

Serial System Reports 9M2021 Net Profit of US\$9.2M, Reversing Sharply from Loss of US\$4.9M A Year Ago as Growth Strategies Gain Momentum

US\$'000	3Q2021	3Q2020	Change (%)	9M2021	9M2020	Change (%)
Sales	229,414	203,478	13	667,702	517,765	29
Gross Profit	19,402	13,343	45	54,333	32,623	67
Gross Profit Margin (%)	8.5	6.6	1.9 ppt*	8.1	6.3	1.8 ppt*
Net Profit After Tax (Attributable to Shareholders)	3,355	(395)	NM^	9,192	(4,878)	NM^
Earnings/ (Loss) Per Share – Fully Diluted (US cents)	0.37	(0.04)	NM^	1.01	(0.54)	NM^
Net Assets Value Per Share (US cents)	30/09/2021: 16.48			31/12/2020: 15.81		

* ppt – Percentage Points

^NM – Not meaningful

Singapore, 03 November 2021 – Serial System Ltd (“**Serial System**” or the “**Group**”) announced today that it recorded net profit after tax for the three months ended 30 September 2021 (“**3Q2021**”) of US\$3.4 million, a strong reversal from a loss of US\$0.4 million in 3Q2020. The higher top and bottom lines were propelled by improved performance in most of our business segments, supported by growth strategies to widen its supplier and customer base.

The SGX Mainboard-listed distributor of electronic components, recorded revenue of US\$229.4 million in 3Q2021, 13% higher than US\$203.5 million a year ago, amid higher demand for semiconductors, particularly in China. Globally, the shortage of chips and related supply chain disruptions had affected manufacturing activity, which in turn led to some firms rushing to stockpile high-demand chips.

For the nine months ended 30 September 2021 (“**9M2021**”), revenue rose 29% to US\$667.7 million from US\$517.8 million a year earlier, reflecting a clear recovery from the early days of the COVID-19 impact in the first half of 2020 which led to temporary lockdowns across several Chinese cities and manufacturing hubs.

Revenue for the electronic components segment, Serial System's main revenue contributor, rose 28% in 9M2021, with sales in China and Hong Kong registering the largest increase of 44% year-on-year. Sales in South Korea, and South East Asia and India also improved, mainly due to contribution from two new product lines, and higher demand by customers in the Philippines and India respectively. Taiwan reported lower sales due to a decline in sales for certain product lines.

Revenue for the consumer products segment in 9M2021 increased by 49%, lifted by higher sales in PC and gaming peripherals in Malaysia amid work-from-home measures, as well as contribution from Japanese operations within this segment. Despite challenges imposed by the pandemic the Group continued to widen its customer base for managed print services and 3D printing businesses.

Revenue for other businesses in 9M2021 increased by 13%, mainly due to higher sales from the fast-moving consumer goods, medical devices assembly and distribution, as well as hospitality and healthcare solutions.

9M2021 gross profit increased by 67% to US\$54.3 million from US\$32.6 million, outpacing revenue growth significantly. Gross profit margin for the same period increased by 1.8 percentage points to 8.1% from 6.3%, propelled by improvements in both electronic components and consumer products distribution businesses.

Net profit for 9M2021 stood at US\$9.2 million, reversing a loss of US\$4.9 million a year ago.

Fully diluted earnings per share stood at 1.01 US cents in 9M2021 compared to a loss per share of 0.54 US cent in 9M2020 while net assets value per share increased to 16.48 US cents as at 30 September 2021 from 15.81 US cents as at 31 December 2020.

Dr Derek Goh, Serial System's CEO, said: "It has been more than a year after Serial System embarked on strategies to streamline operations, diversify its supplier base and product portfolio to respond to the challenges of the "tech-war" and the pandemic. We are experiencing a clear recovery, as reflected by our performance in the latest quarter.

"We continue to accelerate these strategies. Amid the ongoing supply chain disruptions, our value proposition as a trusted distributor for electronic components as well as consumer products has increased. We are adding more customers and suppliers and deepening these relationships amid a challenging environment," he added.

End

Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Serial System Ltd

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 23 offices and 13 warehouses throughout Asia Pacific. It also has a wide customer base of more than 5,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services, automotive and medical.

Its major suppliers for electronic components distribution include ON Semiconductor, OSRAM Opto Semiconductors, TE Connectivity, Allegro MicroSystems and GigaDevice. Its major suppliers for consumer products distribution include Advanced Micro Devices, Hewlett-Packard, Intel, Gigabyte and Viewsonic.

Serial System's ability to align itself with the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information please visit www.serialsystem.com