



SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

FINANCIAL HIGHLIGHTS AND BUSINESS UPDATES - FOR IMMEDIATE RELEASE

Silverlake Axis recorded RM596.6 million revenue and achieved EBITDA of RM171.4 million in the nine (9) months period ended 31 March 2024 (“9M FY2024”)

Singapore, 14 May 2024 – 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 31 March 2024.

- Group revenue increased 6% to RM596.6 million, contributed by strong growth from two (2) major business segments – software project services (professional services) and maintenance and enhancement services.
- Total recurring revenue (comprising maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing) which constitutes approximately 75% of Group revenue grew 8% to RM449.5 million and achieved the highest nine (9) months revenue as compared to the previous years.
- Software project services (professional services) revenue grew 44% compared to prior year as a result of strong revenue flow from services contracts closed in current and previous financial years.
- Both cloud computing-based revenue and Software-as-a-Service (“SaaS”) revenue have increased 54% to RM97.3 million and RM60.3 million respectively.
 - Cloud computing-based revenue now accounted for 16% of total Group revenue, 5% higher than the same period last year.
 - SaaS revenue currently constitute 10% of total Group revenue, 3% higher than the same period last year.
- Margins are lower compared to last year but remained within comfortable ranges for 9M FY2024 – Gross Profit Margin at 53%, Net Profit Margin at 19%, and EBITDA Margin at 29%.
- We continue to manage our cash prudently with stable total cash-at-hand of RM547.2 million that gives us nine (9) months of OPEX coverage.
- The Group’s secured FY2024 revenue or revenue backlog remains at a comfortable level. Total contracts closed in Q3 FY2024 amounted to RM98.7 million and more deals are expected to close in the coming quarters.

SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

FINANCIAL HIGHLIGHTS**FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2024**

	Nine months period ended 31 March		
	2024 Unaudited RM	2023 Unaudited RM	Change %
Revenue	596,573,596	563,584,322	6
Gross profit	316,965,736	333,828,331	(5)
Other income	3,651,897	3,122,666	17
Operating expenses	(186,255,847)	(168,625,188)	10
Profit before tax	145,633,272	175,467,392	(17)
Income tax expense	(33,735,440)	(41,538,578)	(19)
Profit for the period	111,897,832	133,928,814	(16)
EBITDA*	171,437,504	203,293,862	(16)
Basic earnings per share (sen)	4.40	5.33	(17)
Diluted earnings per share (sen)	4.40	5.33	(17)

* Earnings Before Interest, Taxes, Depreciation and Amortisation

REVENUE BY BUSINESS ACTIVITIES

	Nine months period ended 31 March		
	2024 Unaudited RM	2023 Unaudited RM	Change %
Software licensing	38,034,883	63,267,168	(40)
Software project services (professional services)	95,685,920	66,458,781	44
Maintenance and enhancement services	401,472,797	373,315,658	8
Sale of system software and hardware products	13,395,564	18,710,281	(28)
Insurance ecosystem transactions and services	44,352,653	38,969,939	14
Retail transactions processing	3,631,779	2,862,495	27
Total	596,573,596	563,584,322	6
Delivered through:			
• Cloud computing	97,330,772	63,330,282	54
• Software-as-a-Service	60,345,851	39,072,878	54

Group revenue grew 6% to RM596.6 million, compared to RM563.6 million recorded in 9M FY2023.

Total recurring revenue (maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing) achieved 8% growth from RM415.1 million to RM449.5 million in 9M FY2024. Recurring revenue contributed 75% of total Group revenue and has consistently been a key revenue contributor for the Group.

- Maintenance revenue recorded double-digit growth of 10% from RM191.1 million to RM211.1 million and enhancement services revenue increased 4% from RM182.2 million to RM190.4 million.

These two revenue streams consistently grew at a steady rate as the clients continued to engage us to further enhance, modernise and provide up-to-date features in the platforms they acquired from us. Additionally, we had new maintenance revenue recognition from projects and enhancements that had been successfully completed and handed over to clients. Furthermore, the revision of maintenance rates for some clients upon maintenance renewal and favourable foreign currencies movement had also contributed to the increase in maintenance revenue.

- Insurance ecosystem transactions and services revenue increased 14% from RM39.0 million to RM44.4 million in 9M FY2024. This segment comprises revenue from the processing of motor and non-motor claims ("eClaims"),

SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

the processing of insurance policies (“ePolicy”), TrueSight suite of productivity & analytics solutions, and integration and maintenance services (where required). These solutions contributed approximately 71%, 11%, 9% and 9% respectively to the total Insurtech revenue in 9M FY2024.

The greatest improvement was seen in TrueSight as we had new subscriptions to one of the TrueSight product from a new client in Malaysia in current quarter. In addition, higher volume of claims and policy processing particularly in countries such as Malaysia, Singapore, Indonesia and Hong Kong and integration revenue due to higher demand and requests from Malaysia, Hong Kong and Indonesia clients also contributed to the double-digit growth.

- Retail transactions processing revenue of RM3.6 million was 27% higher as compared to 9M FY2023. The growth in this revenue segment for the past three (3) years has been strong since the launch of our cloud-based retail solution – AgoraCloud in FY2021. It was first adopted by clients from the retail sector in FY2021 and subsequently extended to clients engaged in the pharmaceutical industry. Over the years, there are increased usage and subscriptions to new modules of AgoraCloud from our existing base of six (6) clients particularly pharmacy chains in Malaysia and this has contributed higher revenue year-on-year.

In terms of **total non-recurring revenue** (software licensing, software project services (professional services) and sale of system software and hardware products), this revenue segment contributed RM147.1 million in 9M FY2024, comparable to prior year.

- Software project services (professional services) revenue increased 44% to RM95.7 million as a result of strong revenue flow from services contracts closed in current and previous financial years.
- Software licensing revenue, however declined 40% to RM38.0 million as license revenue in 9M prior year included one large software licensing transaction from a client in Indonesia. Compensating for that large ticket license booking in 9M prior year, we had major contributions from professional services from key core banking projects secured in the current and previous financial years – namely new MÖBIUS, SIBS and Symmetri core banking installations in Malaysia, Thailand, Indonesia and the Middle East; and digital identity and security software project implementation in the Middle East and Africa, which accounted for the 44% increase in professional services revenue.
- Sale of system software and hardware products reduced 28% from RM18.7 million to RM13.4 million in 9M FY2024. Hardware sale is seasonal in nature and dependent on clients’ data growth and upgrade requirements.
- 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.

RM97.3 million or 16% of total Group revenue was delivered via cloud computing, 54% higher than prior year’s revenue of RM63.3 million. The revenue from this segment increased as more and more of our clients are looking at cloud-based solution options to improve business and operational efficiency.

Revenue from SaaS grew 54% to RM60.3 million and now constitutes 10% of our total Group revenue in 9M FY2024. Insurance ecosystem transactions and services, MÖBIUS SaaS contracts and retail transactions processing were the main contributors to the increase in SaaS revenue.

The Group recorded a gross profit of RM317.0 million in 9M FY2024, 5% lower than prior year with an aggregate gross profit margin of 53%. This was largely due to a change in revenue mix as compared to the same period last year.

Other income increased 17% from RM3.1 million to RM3.7 million in 9M FY2024 as the Group recorded realised foreign currency exchange gain on the cash reserves in current year as opposed to a loss from currency exchange revaluation in the same period last year. Redemption of money market fund in 9M FY2024 also had some gains but lower than last year as we had reallocated the funds to fixed deposit placement during 9M FY2024.

The Group incurred total expenses (selling, distribution, administrative and finance costs) of RM186.3 million in 9M FY2024. This was 10% higher compared to RM168.6 million recorded in the same period last year. The increase in

SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

total expenses of 10% was lower than the 13% growth in revenue excluding the one large software licensing transaction from 9M FY2023.

- 92% of the RM17.6 million cost increase was associated with annual salary increment effected in Quarter 3 (“Q3”) of both current and previous financial year, the new headcounts added into the organisation in the past twelve (12) months to support business development, business expansion as well as improve sales and market coverage, and retirement gratuity granted to key management personnel. Between Q3 of this year versus Q3 prior year, a total of 39 new headcounts were added into our payroll to cover new markets and strengthen our market presence regionally.
- The remaining cost increase was related to other operating costs such as IT related expenses particularly in software subscription and support as well as laptop leasing for new headcounts, business travels, and conference held by SAL to foster relationships and information sharing with clients, business partners and industry experts.

Overall, the Group’s total expense over revenue ratio of 31% is below the industry benchmark of 40%. It is one of the key metrics used for cost monitoring to ensure the spending are within planned parameters to deliver the existing and future contracts. We continue to monitor the expenses throughout the implementation of transformation and restructuring plan to remain competitive and to improve operational efficiency.

In aggregate, the Group achieved Profit Before Tax (“PBT”) of RM145.6 million and EBITDA of RM171.4 million in 9M FY2024.

Income tax expense decreased 19% from RM41.5 million to RM33.7 million in 9M FY2024. The Group recognised higher deferred tax assets on the deductible temporary differences attributable to business transactions in 9M FY2024 which offset part of the total income tax expense contributed by lesser incentives and bilateral tax relief claimed in 9M FY2024 as compared to the same period last year. As a result, the effective tax rate reduced 1% from 24% to 23% in 9M FY2024.

As a consequence of these factors, the Group reported a Profit After Tax (“PAT”) of RM111.9 million in 9M FY2024 and achieved net profit margin of 19%.

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

The banking and financial services software and technology industry in Southeast Asia and the Asia region stands at a critical juncture, influenced by a confluence of global tensions, economic decoupling by the superpowers, a high interest and inflation rates environment. These macroeconomic headwinds are sculpting the financial sector’s spending behaviours, nudging them towards a more cautious and judicious investment roadmap.

Amidst these challenges, the appetite for investment within the banking sector is evolving, marked by a discerning preference towards maximising returns on existing assets, while strategically modernising core platforms to pave the way for future-ready banking. The focus is doubly aimed at enhancing operational efficiencies today, and simultaneously seeding growth for tomorrow through judicious capital allocation.

A key observation is the distinct pivot towards digitalisation and artificial intelligence (“AI”) as cornerstone technologies for future-proofing banking operations. These technologies are no longer viewed as mere adjuncts to traditional banking or financial services but as critical enablers of competitive advantage. This paradigm shift is underpinned by a demand for software solutions that not only streamline current processes but are also agile enough to adapt to rapidly changing market dynamics.

Moreover, the sector’s selective investment philosophy underscores a deeper acknowledgment of the importance of achieving a higher return on investment (“ROI”) from current assets. Banks and financial services firms are increasingly focusing on leveraging technology to unlock value from existing operations, thereby ensuring that every dollar spent today is an investment in future resilience and growth.

SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

The modernisation of core banking platforms is another area witnessing significant traction, propelled by the recognition that robust, scalable, and flexible core systems are indispensable for the digital transformation journey. These platforms are the backbone of banks, supporting the launch of new services, ensuring compliance, and enabling seamless integration with new technologies.

The banking software industry in Southeast Asia and the Asia region is navigating through a period of cautious but strategic investments, with a clear eye on not just weathering current economic uncertainties but also laying a solid foundation for future growth. The emphasis on digitalisation, AI, and core platform modernisation is a testament to the sector's forward-looking approach, one that balances immediate operational efficiencies with long-term strategic imperatives. As the region continues to evolve amidst these global challenges, the banking sector's adept maneuvering through these complexities will undoubtedly pave the way for a more resilient and dynamic future.

For a software and technology firm such as Silverlake Axis Ltd. who has been in this market for well over 35 years, we understand and have foreseen this changing environment of a rapidly evolving banking and financial services software sector in Southeast Asia and the markets we operate in. We continue to craft strategies that not only ensure continued investment in new technology but also maintain relevancy in the market, and foster a win-win relationship with clients. We believe this is vital to our success going forward into the future. And we are focused on several strategies that can help us achieve these objectives:

1. **Prioritise Customer-Centric Innovation**
 - (a) **Deeply Understand Client Needs** - Constantly engage with our banking clients to understand their pain points, requirements, and aspirations. Utilise these insights to drive our innovation strategy, ensuring it is aligned with what the market really needs.
 - (b) **Co-create with Clients** - Implement a collaborative development approach by co-creating products with our banking clients. This builds a sense of ownership, ensures the product fits genuine needs, and fosters a deeper partnership.
2. **Invest Smartly in Emerging Technologies**
 - (a) **Stay Ahead of Trends** - Continuously monitor and assess emerging technologies such as Category AI, blockchain, and cloud computing. Determine their potential impact on the banking sector and identify opportunities where these technologies can create competitive advantages for our clients.
 - (b) **Strategic Research and Development ("R&D") Investment** - Allocate resources towards R&D in these technologies, but do so judiciously, focusing on areas where we can genuinely add value and differentiate in the market.
3. **Foster an Agile and Adaptive Development Process**
 - (a) **Embrace Agile Methodologies** - Adopt agile development processes to increase flexibility, accelerate time to market, and improve the responsiveness of our product development cycle to the changing needs of the banking and financial services sector.
 - (b) **Continuous Improvement and Evolution** - Ensure that our products and services are not static. We shall continue to invest in continuous updates and improvements based on feedback from clients and changes in the technology landscape.
4. **Build a Scalable and Flexible Core Offering**
 - (a) **Modular Product Design** - Develop our banking software solutions with modularity and flexibility at their core, enabling banks to select and combine different modules as per their specific needs.
 - (b) **Focus on Integration** - Ensure that our solutions can seamlessly integrate with existing systems and third-party services, enhancing value and reducing implementation complexities for our clients.
5. **Strengthen Consultative Sales and Support**
 - (a) **Consultative Selling Approach** - Move beyond traditional sales strategies. Work closely with our clients to understand their strategic goals and offer solutions that directly support these objectives.
 - (b) **Robust Post-Sale Support** - Offer comprehensive support and training to ensure smooth implementation, adoption, and maximum value realisation from our solutions.
6. **Embrace a Partnership Ecosystem**
 - (a) **Build Strategic Alliances** - Collaborate with fintech companies, technology providers, and other industry players to extend our offerings and create more comprehensive solutions for our clients.
 - (b) **Community Engagement** - Participate actively in industry forums, think tanks, and consortiums to stay connected with trends, regulatory shifts, and new best practices.

SILVERLAKE AXIS LTD.

(Registered in Singapore)

(Company Registration No. 202133173M)

7. Cultivate a Thriving Talent Ecosystem

- (a) **Nurturing and Retaining Key Talent** - Recognise that our most valuable asset is our people. Implement comprehensive talent management programs aimed at not only attracting but also retaining top professionals. Focus on creating a work environment that encourages growth, acknowledges achievements, and offers continuous learning opportunities.
- (b) **Motivating Through Meaningful Work** - Ensure that every team member understands how their work contributes to the company's success and the positive impact it has on our clients. Empower employees with the autonomy to innovate and the flexibility to balance work with personal life, fostering a sense of belonging and commitment.
- (c) **Investing in Continuous Professional Development** - Provide access to cutting-edge training, workshops, and seminars that keep our team at the forefront of technology and banking trends. Encourage knowledge sharing and mentorship within the company to build a culture of continuous improvement and collective expertise.

By following these strategies, and investing in new technologies, we shall stay relevant, responsive, and indispensable to our clients in the banking and financial services sector. This holistic approach, focused on innovation, client alignment, and strategic partnerships, will ensure sustained growth and a long-term win-win relationship with our clients in this current and future market environment.

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. Across the globe, we serve more than 400 unique clients in 70 countries across Asia, Europe, the Indian subcontinent, Middle East, Africa, and the Americas. Founded in 1989, SAL is recognised for its impeccable delivery track record and client retention. SAL has many use cases and success stories in the delivery of innovative and transformative solutions to its enterprise clients and their ecosystems.

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.

CONTACT

Email: investor.relations@silverlakeaxis.com

Mr. Anil Singh Gill – Senior EVP, Strategic Finance & Risk; Chief Risk & Sustainability Officer;
Head of Investor Relations