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MEDIA RELEASE

SGX-Listed CDW Expands OEM Business with Existing Customers, Wins New Contract with Nordic Tech Start-up

- **Shift towards more profitable product mix due to orders from BBPOS Int'l Ltd ("BBPOS")**
- **Shipment volumes as of September had nearly octupled as compared to 2020. By the end of the year, the Group expects shipment volumes to be pre-Covid levels**
- **Secures deal to produce the latest video-editing console from Loupedeck Ltd., backed by the venture arm of a major Singapore gaming device brand**

Singapore, 3 January 2022 – SGX Mainboard-listed CDW Holding Limited ("CDW", the "Company", or collectively with its subsidiaries, the "Group") is pleased to announce the expansion of business with existing customers, and the new contract win in its OEM business.

Background

Since 2016, the Group has been an original equipment manufacturer ("OEM") of mobile payment devices through its subsidiary, Tomoike Industrial (H.K.) Limited. The primary customer of the OEM business is BBPOS, a major mobile payment company. Established in 2008, BBPOS has the latest software, and also manufactures, distributes, and installs mobile point of sale ("mPOS") solutions to more than 50 countries around the world. The Company ships over 3 million units mPOS devices annually.

As contactless payments continue to grow in a post-pandemic world, [market research](#) by Grand View Research indicates that the global POS terminal market was valued at over US\$75 billion in 2020 and is expected to grow at a CAGR of 6.9% from 2021 to 2028.

Trade Tensions & COVID-19

To diversify its manufacturing operations amidst Sino-US trade tensions, CDW looked to Southeast Asia. As early as 2018, it expanded the OEM business to the Philippines with a 21,500 square feet factory, fully equipped with production and testing facilities.

The eruption of the Taal volcano in Jan 2020, and pandemic-related travel restrictions put the brakes on the Philippines expansion. As a stop gap measure, production was outsourced to a partner in Thailand, however the global semiconductor shortage also led to difficulties with taking in new orders, and resulted in the significant decline in sales for the OEM business (Fig. 1).

2021 Recovery

However, 2021 saw a turnaround for the Group's OEM business, as orders from major customers recovered significantly. This was largely due to the fact that Tomoike Industrial (H.K.) Limited was able to work with key customers to complete the set-up of the OEM business in Thailand and overcome the global difficulty in obtaining semiconductors which had also affected the mobile payments industry. Shipment volumes as of September had nearly octupled as compared to 2020. By the end of the year, the Group expects shipment volumes to be recovered to 2019 levels (Fig. 1).

In addition, the Group's efforts to work more closely with its primary customers in the OEM business has seen a successful shift in its revenue mix to higher-value, higher margin products. Orders for mid-to high-end models this year accounted for over 86% of the OEM business' sales, more than double compared with the previous year (Fig. 1).

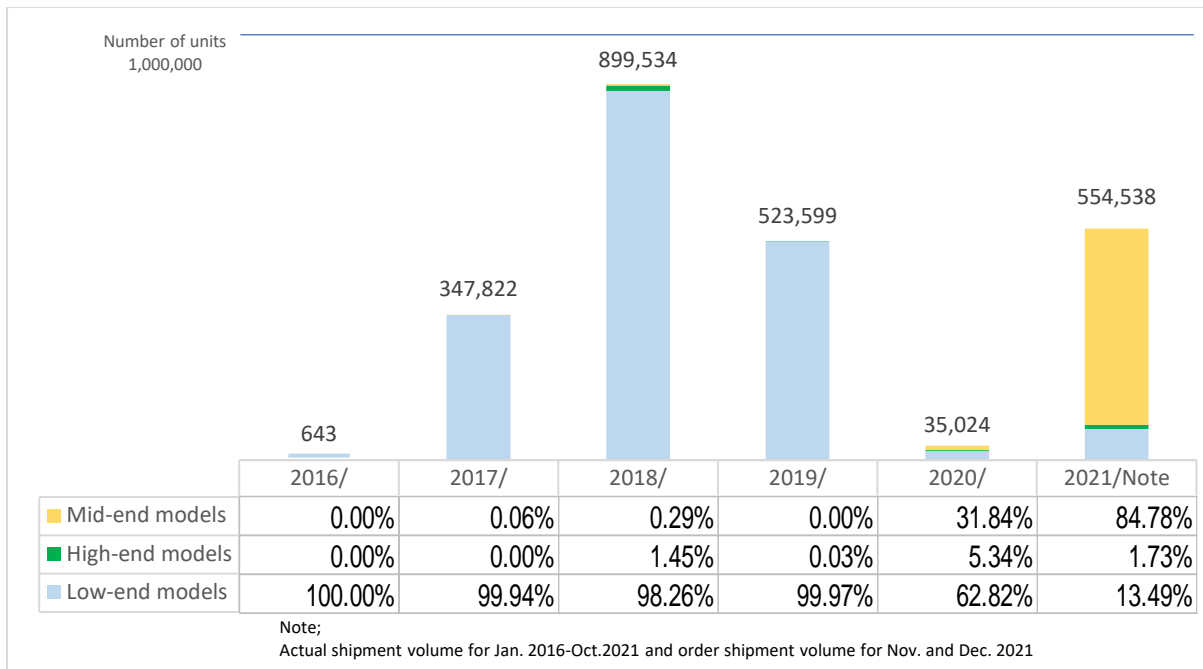
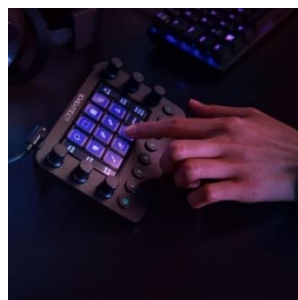


Figure 1 - OEM Business Shipment Volume

In addition, Tomoike Industrial (H.K.) Limited has set up an R&D department to improve the profitability of its OEM business. This marks its growth from merely being an OEM contract manufacturer to be able to participate in the product development and design process of primary customers.

This year, the Group managed to secure a deal to produce the Loupedeck Live, a digital input device console popular among video content creators (Fig. 2). Launched in 2016, the fast-growing hardware start-up, Loupedeck Ltd. has since raised EUR 7.1 million in venture funding. This includes a EUR 2 million investment from the corporate venture capital arm of a major Singapore gaming device brand listed on the Hong Kong Stock Exchange.



The power to create in the palm of your hand.
Creating content and going live have never been this smooth.
Stop missing moments and falling behind your flow. Loupedeck Live is here to support you, keeping you engaged and always in control. Instantly access all of your tools, so you can stay focused on your creativity and growing your stream.

Figure 2 – Loupedeck's Loupedeck Live

“The expansion of existing OEM business, and the shift towards more value-added activities are encouraging votes of confidence from our customers. We are proud of our team’s efforts to grow this business unit, in spite of the headwinds from global supply chain challenges, and Sino-US trade tensions.”, said Yoshikawa Makoto, the Chairman and Chief Executive Officer of the Group.

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About CDW Holding Limited (www.cdw-holding.com.hk)

CDW Holding Limited (the “Company” and together with its subsidiaries, the “Group”) is a Japanese-managed precision components specialist serving the global market focusing on the production and supply of niche precision components for digital instrument panels of premium automobiles, ultrathin notebook computers, mobile communication equipment, gamebox entertainment equipment, consumer and information technology equipment, office equipment and electrical appliances. The Group is headquartered in Hong Kong and has operations in Japan, China and the Philippines. The Company has been identifying new businesses to invest in with the potential for growth and entered as part of its diversification strategy and has made forays into the Life Sciences sector since 2016. The Company’s aim for its Life Sciences business is to identify research-driven yet commercializable projects that can have a positive impact on the quality of human life.

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