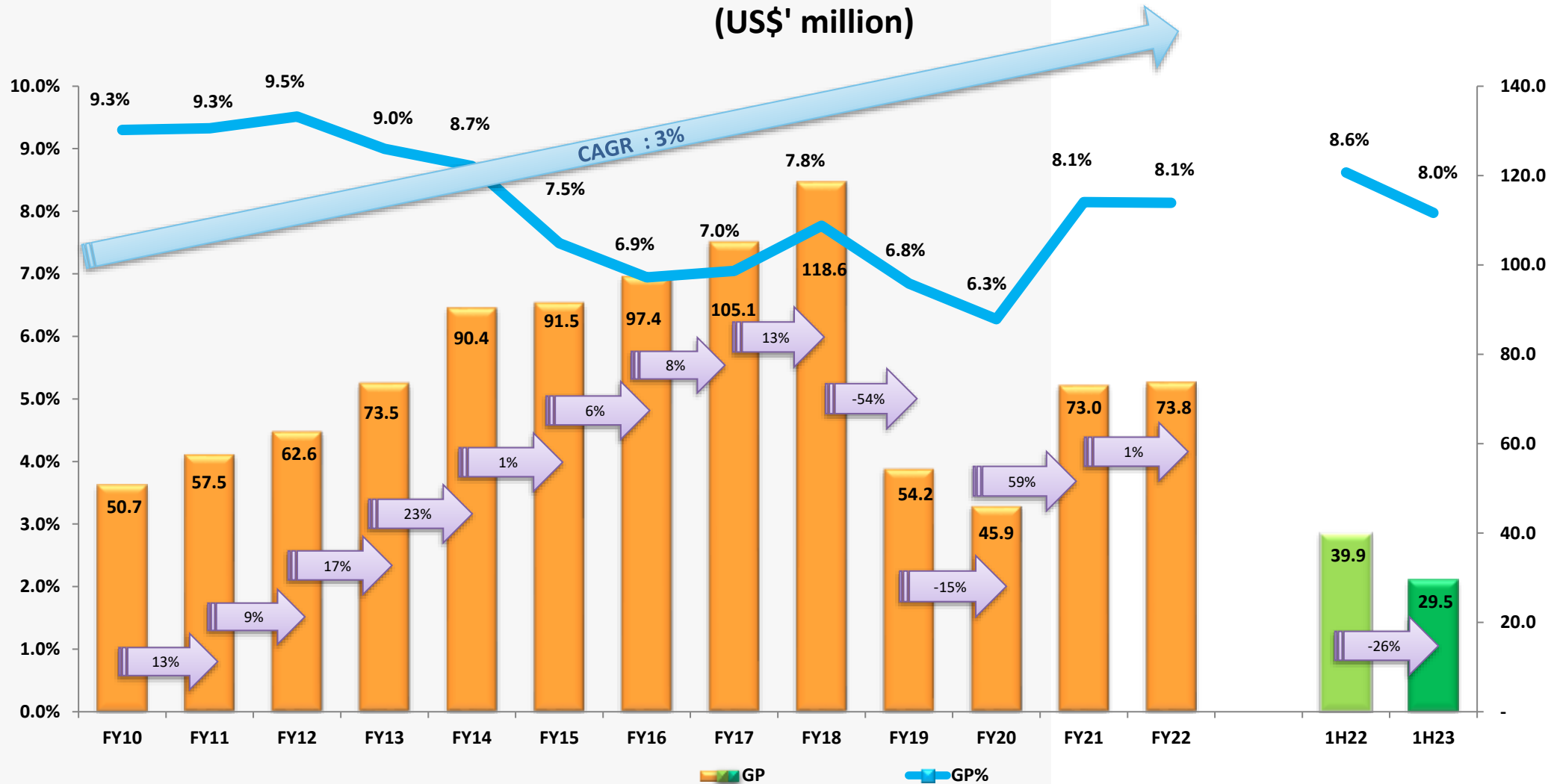


Revenue (US\$' million)

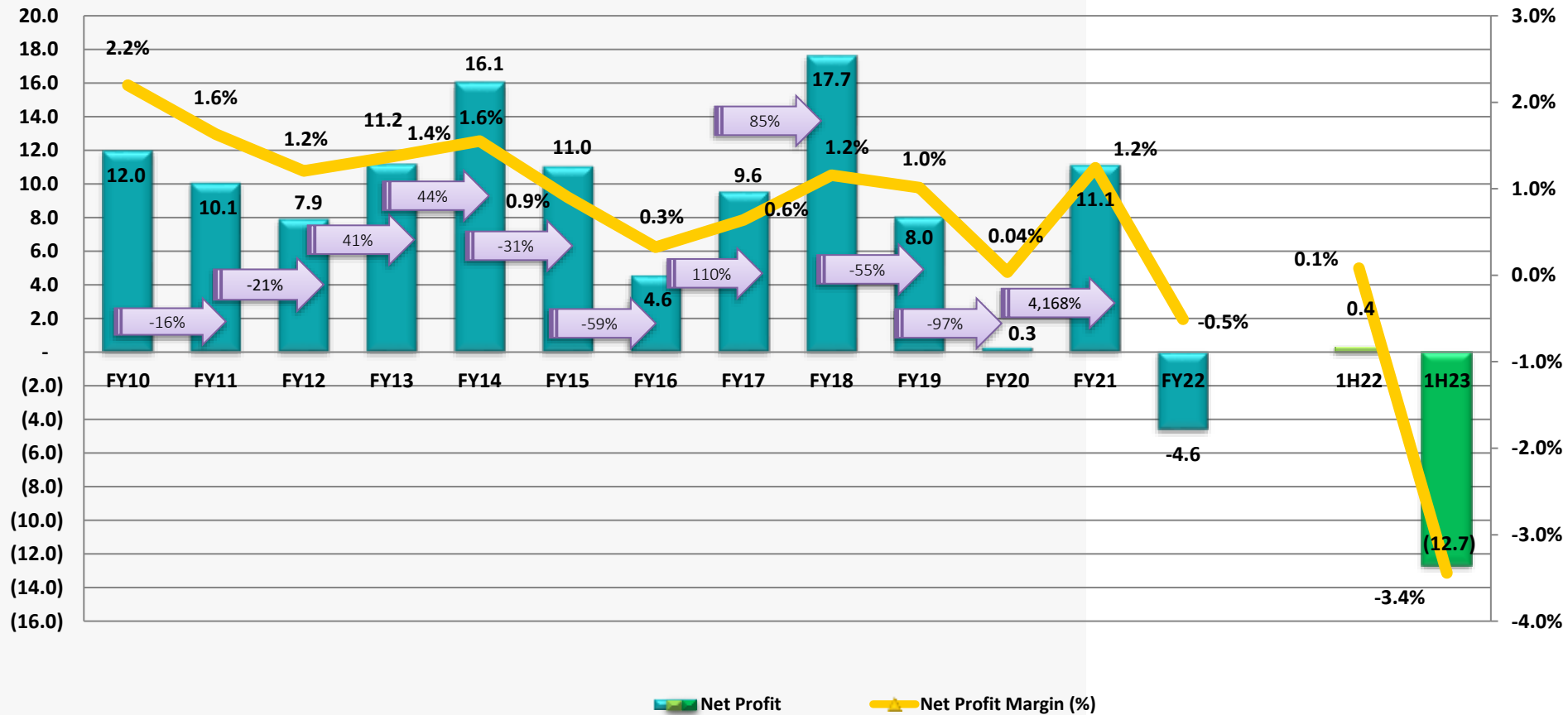


Profitability

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

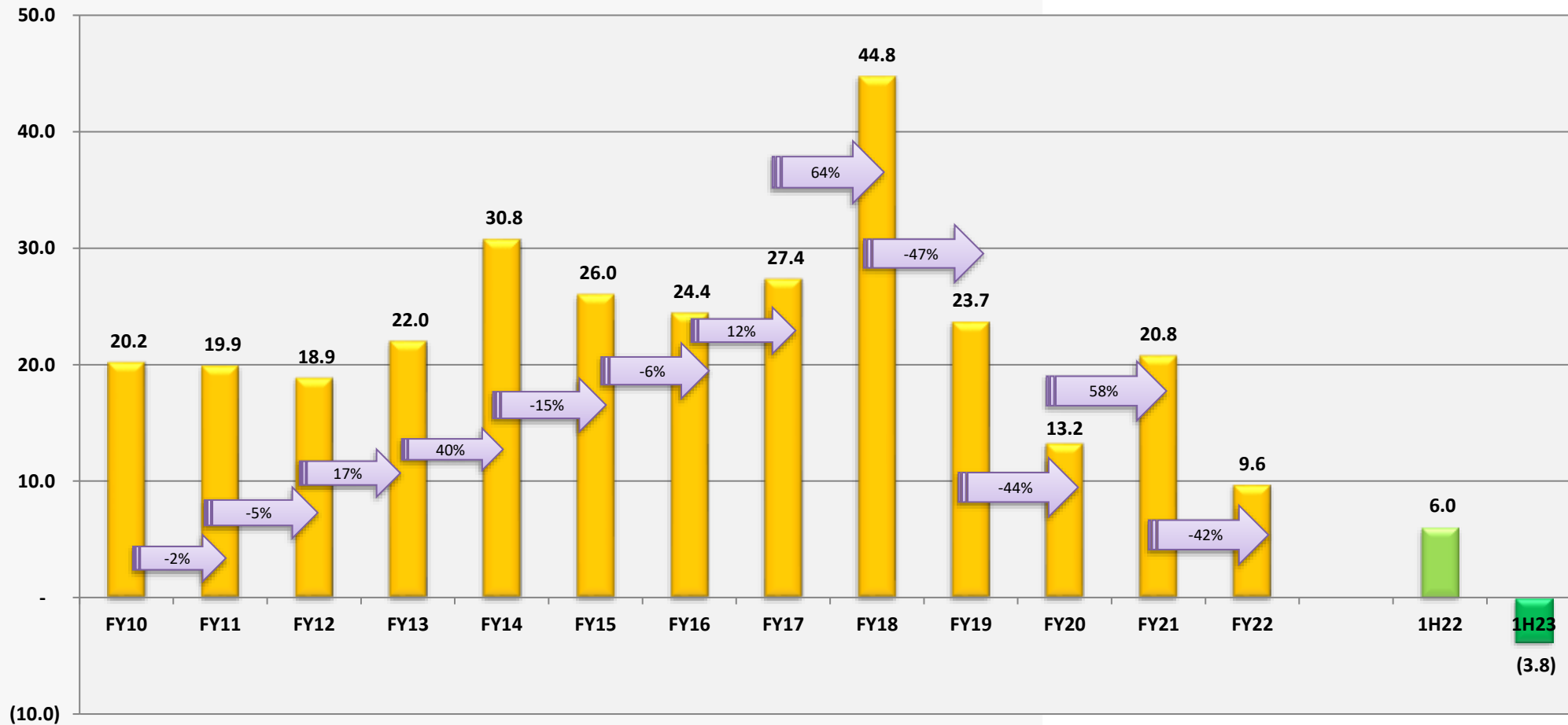


Net Profit & Net Profit Margin (US\$' million)



Profitability

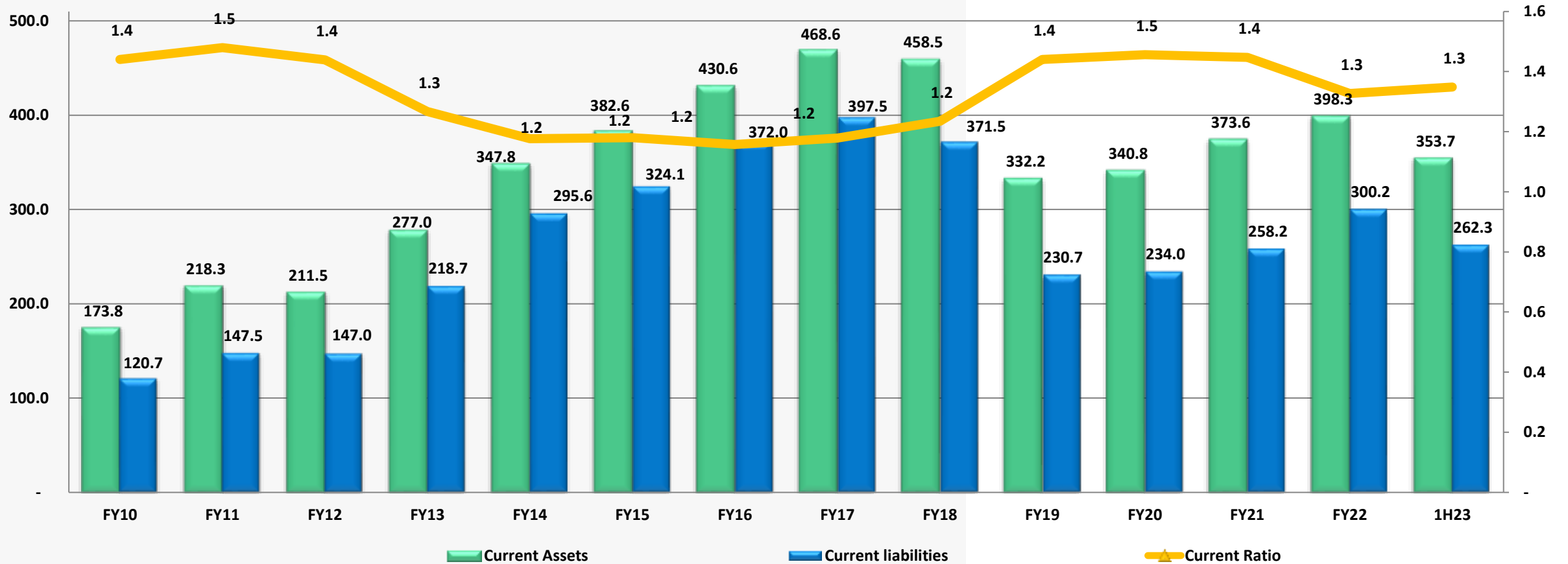
EBITDA (US\$' million)



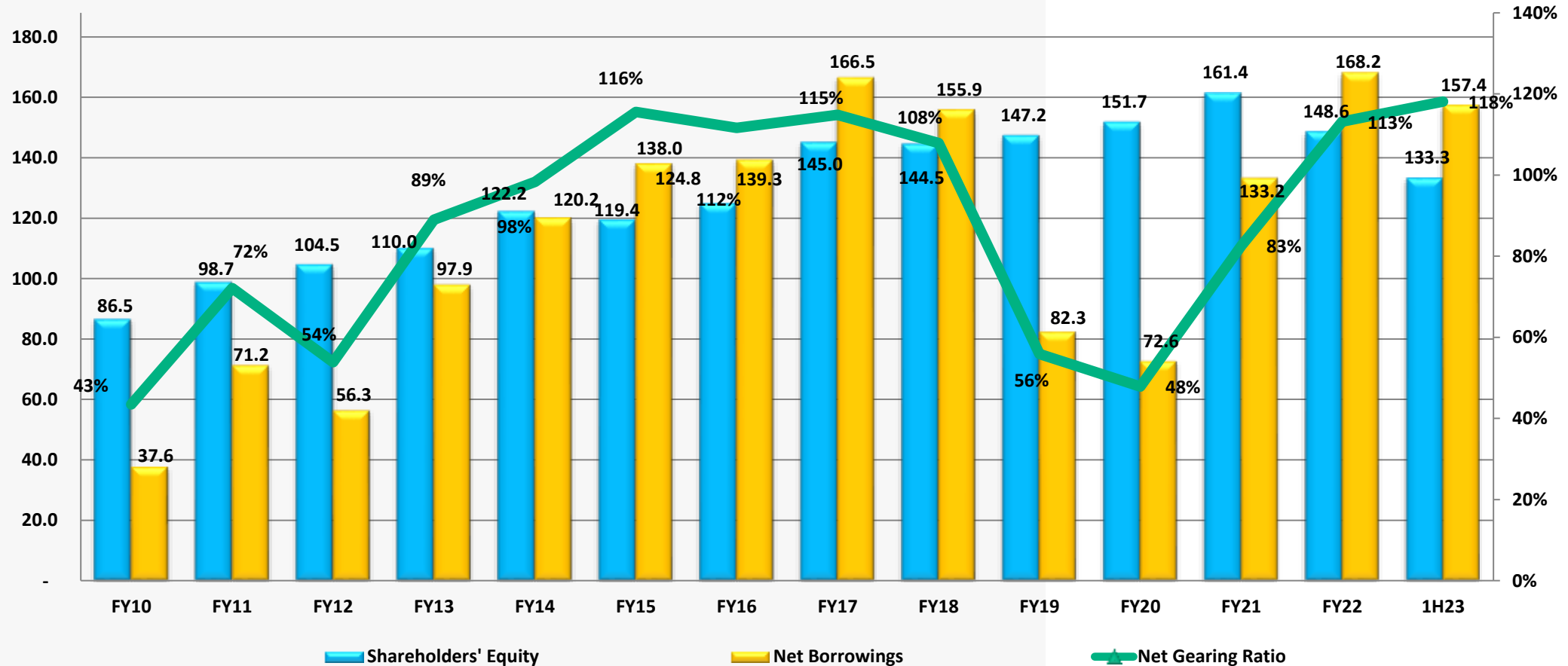
Financial Position



Maintaining Healthy Current Ratio



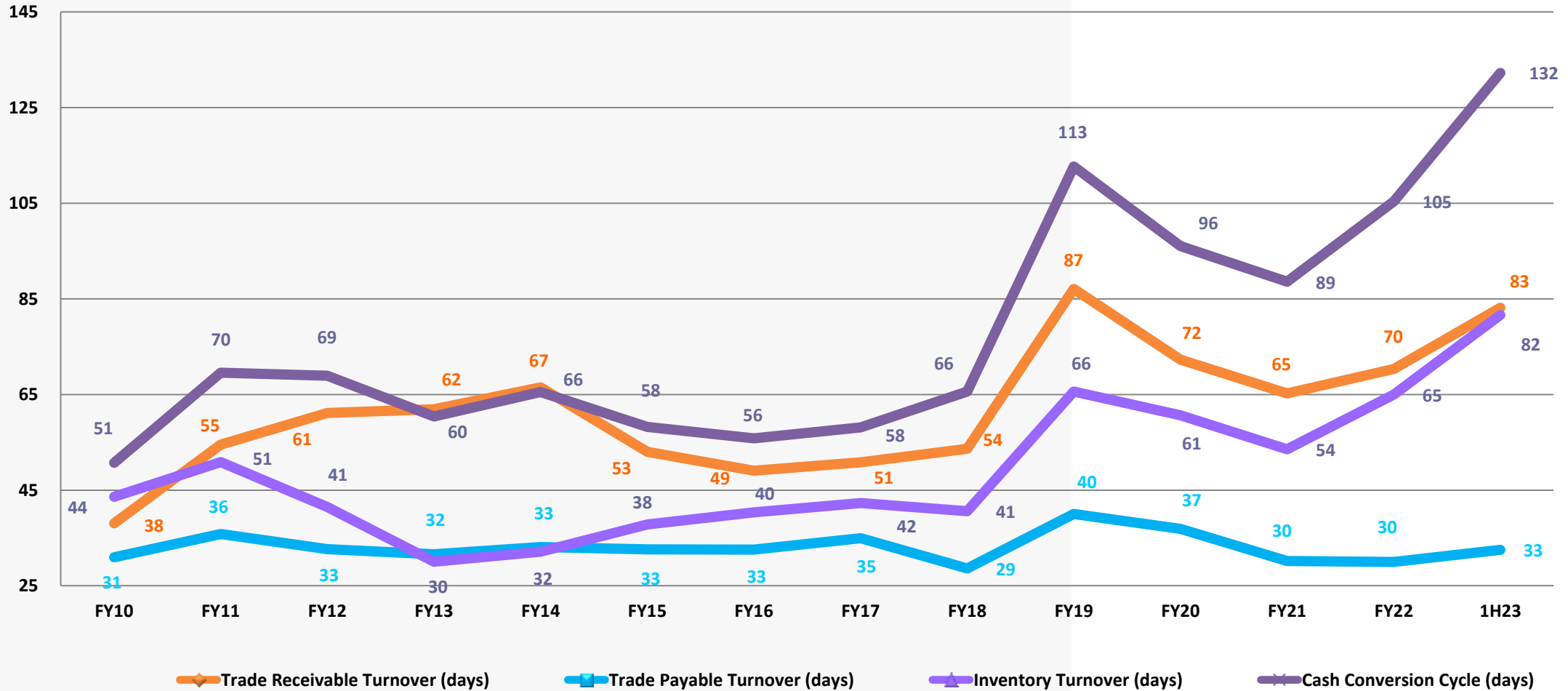
Net Gearing Ratio



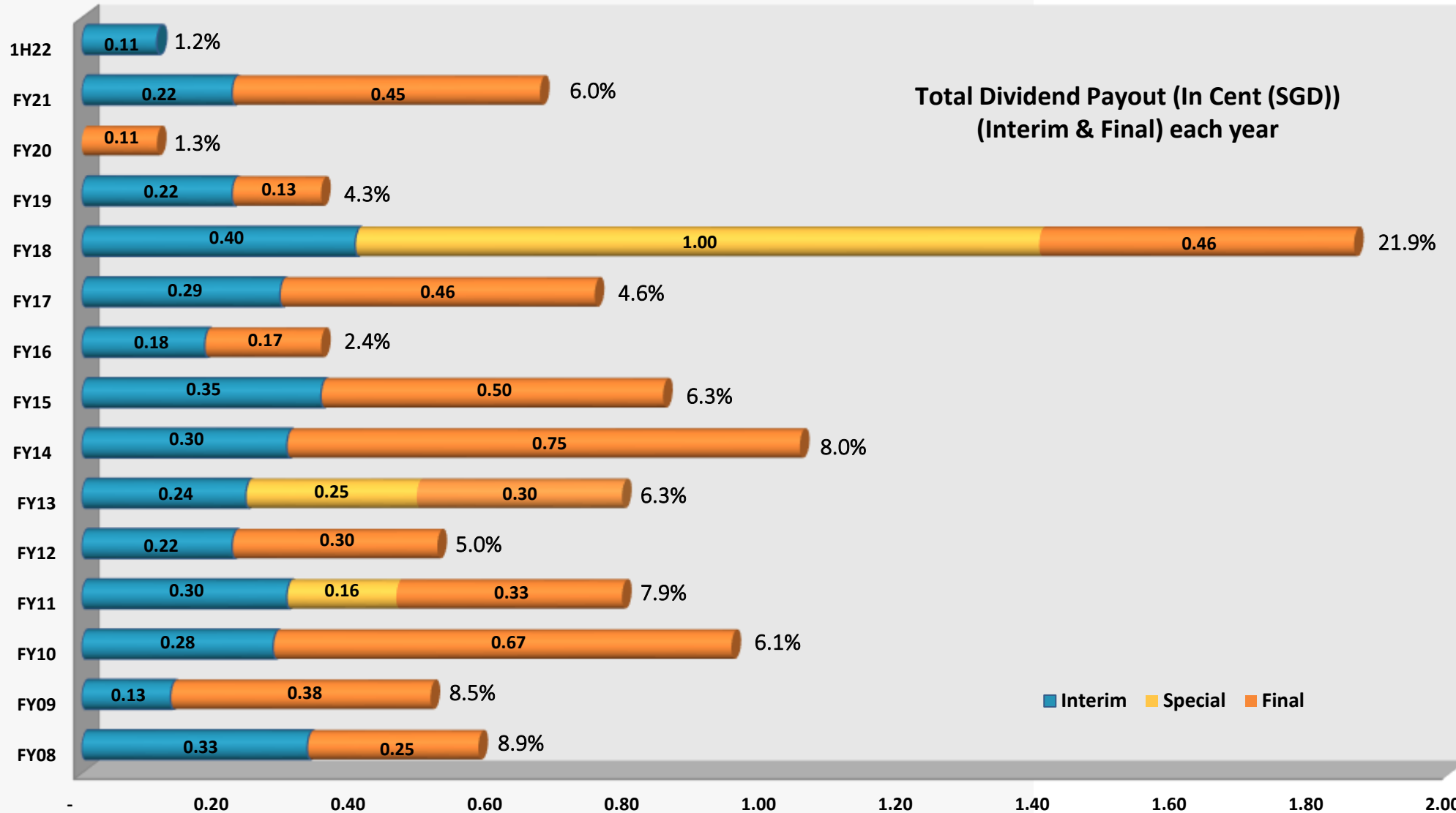
Financial Position



Cash Conversion Cycle (days)



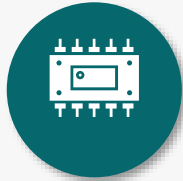
Dividend Yield



OUTLOOK

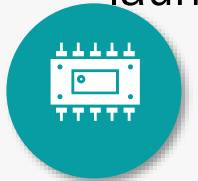


Industry Outlook



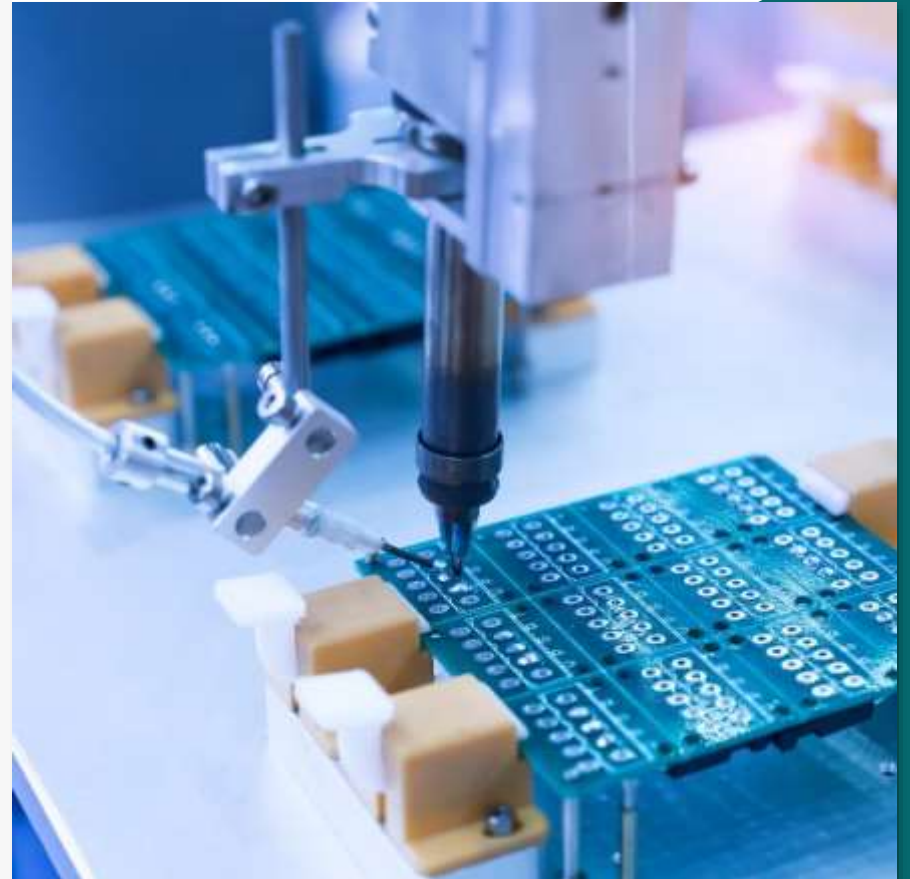
Bright Spots

- Higher demand for high-quality chips used in emerging technologies (5G infrastructure, IoT, artificial intelligence, electric and autonomous vehicles etc.) partially offset overall demand slowdown
- As manufacturers shift production out of China into Southeast Asia and India, suppliers will need reliable regional distributors
- Consumer product market remains robust with new product launches



Uncertainties

- High interest rates and persistent inflation will exert pressure on operating expenses and consumer demand, and increase currency volatilities
- Geopolitical tensions may disrupt supply chains and impact demand for our products

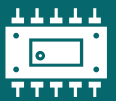
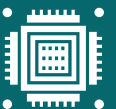
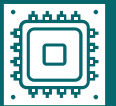


Group Outlook

- The Group grew its supplier base to drive long-term revenue growth, ramped up sales efforts across Southeast Asia and India to capture new opportunities
- Consumer product distribution arm has expanded product portfolio, supplier base across Malaysia and Thailand
- Serial System will optimise costs by reviewing its operations to boost efficiency, tightening inventory controls and management and trimming expense where necessary



SERIAL
新擘集團



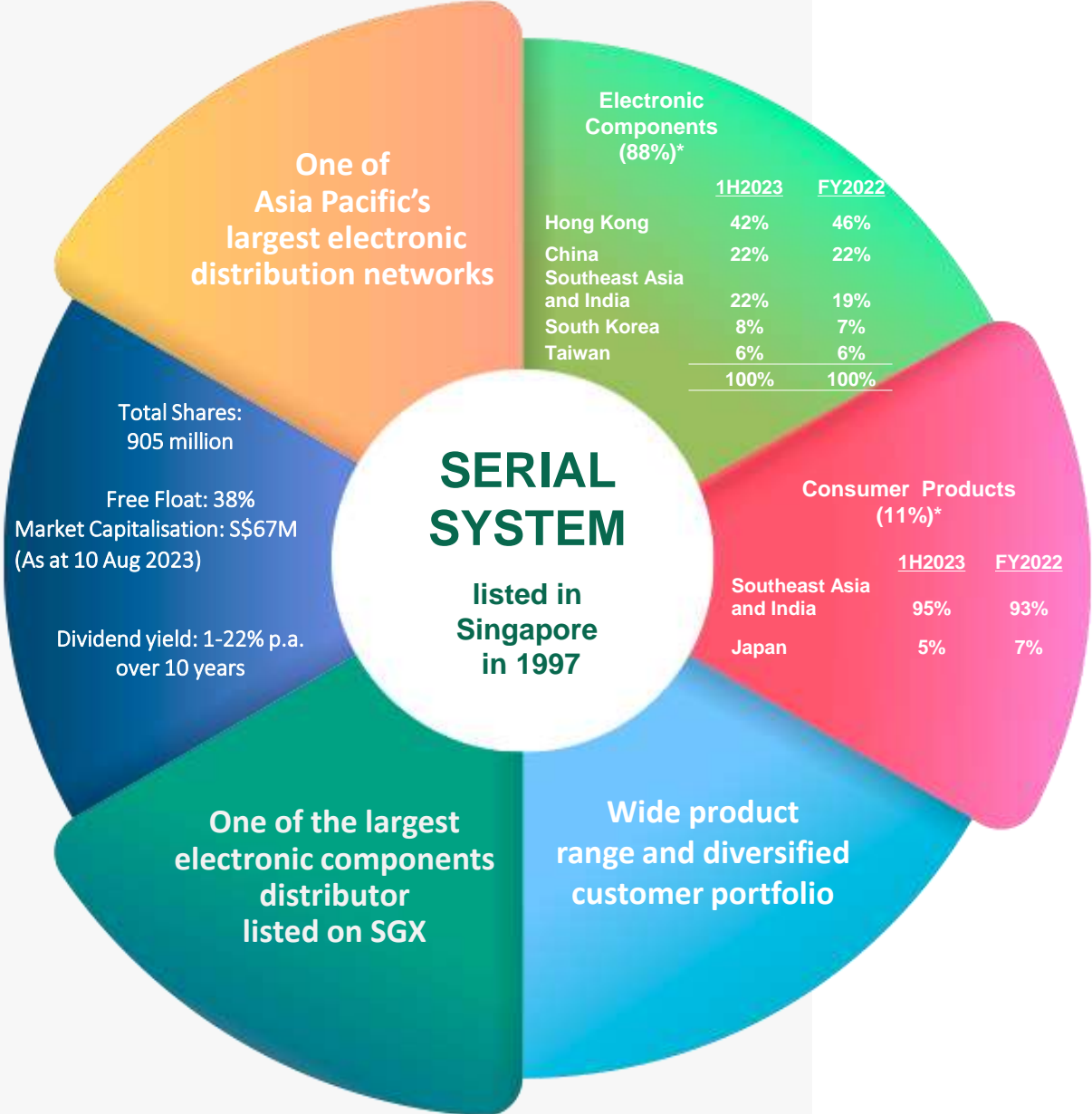
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Serial System At A Glance



* Group Revenue



Thank You

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