



SERIAL SYSTEM LTD

(Company Registration Number: 199202071D)

(Incorporated in Singapore)

AND ITS SUBSIDIARIES

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

**FOR THE SIX MONTHS AND FULL YEAR ENDED
31 DECEMBER 2025**

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

Contents

	Page
Condensed interim consolidated statement of profit or loss	1
Condensed interim consolidated statement of comprehensive income	2
Condensed interim statements of financial position	3
Condensed interim statements of changes in equity	4 – 6
Condensed interim consolidated statement of cash flows	7 – 8
Notes to the condensed interim financial statements	9 – 27
Other information	28 - 37

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	The Group			The Group		
		6 months	6 months	Change	12 months	12 months	Change
		ended 31 December 2025 US\$'000	ended 31 December 2024 US\$'000		ended 31 December 2025 US\$'000	ended 31 December 2024 US\$'000	
				%			%
Sales	5	467,804	413,947	13	860,468	788,663	9
Cost of sales	6	(433,990)	(383,314)	13	(794,045)	(730,170)	9
Gross profit		33,814	30,633	10	66,423	58,493	14
Gross profit margin		7.2%	7.4%	-0.2 pt	7.7%	7.4%	0.3 pt
Other income		6,821	14,933	-54	11,892	19,042	-38
Interest income	5	1,266	771	64	1,848	1,675	10
Other operating income	5	5,555	14,162	-61	10,044	17,367	-42
Expenses							
Distribution	6	(18,963)	(18,805)	1	(38,925)	(36,602)	6
Administrative	6	(5,001)	(4,928)	1	(9,698)	(9,649)	1
Finance	7	(5,913)	(5,744)	3	(11,187)	(12,211)	-8
Other:							
Loss allowance on trade and other receivables	6	(2,530)	(1,060)	139	(2,626)	(1,060)	148
Other operating	6	(6,218)	(8,599)	-28	(12,176)	(17,351)	-30
Total expenses		(38,625)	(39,136)	-1	(74,612)	(76,873)	-3
		2,010	6,430	-69	3,703	662	459
Share of results of associated companies (after income tax)		49	3	1,533	20	75	-73
Profit before income tax	6	2,059	6,433	-68	3,723	737	405
Income tax expense	9	(737)	(546)	35	(974)	(1,041)	-6
Profit/(Loss) after income tax		1,322	5,887	-78	2,749	(304)	NM
Attributable to:							
Equity holders of the Company		1,483	5,696	-74	2,293	516	344
Non-controlling interests		(161)	191	NM	456	(820)	NM
		1,322	5,887	-78	2,749	(304)	NM
Earnings per share attributable to equity holders of the Company:							
Basic	24	0.16 cent	0.63 cent	-75	0.25 cent	0.06 cent	317
Diluted	24	0.16 cent	0.63 cent	-75	0.25 cent	0.06 cent	317

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
Net profit/(loss) for the period	1,322	5,887	2,749	(304)
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plans' actuarial (loss)/gain	(110)	58	(110)	58
Share of associated companies' other comprehensive (loss)/income	(1)	-	1	(17)
	(111)	58	(109)	41
Items that may be reclassified subsequently to profit or loss:				
Share of associated companies' other comprehensive income/(loss)	78	(71)	47	(92)
Fair value gain on revaluation of property, plant and equipment reclassified to investment properties	686	-	686	-
Currency translation differences	(2,095)	32	2,861	(1,969)
	(1,331)	(39)	3,594	(2,061)
Other comprehensive (loss)/income for the period, net of tax	(1,442)	19	3,485	(2,020)
Total comprehensive (loss)/income for the period	(120)	5,906	6,234	(2,324)
Attributable to:				
Equity holders of the Company	412	5,462	5,659	(1,936)
Non-controlling interests	(532)	444	575	(388)
	(120)	5,906	6,234	(2,324)

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		37,468	38,312	410	771
Trade and other receivables	13	193,517	174,019	47,653	37,308
Inventories	14	130,153	122,259	-	-
Financial assets, at fair value through profit or loss	15	5,027	9,676	-	-
Finance lease receivables	16	6,261	-	-	-
Other current assets		6,635	5,388	356	341
		379,061	349,654	48,419	38,420
Non-current assets					
Loans and other receivables		-	-	15,741	27,776
Financial assets, at fair value through profit or loss	15	22,139	20,373	-	-
Investments in associated companies		2,802	2,752	1,413	1,413
Investment in joint venture		-	-	-	-
Investments in subsidiaries		-	-	64,190	63,591
Property, plant and equipment	17	24,416	27,086	600	555
Investment properties	18	9,864	6,463	-	-
Intangible assets	19	3,282	3,314	28	24
Finance lease receivables	16	11,934	-	-	-
Other assets		927	962	-	-
Deferred income tax assets		1,874	1,524	-	-
		77,238	62,474	81,972	93,359
Total assets		456,299	412,128	130,391	131,779
LIABILITIES					
Current liabilities					
Trade and other payables	20	108,823	104,440	11,716	10,619
Current income tax liabilities		1,161	588	-	-
Borrowings	21	182,694	168,926	-	9,573
		292,678	273,954	11,716	20,192
Non-current liabilities					
Other payables		-	-	13,888	14,364
Borrowings	21	22,308	3,028	6,231	-
Defined benefit plans liabilities		374	210	-	-
Deferred income tax liabilities		1,674	1,547	976	864
		24,356	4,785	21,095	15,228
Total liabilities		317,034	278,739	32,811	35,420
NET ASSETS		139,265	133,389	97,580	96,359
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	72,648	72,648	72,648	72,648
Treasury shares	22	(70)	(70)	(70)	(70)
Capital reserve		1,602	1,602	518	518
Defined benefit plans reserve		336	446	-	-
Fair value reserve		(56)	(742)	-	-
Revaluation reserve		232	227	-	-
Other reserve		2,731	2,771	-	-
Currency translation reserve		3,124	339	-	-
Retained earnings		52,370	50,077	24,484	23,263
		132,917	127,298	97,580	96,359
Non-controlling interests		6,348	6,091	-	-
TOTAL EQUITY		139,265	133,389	97,580	96,359

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →										Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Total attributable to equity holders of the Company US\$'000		
The Group												
Balance at 1 January 2025	72,648	(70)	1,602	446	(742)	227	2,771	339	50,077	127,298	6,091	133,389
Profit for the period	-	-	-	-	-	-	-	-	810	810	617	1,427
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	2	-	-	-	-	(31)	-	(29)	-	(29)
Currency translation differences	-	-	-	-	-	-	-	4,466	-	4,466	490	4,956
Other comprehensive income for the period, net of tax	-	-	2	-	-	-	-	4,435	-	4,437	490	4,927
Total comprehensive income for the period	-	-	2	-	-	-	-	4,435	810	5,247	1,107	6,354
Balance at 30 June 2025	72,648	(70)	1,604	446	(742)	227	2,771	4,774	50,887	132,545	7,198	139,743
Profit for the period	-	-	-	-	-	-	-	-	1,483	1,483	(161)	1,322
Other comprehensive income/(loss):												
Defined benefit plans' actuarial loss	-	-	-	(110)	-	-	-	-	-	(110)	-	(110)
Share of associated companies' other comprehensive income	-	-	(2)	-	-	1	-	78	-	77	-	77
Fair value gain on revaluation of property, plant and equipment reclassified to investment properties	-	-	-	-	686	-	-	-	-	686	-	686
Currency translation differences	-	-	-	-	-	4	-	(1,728)	-	(1,724)	(371)	(2,095)
Other comprehensive loss for the period, net of tax	-	-	(2)	(110)	686	5	-	(1,650)	-	(1,071)	(371)	(1,442)
Total comprehensive loss for the period	-	-	(2)	(110)	686	5	-	(1,650)	1,483	412	(532)	(120)
Others:												
Acquisition of additional interests in subsidiaries from non-controlling interests	-	-	-	-	-	-	(38)	-	-	(38)	32	(6)
Closure of a subsidiary	-	-	-	-	-	-	-	-	-	-	(126)	(126)
Disposal of interest in a subsidiary	-	-	-	-	-	-	(2)	-	-	(2)	60	58
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(284)	(284)
Total others	-	-	-	-	-	-	(40)	-	-	(40)	(318)	(358)
Balance at 31 December 2025	72,648	(70)	1,602	336	(56)	232	2,731	3,124	52,370	132,917	6,348	139,265

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →											
	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Total attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
The Group												
Balance at 1 January 2024	72,648	(70)	1,610	388	(742)	237	(1,862)	2,965	49,561	124,735	7,098	131,833
Loss for the period	-	-	-	-	-	-	-	-	(5,180)	(5,180)	(1,011)	(6,191)
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	(8)	-	-	(8)	-	(22)	-	(38)	-	(38)
Currency translation differences	-	-	-	-	-	-	-	(2,180)	-	(2,180)	259	(1,921)
Other comprehensive loss for the period, net of tax	-	-	(8)	-	-	(8)	-	(2,202)	-	(2,218)	259	(1,959)
Total comprehensive loss for the period	-	-	(8)	-	-	(8)	-	(2,202)	(5,180)	(7,398)	(752)	(8,150)
Others:												
Fair value accounting for investment in subsidiaries by non-controlling interests upon completion of reverse takeover	-	-	-	-	-	-	782	(134)	-	648	1,128	1,776
Acquisition of additional interests in subsidiaries from non-controlling interest	-	-	-	-	-	-	72	-	-	72	(1,226)	(1,154)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(205)	(205)
Total others	-	-	-	-	-	-	854	(134)	-	720	(303)	417
Balance at 30 June 2024	72,648	(70)	1,602	388	(742)	229	(1,008)	629	44,381	118,057	6,043	124,100
Profit for the period	-	-	-	-	-	-	-	-	5,696	5,696	191	5,887
Other comprehensive income/(loss):												
Defined benefit plans' actuarial gain	-	-	-	58	-	-	-	-	-	58	-	58
Share of associated companies' other comprehensive loss	-	-	-	-	-	-	-	(71)	-	(71)	-	(71)
Currency translation differences	-	-	-	-	-	(2)	-	(219)	-	(221)	173	(48)
Other comprehensive loss for the period, net of tax	-	-	-	58	-	(2)	-	(290)	-	(234)	173	(61)
Total comprehensive income for the period	-	-	-	58	-	(2)	-	(290)	5,696	5,462	364	5,826
Others:												
Fair value accounting for investment in subsidiaries by non-controlling interests upon completion of reverse takeover	-	-	-	-	-	-	3,779	-	-	3,779	-	3,779
Investments in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	-	-	80	80
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(396)	(396)
Total others	-	-	-	-	-	-	3,779	-	-	3,779	(316)	3,463
Balance at 31 December 2024	72,648	(70)	1,602	446	(742)	227	2,771	339	50,077	127,298	6,091	133,389

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital	Treasury shares	Capital reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company					
Balance at 1 January 2025	72,648	(70)	518	23,263	96,359
Total comprehensive loss for the period	-	-	-	(86)	(86)
Balance at 30 June 2025	72,648	(70)	518	23,177	96,273
Total comprehensive income for the period	-	-	-	1,307	1,307
Balance at 31 December 2025	72,648	(70)	518	24,484	97,580
Balance at 1 January 2024	72,648	(70)	518	20,950	94,046
Total comprehensive loss for the period	-	-	-	(680)	(680)
Balance at 30 June 2024	72,648	(70)	518	20,270	93,366
Total comprehensive income for the period	-	-	-	2,993	2,993
Balance at 31 December 2024	72,648	(70)	518	23,263	96,359

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group				
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000	
	Cash flows from operating activities				
	Profit before income tax	2,059	6,433	3,723	737
Adjustments for:					
Amortisation of computer software license costs	44	33	81	65	
Amortisation of trademark and know-how	2	2	4	4	
Depreciation of property, plant and equipment	1,146	1,285	2,260	2,711	
Computer software licenses written off	-	28	-	28	
Gain on sale of trademark	(21)	-	(21)	-	
Gain on disposal of property, plant and equipment	(27)	(11)	(65)	(13)	
Fair value gain (net) on investment properties	(80)	(61)	(80)	(61)	
Fair value gain on financial assets, at fair value through profit or loss	(50)	(7,310)	(285)	(7,527)	
Fair value loss/(gain) on derivative financial instruments	-	65	(19)	90	
Gain on sale of financial assets, at fair value through profit or loss	(30)	(2)	(45)	(165)	
Dividend income from financial assets, at fair value through profit or loss	-	(7)	(26)	(26)	
Gain on disposal / closure of subsidiaries (net)	(1)	-	(1)	-	
Fair value accounting loss on reverse takeover of investment in subsidiaries	-	3,411	-	3,656	
Impairment of goodwill arising from acquisition of subsidiary	142	-	142	-	
Loss on dilution of interest in an associated company	7	6	7	7	
Provision for defined benefit plans liabilities	284	301	445	656	
Interest income	(1,920)	(771)	(2,502)	(1,675)	
Interest expense	5,913	5,744	11,187	12,211	
Share of results of associated companies	(49)	(3)	(20)	(75)	
Operating cash flow before working capital changes	7,419	9,143	14,785	10,623	
Changes in working capital					
Financial assets, at fair value through profit or loss	(174)	(4,276)	4,676	(2,021)	
Trade and other receivables	(14,822)	(14,517)	(12,615)	(17,547)	
Inventories	(10,941)	(10,794)	(5,567)	2,284	
Other current assets	4,220	6,218	(1,104)	4,733	
Finance lease receivables	2,603	-	2,603	-	
Other assets (non-current)	104	1,271	72	980	
Trade and other payables	(3,770)	18,376	(3,799)	37,734	
Cash (used in)/from operations	(15,361)	5,421	(949)	36,786	
Income tax paid	(375)	(459)	(661)	(1,104)	
Net cash (used in)/generated from operating activities	(15,736)	4,962	(1,610)	35,682	

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group			
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
Cash flows from investing activities				
Payments for computer software license costs	(20)	(50)	(105)	(50)
Payments for property, plant and equipment	(417)	(678)	(523)	(875)
Proceed from sale of trademark	24	-	24	-
Proceeds from disposal of property, plant and equipment	-	40	126	42
Payments for investments in financial assets, at fair value through profit or loss	(657)	(52)	(657)	(1,284)
Proceeds from sale of financial assets, at fair value through profit or loss	115	5	169	386
Dividend received from financial assets, at fair value through profit or loss	-	7	26	26
Net cashflow on reverse takeover of subsidiaries	-	-	-	165
Dividend received from an associated company	11	21	11	21
Interest received	1,267	772	1,842	1,680
Net cash generated from investing activities	323	65	913	111
Cash flows from financing activities				
Subscription of compliance placement shares (net of expenses) in a subsidiary by non-controlling interests	-	-	-	1,715
Dividend paid to non-controlling interests of subsidiaries	(285)	(396)	(285)	(601)
Investment in subsidiaries by non-controlling interest	-	80	-	80
Payments for acquisition of additional interests in subsidiaries from non-controlling interests	(6)	-	(6)	(1,154)
Proceeds from bank borrowings	376,105	381,269	718,142	746,271
Proceeds from other borrowings	21,427	12,228	29,656	23,786
Repayment of bank borrowings	(360,079)	(379,335)	(705,655)	(766,368)
Repayment of other borrowings	(14,549)	(10,786)	(29,405)	(24,234)
Principal payments of lease liabilities	(474)	(562)	(912)	(1,309)
Repayment of lease liabilities	(2,503)	-	(2,503)	-
Interest paid	(5,409)	(5,809)	(10,271)	(12,240)
Pledged fixed deposits	(1,269)	-	(1,269)	843
Net cash generated from/(used in) financing activities	12,958	(3,311)	(2,508)	(33,211)
Net (decrease)/increase in cash and cash equivalents held	(2,455)	1,716	(3,205)	2,582
Cash and cash equivalents at the beginning of the period	38,701	36,419	38,312	36,233
Effect of currency translation on cash and cash equivalents	(47)	177	1,092	(503)
Cash and cash equivalents at the end of the period	36,199	38,312	36,199	38,312
Cash and cash equivalents per statement of financial position	37,468	38,312	37,468	38,312
Less: Pledged fixed deposits	(1,269)	-	(1,269)	-
Cash and cash equivalents per consolidated statement of cash flows	36,199	38,312	36,199	38,312

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Serial System Ltd (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is as follows:

8 Ubi View #05-01
Serial System Building
Singapore 408554

The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months and full year ended 31 December 2025 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are:

- (a) Distribution of electronic components;
- (b) Distribution of consumer products, information technology, computer peripherals, parts, software and related products;
- (c) Leasing and sub-leasing of co-location services, comprising rental of data center space, provision of power supply and related infrastructure for customers to host their information technology equipment.
- (d) Provision of managed print services and the administrative, maintenance and distribution of copiers and printers, toners and papers;
- (e) Distribution of 3D printers and filaments;
- (f) Hospitality and healthcare solutions;
- (g) Assembly and distribution of medical devices and ethylene oxide sterilization;
- (h) Project financing in the form of leasing, hire purchase, factoring and loan;
- (i) Trading and distribution of fast-moving consumer goods;
- (j) Communications and power line construction;
- (k) Investment holding and trading; and
- (l) Rental of investment properties.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months and full year ended 31 December 2025 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual financial statements for the year ended 31 December 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar (US\$), which is the Company’s functional and presentation currency. All values are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Basis of preparation (continued)

2.2. New and amended standards adopted by the Group

The following are the amendments to SFRS(I)s, that took effect from financial year beginning on or after 1 January 2025:

Amendments to SFRS(I) 1-21 *The Effect of Changes in Foreign Exchange Rates: Lack of Exchangeability*

The adoption of the above amendments to SFRS(I) did not have a material impact on the condensed interim financial statements.

2.3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Management considers the business from both operating and geographical segment perspective. The Group has three reportable segments, as described below, which are the Group's strategic business units based on different product ranges targeting at different market channels:

- Electronic components distribution
- Consumer products distribution
- Other businesses

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. The operating segments are formed by aggregating across the results of the Group's entities whose principal activities fall within the same operating segment as listed above. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Chief Financial Officer on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same operating segment. Inter-segment transactions are determined on an arm's length basis.

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.1 Operating segments

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
2025					
Sales – external	763,344	110,584	8,731	(22,191)	860,468
Operating profit/(loss)	15,465	(2,220)	(196)	-	13,049
Unallocated loss	(7)	-	-	-	(7)
Finance income	147	1,165	1,036	(500)	1,848
Finance expense	(8,181)	(2,184)	(1,322)	500	(11,187)
Share of profit/(loss) of associated companies (after income tax)	81	(61)	-	-	20
Segment results – profit/(loss) before income tax	7,505	(3,300)	(482)	-	3,723
Income tax expense					(974)
Profit after income tax					2,749
Segment assets	396,449	81,711	65,277	(91,387)	452,050
Investments in associated companies	1,590	1,212	-	-	2,802
Deferred income tax assets					1,874
Consolidated total assets					456,726
Segment liabilities	110,186	37,715	52,683	(91,387)	109,197
Borrowings	167,989	25,243	12,197	-	205,429
Current and deferred income tax liabilities					2,835
Consolidated total liabilities					317,461
Capital expenditure on property, plant and equipment	622	50	477	-	1,149
Capital expenditure on computer software license costs	56	30	19	-	105
Investments in financial assets, at fair value through profit or loss	-	-	657	-	657
Amortisation of computer software license costs	69	9	3	-	81
Amortisation of trademark and know-how	3	-	1	-	4
Depreciation of property, plant and equipment	1,178	213	869	-	2,260
Fair value (gain)/loss on investment properties	255	-	(335)	-	(80)
Fair value gain on financial assets, at fair value through profit or loss	(203)	-	(82)	-	(285)
Gain on sale of financial assets, at fair value through profit or loss	(45)	-	-	-	(45)
Impairment of goodwill arising from acquisition of subsidiary	142	-	-	-	142
Cost of inventories	706,657	106,105	3,376	(22,191)	793,947
Employee benefits expense	26,360	3,147	3,082	-	32,589
Recovery of trade bad debts previously written off	(33)	-	-	-	(33)
Loss allowance /(reversal of loss allowance) on trade receivables	(48)	(12)	1,328	-	1,268
Loss allowance on non-trade receivables (associated companies)	-	-	1,358	-	1,358

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.1 Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
2024					
Sales – external	693,800	107,694	7,697	(20,528)	788,663
Operating profit/(loss)	7,177	(3,330)	7,358	-	11,205
Unallocated loss	(7)	-	-	-	(7)
Finance income	833	563	1,654	(1,375)	1,675
Finance expense	(9,736)	(2,032)	(1,818)	1,375	(12,211)
Share of profit of associated companies (after income tax)	44	31	-	-	75
Segment results – profit/(loss) before income tax	(1,689)	(4,768)	7,194	-	737
Income tax expense					(1,041)
Loss after income tax					(304)
Segment assets	354,188	71,582	63,997	(81,915)	407,852
Investments in associated companies	1,446	1,306	-	-	2,752
Deferred income tax assets					1,524
Consolidated total assets					412,128
Segment liabilities	88,846	45,640	52,079	(81,915)	104,650
Borrowings	133,923	22,515	15,516	-	171,954
Current and deferred income tax liabilities					2,135
Consolidated total liabilities					278,739
Capital expenditure on property, plant and equipment	1,021	150	820	-	1,991
Capital expenditure on computer software license costs	34	-	16	-	50
Depreciation of property, plant and equipment	1,752	223	736	-	2,711
Amortisation of computer software license costs	53	-	12	-	65
Amortisation of trademark and know-how	3	-	1	-	4
Fair value (gain)/loss on investment properties	105	-	(166)	-	(61)
Fair value (gain)/loss on financial assets, at fair value through profit or loss	33	-	(7,560)	-	(7,527)
Gain on sale of financial assets, at fair value through profit or loss	(165)	-	-	-	(165)
Fair value loss on derivative financial instruments	90	-	-	-	90
Fair value accounting loss on reverse takeover of investment in subsidiaries	-	3,656	-	-	3,656
Cost of inventories	644,554	102,944	3,136	(20,528)	730,106
Employee benefits expense	24,704	2,875	2,867	-	30,446
Recovery of trade bad debts previously written off	(87)	(227)	-	-	(314)
Loss allowance on trade receivables	480	246	269	-	995
Loss allowance on non-trade receivable (associated company)	-	-	65	-	65

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.1 Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
2H2025					
Sales – external	420,490	54,137	4,405	(11,228)	467,804
Operating profit/(loss)	9,479	(1,535)	(1,279)	-	6,665
Unallocated loss	(8)	-	-	-	(8)
Finance income	(84)	946	518	(114)	1,266
Finance expense	(4,183)	(1,222)	(622)	114	(5,913)
Share of profit/(loss) of associated companies (after income tax)	55	(6)	-	-	49
Segment results – profit/(loss) before income tax	5,259	(1,817)	(1,383)	-	2,059
Income tax expense					(737)
Profit after income tax					<u>1,322</u>
2H2024					
Sales – external	349,081	67,805	4,176	(7,115)	413,947
Operating profit/(loss)	6,428	(1,437)	6,418	-	11,409
Unallocated loss	(6)	-	-	-	(6)
Finance income	659	254	722	(864)	771
Finance expense	(4,580)	(946)	(1,082)	864	(5,744)
Share of profit/(loss) of associated companies (after income tax)	13	(10)	-	-	3
Segment results – profit/(loss) before income tax	2,514	(2,139)	6,058	-	6,433
Income tax expense					(546)
Profit after income tax					<u>5,887</u>

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.2 Geographical segments

The geographical segments comprised six broad primary geographic areas, namely: Southeast Asia and India [consisting of Singapore (the home and principal operating country of the Group), Malaysia, Thailand, Philippines, Vietnam, Indonesia and India], Hong Kong, China, South Korea, Taiwan and Japan which reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in.

All geographic locations, except Japan, are engaged in the electronic components distribution business.

Consumer products distribution business is located in Southeast Asia and India (comprising mainly Singapore, Malaysia, Thailand, Philippines, Vietnam and Indonesia) and Japan.

Other businesses in Southeast Asia and India (mainly Singapore, Malaysia and Thailand) and Taiwan include, hospitality and healthcare solutions, assembly and distribution of medical devices and ethylene oxide sterilization, project financing in the form of leasing, hire purchase, factoring and loan, trading and distribution of fast-moving consumer goods, communications and power line construction, investment holding and trading, and rental of investment properties.

Sales are based on the geographical area in which the entities are located. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Sales		Non-current assets ⁽¹⁾	
	6 months	6 months	12 months	12 months	31	31
	ended 31	ended 31	ended 31	ended 31	December	December
	December	December	December	December	2025	2024
	2025	2024	2025	2024		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group						
Southeast Asia and India	111,785	125,594	213,561	228,997	11,945	10,644
Hong Kong	201,864	176,606	373,207	339,713	2,322	3,141
China	108,351	70,208	183,303	138,234	11,630	11,828
South Korea	24,942	22,529	49,061	43,265	3,692	3,800
Taiwan	15,646	15,067	31,382	32,168	8,891	8,373
Japan	5,216	3,943	9,954	6,286	9	39
Southeast Asia and India - Associated company	-	-	-	-	1,212	1,306
Taiwan - Associated company	-	-	-	-	1,590	1,446
Total	467,804	413,947	860,468	788,663	41,291	40,577

Note:

⁽¹⁾ Non-current assets exclude financial assets, at fair value through profit or loss, finance lease receivables and deferred income tax assets

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Revenue

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
Sales of goods and services	467,804	413,947	860,468	788,663
Other operating income	5,555	14,162	10,044	17,367
Interest income	1,266	771	1,848	1,675
	474,625	428,880	872,360	807,705
Performance obligations satisfied at a point in time:				
Sales of goods:				
- Electronic components	409,703	342,597	741,721	674,512
- Consumer products	53,808	67,671	110,209	107,375
- Others (Note 4.2)	4,115	3,497	8,215	6,400
	467,626	413,765	860,145	788,287
Performance obligations satisfied over time:				
Services rendered	178	182	323	376
Total sales of goods and services	467,804	413,947	860,468	788,663

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Revenue (continued)

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
Other operating income:				
Commission and service income	1,097	968	1,748	2,089
Rebate income from suppliers	1,685	1,217	2,608	2,429
Rental income	132	67	191	135
Gain on sale of financial assets, at fair value through profit or loss	30	2	45	165
Fair value gain/(loss) on financial assets, at fair value through profit or loss:				
- listed equity securities	50	(426)	285	(209)
- unlisted equity securities	-	5,225	-	5,225
- preference shares	-	2,511	-	2,511
- derivative financial instruments	-	(90)	19	(90)
Dividend income from financial assets, at fair value through profit or loss	-	7	26	26
Write-back of allowances/(allowances) for inventory obsolescence	(318)	4,069	493	4,069
Gain on closure/disposal of subsidiaries (net)	1	-	1	-
Fair value gain (net) on investment properties	80	61	80	61
Gain on disposal of property, plant and equipment	27	11	65	13
Gain on sale of trademark	21	-	21	-
Recovery of trade bad debts previously written off	-	263	33	314
Government grants received	6	23	43	71
Foreign exchange gain (net)	2,436	-	3,889	-
Sundry income	308	254	497	558
Total other operating income	5,555	14,162	10,044	17,367
Interest income:				
Project financing and factoring	447	738	922	1,454
Leasing	654	-	654	-
Bank balances	165	33	272	221
Total interest income	1,266	771	1,848	1,675

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6. Profit before income tax

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
This is arrived at after charging:				
Amortisation charges for computer software license costs *	44	33	81	65
Amortisation of trademark and know-how*	2	2	4	4
Depreciation of property, plant and equipment*	1,146	1,286	2,260	2,711
Computer software licenses written off*	-	28	-	28
Fair value gain on derivative financial instruments*	-	(25)	-	-
Impairment of goodwill arising from acquisition of subsidiary	142	-	142	-
Fair value accounting loss on reverse takeover of investment in subsidiaries*	-	3,411	-	3,656
Loss on dilution of interest in an associated company*	7	6	7	7
Loss allowance:				
- trade receivables (third parties)*	1,241	995	1,268	995
- non-trade receivables (associated companies)*	1,289	65	1,358	65
Inventories:				
- cost of inventories recognised as an expense (included in 'cost of sales')	433,906	383,271	793,947	730,106
- write-back of allowances for inventory obsolescence*	-	(10)	-	-
- write-off of inventories*	11	82	46	83
Cost of services (included in 'cost of sales')	84	43	98	64
Employee benefits expense	16,599	15,230	32,589	30,446
Rental expense - operating leases (short term leases)	1,174	947	2,099	1,717
Freight and handling charges	2,246	1,991	4,234	3,711
Travelling and transportation expenses	1,023	1,090	1,945	2,052
Sales commission expense	1,343	3,287	4,785	5,341
Foreign exchange (gain)/loss (net)*	-	(881)	-	2,188
Other expenses (included in distribution, administrative and other expenses)	6,445	5,855	12,607	11,593
Total cost of sales, distribution, administrative and other expenses	466,702	416,706	857,470	794,832

Note:

*Included in "other operating expenses"

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Finance expenses

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
Interest expenses:				
Bank borrowings	844	905	1,742	1,883
Trust receipts	2,459	2,806	4,979	5,709
Factoring	1,775	1,624	3,308	3,518
Lease liabilities	534	72	599	145
Loan from an associated company	36	37	73	74
Loan from a substantial shareholder of the Company	-	95	73	188
Others	265	205	413	694
Total	5,913	5,744	11,187	12,211

8. Related party transactions

A related party is a person or entity who is related to the entity that is preparing its financial statements ("Reporting Entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity and (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

8. Related party transactions (continued)

8.1 Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

	The Group		The Group	
	6 months ended 31 December 2025 US\$'000	6 months ended 31 December 2024 US\$'000	12 months ended 31 December 2025 US\$'000	12 months ended 31 December 2024 US\$'000
With associated companies:				
Sales of goods to an associated company	9	-	22	5
Purchases of goods from an associated company	1	-	4	4
Rental received from an associated company	36	33	69	67
Dividend income received from an associated company	11	21	11	21
Interest expense paid to an associated company	36	37	73	74
With director and substantial shareholder:				
Service fees paid to an entity associated with a Director of the Company	-	-	6	-
Service fees paid to an entity associated with an Ex-Director of the Company ⁽¹⁾	-	-	-	7
Interest expense paid to a substantial shareholder of the Company ⁽²⁾	-	95	73	188

Sales and purchases of goods and services were carried out on commercial terms and conditions as agreed between the parties.

Notes:

⁽¹⁾ The Director has ceased to be a Director of the Company on 30 April 2024. The service fees for the six months ended 30 June 2024 were for the period from 1 January 2024 to 30 April 2024.

⁽²⁾ The Company entered into a loan agreement of S\$5,000,000 (US\$3,682,000) with Mr. Goi Seng Hui on 23 May 2024. The loan bore interest at 5.0% per annum and has been fully repaid on 22 May 2025.

8.2 Share options granted to/exercised by Directors of the Company

There were no share options granted to or exercised by Directors of the Company during the financial year ended 31 December 2025 and 31 December 2024. There were no outstanding share options granted to the Directors of the Company as at 31 December 2025 and 31 December 2024.

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

9. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the total annual profit. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group		The Group	
	6 months ended 31 December 2025	6 months ended 31 December 2024	12 months ended 31 December 2025	12 months ended 31 December 2024
	US\$'000	US\$'000	US\$'000	US\$'000
Tax expense attributable to profit is made up of:				
Current income tax – Singapore	337	74	469	154
Current income tax – Foreign	508	670	609	896
	845	744	1,078	1,050
Deferred income tax	187	281	186	283
	1,032	1,025	1,264	1,333
(Over)/under provision in preceding financial periods:				
Current income tax	(28)	(504)	(19)	(452)
Deferred income tax	(267)	25	(271)	160
Total	737	546	974	1,041

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2025 and 31 December 2024:

	The Group		The Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets at amortised cost:				
Cash and bank balances	37,468	38,312	410	771
Trade and other receivables, loans and other receivables	193,517	174,006	63,394	65,084
Finance lease receivables	18,195	-	-	-
Deposits	1,432	1,476	4	-
Total	250,612	213,794	63,808	65,855
Financial liabilities at amortised cost:				
Trade and other payables	108,790	104,440	25,604	24,983
Borrowings	205,002	171,954	6,231	9,573
Total	313,792	276,394	31,835	34,556

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

11. Dividends

	The Group and The Company	
	12 months ended 31 December 2025 SGD per share	12 months ended 31 December 2024 SGD per share
Final ordinary dividend	0.0011	-
Annual Dividend Ordinary - Final*	US\$'000	US\$'000
	775	-

Note:

*Final ordinary dividend is estimated based on number of ordinary shares outstanding (excluding treasury shares) of 904,841,914 as at 31 December 2025.

12. Net assets value

	The Group		The Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Net assets value per ordinary share based on the existing issued share capital as at the end of the year reported on (in US\$)	14.69 cents	14.07 cents	10.78 cents	10.65 cents

Net assets value per ordinary share as at 31 December 2025 and 31 December 2024 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective year and the respective aggregate number of ordinary shares of 904,841,914.

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

13. Trade and other receivables

	The Group		The Company	
	31 December 2025 US\$'000	31 December 2024 US\$'000	31 December 2025 US\$'000	31 December 2024 US\$'000
Trade receivables:				
Third parties	192,200	175,104	-	-
Subsidiaries	-	-	11,954	9,988
	192,200	175,104	11,954	9,988
Loss allowance	(10,350)	(8,890)	(23)	(19)
Net trade receivables	181,850	166,214	11,931	9,969
Other receivables:				
Third parties	13,668	8,594	452	444
Loss allowance	(2,248)	(2,248)	(42)	(42)
	11,420	6,346	410	402
Derivative financial instruments	-	13	-	-
Due from:				
Subsidiaries	-	-	39,816	30,608
Associated companies	2,744	2,590	292	292
Joint venture	2,869	2,613	-	-
	5,613	5,203	40,108	30,900
Loss allowance	(5,366)	(3,757)	(4,796)	(3,963)
	247	1,446	35,312	26,937
Net other receivables	11,667	7,805	35,722	27,339
Total	193,517	174,019	47,653	37,308

The Group has an unconditional right to consideration in exchange for goods or services that it has transferred to its customers. Accordingly, the Group has no contract asset as defined in SFRS(I) 15 and records the amounts of consideration as trade receivables for its sales arrangements with the customers.

The Group generally grants a credit period that ranges from 0 to 90 days to its customers. Trade receivables are recognised initially at the amounts of consideration that are unconditional unless they contain significant financing components, of which they will be recognised at fair value. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit exposure to an individual counterparty is restricted by credit limit that is approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective heads of operation, and finance department and at the Group level by the corporate finance and management team.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables amounting to US\$3,884,000 (31 December 2024: US\$2,060,000) is mitigated because these are secured by personal guarantee and/or properties. The Group is not permitted to sell or repledge the properties in the absence of default.

The Group purchases credit insurance to reduce credit risk from extension of credit to the majority of its customers in the electronic components distribution business and certain customers in the consumer products distribution business.

The Group's trade receivables include note receivables amounting to US\$2,777,000 (31 December 2024: US\$8,509,000) which mature within six months from 31 December 2025 (31 December 2024: six months from 31 December 2024).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

13. Trade and other receivables (continued)

The Group's and the Company's other receivables (including amounts due from subsidiaries, associated companies and joint venture) are considered to have low credit risk as there is no significant increase in the risk of default on the receivables since initial recognition. The loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures, except for amounts of US\$7,614,000 (31 December 2024: US\$6,005,000), of the Group and amounts of US\$4,861,000 (31 December 2024: US\$4,005,000) of the Company, which are measured based on lifetime expected credit loss in line with the significant change in credit risk of the debtors. In addition, the Group's other receivables of US\$1,614,000 (31 December 2024: US\$1,575,000) are further secured by property and personal guarantee.

14. Inventories

	The Group	
	31 December 2025 US\$'000	31 December 2024 US\$'000
Finished goods	128,915	121,048
Work in progress	81	43
Raw materials	1,157	1,168
Total	130,153	122,259

During the financial year, the Group wrote back allowances for inventory obsolescence amounting to US\$493,000 (31 December 2024: US\$4,069,000).

15. Financial assets, at fair value through profit or loss

	The Group	
	31 December 2025 US\$'000	31 December 2024 US\$'000
Current	5,027	9,676
Non-current	22,139	20,373
Total	27,166	30,049
Comprised:		
Current		
Trade receivables ⁽¹⁾	5,027	9,676
Non-current		
Listed equity securities:		
Singapore	346	148
South Korea	863	816
Taiwan	550	607
	1,759	1,571
Unlisted equity securities:		
Singapore	389	368
Cayman Islands	12,715	11,736
Thailand	317	-
	13,421	12,104
Preference shares:		
Singapore	5,034	4,759
Thailand	1,925	1,925
	6,959	6,684
Derivative receivables – Singapore	-	14
	22,139	20,373
Total	27,166	30,049

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

15. Financial assets, at fair value through profit or loss (continued)

Note:

(1) Trade receivables which are subjected to factoring agreements arrangement with banks to obtain bank financing are categorised under “Financial assets, at fair value through profit or loss” as they do not meet the criteria of trade receivables for measurement at either amortised cost or fair value through other comprehensive income under the SFRS(I) 9, as the objective of the Group’s business model is achieved by selling these assets to banks.

16. Finance lease receivables

	The Group	
	31 December 2025 US\$'000	31 December 2024 US\$'000
Current	6,261	-
Non-current	11,934	-
Total	18,195	-

The Group sub-leases its leased co-location space to a third party under a three-year non-cancellable lease arrangement which has no provision for any early termination options. The Group’s exposure to residual value risk is not significant as the sub-lease is specifically assigned to the underlying co-location data space and the key terms of the sub-lease are substantially aligned with those of the head lease. Lease payments are fixed and do not include any variable lease payments.

	The Group	
	31 December 2025 US\$'000	31 December 2024 US\$'000
Not later than one year	7,809	-
One to two years	7,809	-
Two to three years	5,205	-
Total undiscounted lease payments	20,823	-
Less unearned finance income	(2,628)	-
	18,195	-

There have not been any significant changes in the carrying amount of the net investment in finance lease as at the reporting date.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 10% per annum.

The loss allowance on finance lease receivables as at the reporting period is estimated at an amount equal to lifetime expected credit losses. As at 31 December 2025, none of the finance lease receivables is past due or credit-impaired, and taking into account the historical default experience and the future prospects of the industries in which the lessee operates, the Group considers that the expected credit loss allowance on the finance lease receivables to be insignificant.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

17. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment amounting to US\$1,149,000 (31 December 2024: US\$1,991,000), of which US\$626,000 (31 December 2024: US\$1,116,000) were related to right-of-use assets. Cash payments of US\$523,000 (31 December 2024: US\$875,000) were made to purchase property, plant and equipment.

18. Investment properties

	The Group	
	31 December 2025 US\$'000	31 December 2024 US\$'000
Beginning of financial year	6,463	6,423
Additions	120	316
Transfer from property, plant and equipment	2,877	-
Fair value gain (net)	80	61
Currency translation differences	324	(337)
End of financial year	9,864	6,463

18.1 Valuation

Investment properties are carried at fair value, determined annually by independent professional valuers based on the investment properties' highest-and-best use value using the Direct Market Comparison Method and if required, with appropriate adjustments, taking into consideration factors, such as location, date of transaction and size of property. Changes in fair values are recognised in the consolidated statement of profit or loss.

19. Intangible assets

	The Group		The Company	
	31 December 2025 US\$'000	31 December 2024 US\$'000	31 December 2025 US\$'000	31 December 2024 US\$'000
Goodwill arising from acquisition of subsidiaries	3,062	3,119	-	-
Computer software license costs	197	166	28	24
Trademark and know-how	23	29	-	-
Total	3,282	3,314	28	24

Goodwill arising from acquisition of subsidiaries comprised those arising from the Group's electronic components distribution subsidiaries in Hong Kong and China amounting to US\$1,514,000 (31 December 2024: US\$1,656,000) and the Group's other businesses' subsidiary in Singapore amounting to US\$1,548,000 (31 December 2024: US\$1,463,000). An impairment charge of US\$142,000 was recognised during the financial year in respect of an electronic components distribution subsidiary in China (31 December 2024: Nil).

During the financial year, the Group acquired computer software license costs amounting to US\$105,000 (31 December 2024: US\$50,000).

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

20. Trade and other payables

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Trade payables – Third parties	79,069	84,162	-	-
Other payables and accrued operating expenses	23,197	15,654	997	817
Contract liabilities	5,504	3,611	-	-
Derivative financial instruments	33	-	-	-
Due to subsidiaries	-	-	9,127	8,275
Due to an associated company	1,020	1,013	1,020	1,013
Financial guarantee contracts	-	-	572	514
Total	108,823	104,440	11,716	10,619

21. Borrowings

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable within one year or on demand:				
Secured	30,041	29,869	-	5,891
Unsecured	152,653	139,057	-	3,682
	182,694	168,926	-	9,573
Amount repayable after one year:				
Secured	21,565	1,608	6,231	-
Unsecured	743	1,420	-	-
	22,308	3,028	6,231	-
Total	205,002	171,954	6,231	9,573

21.1 Details of any collateral

- (i) A term loan of the Company amounting to US\$6,231,000 (31 December 2024: US\$5,891,000) which was re-financed to be payable on 31 May 2027, is secured by the following:
- a first legal mortgage on the leasehold land and building ('Mortgaged Property') held by a wholly owned Singapore subsidiary, Serial Investment Pte Ltd;
 - an assignment of all rights and benefits relating to the Mortgaged Property;
 - an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Mortgaged Property;
 - an assignment of all rights and benefits under the insurance policies taken in relation to the Mortgaged Property; and
 - joint and several guarantees of certain subsidiaries of the Group.
- (ii) Bank borrowing of US\$44,000 (31 December 2024: US\$102,000) due by a wholly-owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd., to partially finance the acquisition of its freehold building in Malaysia is secured by a first legal mortgage of the property.
- (iii) Bank borrowing of US\$3,206,000 (31 December 2024: US\$3,264,000) due by a wholly-owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to partially finance the acquisition of its freehold building in Taiwan and for working capital is secured by a first legal mortgage of the property. The freehold building was additionally secured for trust receipts and short-term loans of the Group totalling US\$1,481,000 (31 December 2024: Nil). In addition, bank borrowing of US\$1,849,000 (31 December 2024: US\$1,580,000) due by Serial Investment (Taiwan) Inc. for working capital, is secured by cash security deposit of US\$701,000 (31 December 2024: US\$642,000) placed with the financial institution.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

21. Borrowings (continued)

- (iv) Bank borrowing of US\$7,427,000 (31 December 2024: US\$5,995,000) due by a wholly-owned South Korea subsidiary, Serial Microelectronics Korea Limited for working capital, is secured by a first legal mortgage of its freehold land and building in South Korea.
- (v) Bank borrowing of US\$13,247,000 (31 December 2024: US\$14,645,000) due by a 91.0%-owned China subsidiary, Serial Microelectronics (Shenzhen) Co., Ltd for working capital, is secured by a first legal mortgage of its leasehold buildings in Shenzhen, Shanghai and Beijing, China.
- (vi) Lease liabilities of US\$18,120,000 (31 December 2024: Nil) of the Group in relation to the rental of data center co-location space, are secured on a fixed deposit of a subsidiary, amounting to US\$1.3 million (31 December 2024: Nil).

21.2 Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at 31 December 2025, the Group complied with covenants entered with various banks, except for certain banks, which have the right to call for immediate repayment of outstanding current borrowings of US\$6,808,000 (31 December 2024: US\$7,586,000), included in current liabilities. As at the date of this report, borrowings of US\$3,399,000 have been repaid and the bank has not called for any immediate repayment for the remaining amount. The Group's subsidiaries have been servicing the repayment of the borrowings and its interests as and when they fall due and the utilisation of the borrowing facilities continues as usual as at the date of this report.

22. Share capital and treasury shares

	Issued number of shares		Total share capital	
	Share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
The Group and The Company 2025				
At 1 January 2025 and 31 December 2025	905,788	(946)	72,648	(70)
2024				
At 1 January 2024 and 31 December 2024	905,788	(946)	72,648	(70)

There were no ordinary shares issued since the end of the financial year ended 31 December 2024.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares and subsidiary holdings during the financial year ended 31 December 2025 and 31 December 2024.

There were no outstanding share options and subsidiary holdings as at 31 December 2025 and 31 December 2024.

OTHER INFORMATION

23. Review

The condensed interim statements of financial position of Serial System Ltd and its subsidiaries as at 31 December 2025 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six months and full year ended 31 December 2025 and certain explanatory notes have not been audited or reviewed by the Auditors.

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Second Half Year		Full Year	
	6 months ended 31 December 2025	6 months ended 31 December 2024	12 months ended 31 December 2025	12 months ended 31 December 2024
Based on the weighted average number of ordinary shares in issue (in US\$); and	0.16 cent	0.63 cent	0.25 cent	0.06 cent
On a fully diluted basis (in US\$)	0.16 cent	0.63 cent	0.25 cent	0.06 cent

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the six months and full year ended 31 December 2025 of 904,841,914 (six months and full year ended 31 December 2024 of 904,841,914).

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 and full year ended 31 December 2025 of 904,841,914 (six months and full year ended 31 December 2024 of 904,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive ordinary shares for the financial year ended 31 December 2025 and 31 December 2024.

OTHER INFORMATION

25. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Condensed Interim Consolidated Statement of Profit or Loss

Results for Full Year Ended 31 December 2025

The Group recorded turnover of US\$860.5 million for the full year ended 31 December 2025 ("FY2025"), an increase of 9% compared to US\$788.7 million for the same period last year ("FY2024").

Turnover for the electronic components distribution business increased by 10% to US\$741.7 million in FY2025. This was mainly attributed to Hong Kong and China, driven by higher sales from the mobile, household appliances, automotive and computing sectors, benefiting from the Chinese government's economic stimulus program as well as increase in demand for AI-related products. South Korea also recorded higher sales from increase in demand from a product line to existing and new customers in the automotive sector. These increases were partially offset by lower sales in Southeast Asia and India, primarily due to the end-of-life of a supplier's product and reduction in sales to a customer affected by financial and restructuring challenges faced by our supplier. Taiwan recorded marginally lower sales amid keen competition in the semiconductor sector.

Turnover for the consumer products distribution business increased by 3% to US\$110.2 million in FY2025. Thailand and Japan recorded higher sales, supported by an expanded range of computer peripherals. Malaysia also recorded higher sales from continued strong demand for gaming, notebooks, data centre and AI-related products. These increases were significantly offset by cessation of business in a 55%-owned Singapore subsidiary, Achieva Tech Allianz Pte. Ltd. in FY2025 which contributed US\$13.0 million in the fourth quarter of FY2024 and lower sales of 3D printers and accessories recorded by a Singapore subsidiary, due to intense market competition for its 3D printers.

Turnover for other businesses increased by 26% to US\$8.5 million in FY2025 due to higher sales from the hospitality and healthcare solutions and medical devices assembly and distribution businesses.

Overall gross profit margin increased by 0.3 percentage point to 7.7% in FY2025, from 7.4% in FY2024. The improvement was mainly attributed to higher margin achieved by the electronic components distribution business, as the Group focused its sales efforts on higher-margin products and customers. The consumer products distribution business in Malaysia and Thailand also recorded higher margin in FY2025, from strong demand in the gaming, computing, data centre and AI-related segments.

Other operating income decreased by US\$7.3 million or 42% to US\$10.0 million in FY2025. The decrease was mainly due to a lower net fair value gain on financial assets, at fair value through profit or loss of US\$7.2 million and lower write-back of allowances for inventory obsolescence of US\$3.6 million. The decrease was partially offset by net foreign exchange gain of US\$3.9 million in FY2025 as compared to net foreign exchange loss of US\$2.2 million recorded under "Other Operating Expense" in FY2024. The net fair value gain on financial assets, at fair value through profit or loss in FY2024 related to mainly the recognition of fair value gain totalling US\$7.8 million from the Group's investments in its 15.7% equity interest in Otsaw Limited and 7.0% preference shares in Transwap Private Limited.

Interest income increased by US\$0.2 million, or 10%, to US\$1.8 million in FY2025. This was mainly attributable to the leasing interest income of US\$0.7 million derived from a three-year non-cancellable finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the sub-lease of a co-location space to a third party. The increase was partially offset by lower project financing and factoring income earned by the Group's Thailand subsidiaries from reduction in projects funded in FY2025.

Condensed Interim Consolidated Statement of Profit or Loss (continued)

Distribution expenses increased by US\$2.3 million or 6% to US\$38.9 million, mainly due to higher staff and related costs, freight and handling, storage charges, custom and goods and services taxes, and trade credit insurance costs associated with the electronic components distribution business in line with its increase in sales. Higher advertising and promotion expenses incurred by the Thailand consumer products distribution subsidiaries also contributed to the increase in distribution expenses. The increase was partially offset by lower sales commission expense incurred by the Hong Kong and China electronic components distribution subsidiaries.

Administrative expenses increased marginally by US\$0.05 million or 1% to US\$9.7 million, mainly due to higher professional and statutory fees arising from the Group's Singapore Exchange Catalyst-listed, 77.64%-owned Serial Achieva Limited. The increase was substantially offset by lower office rental and utility costs, and lower office supplies and maintenance expenses.

Finance expenses decreased by US\$1.0 million, or 8%, to US\$11.2 million in FY2025. This was mainly due to lower overall interest rates on the Group's bank borrowings as compared to FY2024. The decrease was partially offset by higher interest expense on lease liabilities arising from a three-year non-cancellable finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the lease of a co-location space.

Other operating expenses decreased by US\$3.6 million or 20% to US\$14.8 million in FY2025. The decrease was mainly due to a one-off fair value accounting loss on the reverse takeover of 77.64%-owned Serial Achieva Limited of US\$3.7 million recorded in FY2024, net foreign exchange loss of US\$2.2 million recorded in FY2024 as opposed to net foreign exchange gain of US\$3.9 million recorded under "Other Operating Income" in FY2025 and lower depreciation charges on property, plant and equipment of US\$0.5 million. The decrease was partially offset by higher loss allowance on trade and non-trade receivables of US\$1.6 million and higher staff and related costs of US\$1.3 million.

The Group's associated companies contributed net profit of US\$20,000 as compared to net profit of US\$75,000 in FY2024. The Group shared profit of US\$81,000 (FY2024: profit of US\$44,000) from 13.02%-owned Bull Will Co., Ltd., substantially offset by share of loss of US\$61,000 (FY2024: profit of US\$31,000) from 14.90%-owned PT Sentral Mitra Informatika Tbk.

The Group reported net profit of US\$2.3 million in FY2025 as compared to net profit of US\$0.5 million in FY2024. The improvement in results in FY2025 was mainly due to better performance from improved gross margin and increased sales, net foreign exchange gain of US\$3.9 million and lower finance expenses of US\$1.0 million, partially offset by higher loss allowance on trade and non-trade receivables of US\$1.6 million and lower write-back of allowances for inventory obsolescence of US\$3.6 million.

Condensed Interim Consolidated Statement of Profit or Loss (continued)

Results for Second Half Year Ended 31 December 2025

The Group recorded turnover of US\$467.8 million for the second half year ended 31 December 2025 ("2H2025"), an increase of 13% when compared to US\$413.9 million for the same period last year ("2H2024").

Turnover for the electronic components distribution business increased by 20% to US\$409.7 million in 2H2025. All regions recorded higher sales, driven by improved demand in the semiconductor industry, especially the AI-related space. Hong Kong and China recorded the largest increase, supported by strong sales in the mobile, automotive and household appliances sectors, and AI-related products.

Turnover for the consumer products distribution business decreased by 20% to US\$53.8 million in 2H2025, mainly due to cessation of business in a 55%-owned Singapore subsidiary, Achieva Tech Allianz Pte. Ltd. in FY2025 which contributed US\$13.0 million in the fourth quarter of FY2024. Lower sales in Malaysia, affected by inventory shortages from a supplier and reduction in sales of 3D printers and accessories by a Singapore subsidiary due to intense market competition for its 3D printers also contributed to the decline in sales for 2H2025. These decreases were partially offset by higher sales in Thailand and Japan, supported by an expanded range of computer peripherals.

Turnover for other businesses increased by 17% to US\$4.3 million in 2H2025 due to higher sales from the hospitality and healthcare solutions and medical devices assembly and distribution businesses.

Overall gross profit margin decreased by 0.2 percentage point to 7.2% in 2H2025 from 7.4% in 2H2024. This was mainly attributed to lower margin recorded by the Group's Hong Kong and China, South Korea and Taiwan electronic components distribution subsidiaries and the Group's consumer products distribution subsidiaries, amid keen market competition. The decline was partially offset by improved margin achieved by the Group's Singapore electronic components distribution subsidiary from increase in sales of higher-margin products and customers.

Other operating income decreased by US\$8.6 million or 61% to US\$5.6 million. The decrease was mainly due to lower net fair value gain on financial assets, at fair value through profit or loss of US\$7.3 million and lower write-back of allowances for inventory obsolescence of US\$4.4 million. The decrease was partially offset by a higher net foreign exchange gain of US\$2.4 million recorded in 2H2025, compared to a net foreign exchange gain of US\$0.9 million recorded under "Other Operating Expenses" in 2H2024. Higher commission and service income, as well as higher rebate income from suppliers totalling US\$0.6 million, also mitigated the decline.

In 2H2024, the net fair value gain on financial assets at FVTPL mainly related to the recognition of a fair value gain totalling US\$7.8 million from the Group's investments in its 15.7% equity interest in Otsaw Limited and 7.0% preference shares in Transwap Private Limited.

Interest income increased by US\$0.5 million or 64% to US\$1.3 million in 2H2025, mainly due to the leasing interest income of US\$0.7 million derived from a three-year non-cancellable finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the sub-lease of a co-location space to a third party. The increase was partially offset by lower project financing and factoring income earned by the Group's Thailand subsidiaries from reduction in projects funded in 2H2025.

Distribution expenses increased marginally by US\$0.2 million or 1% to US\$19.0 million, mainly due to higher staff and related costs, freight and handling, storage charges, custom and goods and services taxes, and trade credit insurance costs associated with the electronic components distribution business in line with its increase in sales. Higher advertising and promotion expenses incurred by the Thailand consumer products distribution subsidiaries also contributed to the increase in distribution expenses. The increase was substantially offset by lower sales commission expense and business tax incurred by the Hong Kong and China electronic components distribution subsidiaries.

Administrative expenses increased marginally by US\$0.07 million or 1% to US\$5.0 million, mainly due to higher professional and statutory fees arising from the Group's Singapore Exchange Catalist-listed, 77.64%-owned Serial Achieva Limited. The increase was substantially offset by lower office supplies and maintenance expenses.

Finance expenses increased by US\$0.2 million or 3% to US\$5.9 million, mainly due to higher interest expense on lease liabilities arising from a three-year non-cancellable finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the lease of a co-location space. The increase was partially offset by overall lower interest rates on the Group's bank borrowings as compared to 2H2024.

Condensed Interim Consolidated Statement of Profit or Loss (continued)

Other operating expenses decreased by US\$0.9 million or 9% to US\$8.7 million in 2H2025. The decrease was mainly due to a one-off fair value accounting loss on the reverse takeover of 77.64%-owned Serial Achieva Limited of US\$3.7 million recorded in 2H2024 and lower depreciation charges on property, plant and equipment of US\$0.1 million. The decrease was substantially offset by higher loss allowance on trade and non-trade receivables of US\$1.5 million, higher staff and related costs of US\$0.7 million and net foreign exchange gain of US\$0.9 million recorded under "Other Operating Expenses" in 2H2024 as opposed to net foreign exchange gain (net) of US\$2.4 million recorded under "Other Operating Income" in 2H2025.

The Group's associated companies contributed net profit of US\$49,000 as compared to net profit of US\$3,000 in 2H2024. The Group shared profit of US\$55,000 (2H2024: profit of US\$13,000) from 13.02%-owned Bull Will Co., Ltd., partially offset by share of loss of US\$6,000 from 14.90%-owned PT Sentral Mitra Informatika Tbk (2H2024: loss of US\$10,000).

The Group recorded net profit of US\$1.5 million in 2H2025 as compared to US\$5.7 million in 2H2024. The lower net profit despite better performance from increased sales, was mainly due to lower net fair value gain on financial assets, at fair value through profit or loss of US\$7.3 million, lower write-back of allowances for inventory obsolescence of US\$4.4 million, and higher loss allowance on trade and non-trade receivables of US\$1.5 million, partially offset by higher net foreign exchange gain of US\$1.5 million and the absence of a one-off fair value accounting loss on the reverse takeover of 77.64%-owned Serial Achieva Limited of US\$3.4 million recorded in 2H2024.

Condensed Interim Statements of Financial Position

Trade and other receivables increased by US\$19.5 million (net of factored trade receivables) to US\$193.5 million as at 31 December 2025. The Group's Hong Kong and China electronic components distribution subsidiaries recorded higher trade receivables in line with higher sales. This was substantially offset by reduction in trade receivables due to payment from its customer of the Group's Singapore consumer products distribution subsidiary which has ceased its business during 1H2025. Other receivables increased by US\$4.3 million mainly due to higher value-added tax receivables by the Group's China electronic components distribution subsidiary and higher interest income accrued by a Thailand subsidiary in "Other Businesses" in FY2025. Average turnover days for trade receivables decreased to 77 in FY2025 from 78 in FY2024.

Inventories increased by US\$7.9 million to US\$130.2 million as at 31 December 2025. This was mainly due to higher inventory levels held and purchased by the Group's Hong Kong and China, Singapore and South Korea electronic components distribution subsidiaries, as well as its Thailand and Japan consumer products distribution subsidiaries, in anticipation of higher sales in 1Q2026. The increase was partially offset by lower inventories held by the Group's Malaysia consumer products distribution subsidiary and Taiwan electronic components distribution subsidiary from more prudent inventory management. Average turnover days for inventories decreased to 58 in FY2025 from 62 in FY2024.

Financial assets, at fair value through profit or loss (current assets) decreased by US\$4.6 million to US\$5.0 million as at 31 December 2025. This was due to reduction in factored trade receivables which were included in this asset category.

Financial lease receivables of US\$6.3 million and US\$11.9 million included in current assets and non-current assets respectively as at 31 December 2025 related to a three-year non-cancellable finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary for the sub-lease of a co-location space to a third party.

Other current assets of US\$6.6 million as at 31 December 2025 comprised mainly prepayments to suppliers for purchase of inventories of US\$4.7 million, office rental deposits of US\$0.3 million and other prepaid operating and financial expenses of US\$1.6 million. The increase of US\$1.2 million as compared to 31 December 2024 was mainly due to higher prepayments to suppliers for purchase of inventories and higher other prepaid operating and financial expenses, attributed mainly to the Group's Hong Kong and China electronic components distribution subsidiaries.

Financial assets, at fair value through profit or loss (non-current assets) increased by US\$1.8 million to US\$22.1 million as at 31 December 2025. This was mainly due to additional investments in unlisted equity securities of US\$0.7 million, net fair value gain on the Group's investments in listed equity securities of US\$0.3 million, and currency translation gain of US\$1.0 million, partially offset by disposals of listed equity securities of US\$0.2 million.

Condensed Interim Statements of Financial Position (continued)

Property, plant and equipment decreased by US\$2.7 million to US\$24.4m as at 31 December 2025. This was mainly due to depreciation charges amounting to US\$2.3 million and a reclassification of an office unit owned by a Singapore subsidiary amounting to US\$2.2 million to investment properties. The decrease is partially offset by a net increase in right-of-use assets (included in property, plant and equipment) of US\$0.3 million, additions of US\$0.5 million to property, plant and equipment and currency translation gain of US\$1.0 million in FY2025.

Investment properties increased by US\$3.4 million to US\$9.9 million as at 31 December 2025. The increase was mainly attributable to the reclassification of US\$2.2 million from property, plant and equipment, a fair value gain of US\$0.7 million recognised to other comprehensive income upon the transfer from property, plant and equipment to investment properties, currency translation gain of US\$0.3 million and net fair value gain of US\$0.1 million recorded in FY2025.

Trade and other payables increased by US\$4.4 million to US\$108.8 million as at 31 December 2025. Trade payables decreased by US\$5.6 million due to full settlement of trade payables of the Group's Singapore consumer products distribution subsidiary which has ceased its business during 1H2025. Shorter payment days to certain suppliers of the Group's Hong Kong electronic components distribution subsidiary and lower purchases made by the Group's Malaysia and Singapore consumer products distribution subsidiaries also contributed to the decrease in trade payables. The decrease was partially offset by increase in trade payables of the Group's Singapore and South Korea electronic components distribution subsidiaries due to higher purchases and/or longer payment days to certain suppliers. Other payables increased by US\$9.5 million mainly due to higher accruals for sales commission and higher deposits received from customers by the Group's Hong Kong and China electronic components distribution subsidiaries, and higher expense accruals by the Group's Singapore electronic components distribution subsidiary and Singapore and Malaysia consumer products distribution subsidiaries. Average payment days for trade payables increased to 38 in FY2025 from 32 in FY2024.

As at 31 December 2025, the Group's current ratio (current assets divided by current liabilities) was 1.30 (31 December 2024: 1.28).

Borrowings increased by US\$33.0 million to US\$205.0 million as at 31 December 2025. This was mainly due to higher borrowings by the Group's Singapore, Hong Kong and China, and South Korea electronic components distribution subsidiaries and a Malaysia consumer products distribution subsidiary to finance increase in working capital requirements. The increase was also due to the recognition of lease liabilities amounting to US\$18.1 million arising from a three-year finance lease agreement entered in September 2025 by the Group's Malaysia consumer products distribution subsidiary. The increase was partially offset by the full repayment of an interest-bearing loan amounting to S\$5.0 million (US\$3.9 million) to Mr. Goi Seng Hui, a substantial shareholder of the Company in 1H2025. The Company's current portion of a term loan amounting to US\$6.2 million (31 December 2024: US\$5.9 million) was reclassified to non-current borrowings as at 31 December 2025 upon extension of the maturity of the term loan from 30 May 2025 to 31 May 2027.

As at 31 December 2025, the Group's net gearing ratio was 120.3% (31 December 2024: 100.2%). The net gearing ratio was derived as net debts (total borrowings minus cash and cash equivalents) divided by total equity. The increase was mainly due to increase in total borrowings in FY2025.

Currency translation reserve increased by US\$2.8 million to US\$3.1 million as at 31 December 2025. This was mainly due to increase in the value of the Group's investments in its Singapore, South Korea and Thailand subsidiaries, arising from the weakening of the United States Dollar against these subsidiaries' functional currencies of Singapore Dollar, Korean Won and Thailand Baht respectively.

Condensed Interim Statements of Financial Position (continued)

Foreign exchange management

The Group's financial statements are presented in United States Dollar, which is also the functional and presentation currency of the Company. The Company has foreign exchange hedging policies for the Group's subsidiaries with significant exposure to foreign currencies in Chinese Renminbi, Malaysian Ringgit, Thailand Baht, Japanese Yen and Singapore Dollar. These policies were discussed and concurred by the Audit Committee of the Company. For FY2025, approximately US\$3.2 million of the net foreign exchange gain was unrealised, and accounted for 82% of the total net foreign exchange gain of US\$3.9 million. This foreign exchange gain arose mainly from the United States Dollar inter-company payables due by the China and Thailand subsidiaries whose respective currencies have strengthened against the United States Dollar during FY2025. The Group monitored on a daily basis the direction of these currencies to make decision whether to enter into foreign exchange forward contract and/or spot transactions to mitigate its currency exposures. As the cash flows from these subsidiaries to repay the United States Dollar inter-company payables from collections of trade receivables and sales of inventories are not certain, the Group enters into foreign exchange forward contract and/or spot transactions in accordance to its monthly requirements for United States Dollar, rather than hedging the entire amount of the United States Dollar inter-company payables exposure with these subsidiaries.

Short-term financial obligations

The Board after taking into consideration the Group's cash and cash equivalents and net current assets, and continued support from the Group's lenders and vendors, is of the opinion that the Group is able to meet its short term financial obligations due within the next 12 months.

Contingent liability

In FY2024, the Company's wholly-owned subsidiary, Serial Microelectronics Pte Ltd ("SMPL"), received protective tax assessment notice from the Inland Revenue Authority of Singapore ("IRAS") amounting to S\$1,038,000 (US\$810,000) for the year of assessment 2019 ("YA2019") ("Unitron YA2019 Protective Tax Assessment").

The Unitron YA2019 Protective Tax Assessment notice relates to the marked to market fair value gain of US\$4,454,000 from SMPL's 7.15% equity investment in Unitron Tech Co., Limited ("Unitron"), a South Korea company listed in February 2016 on the Korean Securities Dealers Automated Quotations of the Korean Exchange. SMPL has treated the gain as capital in nature as opposed to trading gain on the grounds that the investment has been held for long term strategic purposes since March 2004 and not for trading sale.

On 25 March 2025, IRAS, following review of the objection letter, together with supporting information submitted by SMPL's tax advisor in December 2024, maintained its view that the marked to market fair value gain of US\$4,454,000 from SMPL's investment in Unitron is on revenue account. Pending further resolution on this and related tax matters, the existing tax assessment for the Unitron's YA2019 Protective Tax Assessment stands.

On 18 July 2025, SMPL through its tax advisor submitted additional documents/information to IRAS to support the capital gain treatment of Unitron investment. As at the announcement date of 25 February 2026, IRAS has not revert back to SMPL or its tax adviser on its position.

No provision for the Unitron's YA2019 Protective Tax Assessment has been made in the financial statements for the financial year ended 31 December 2024 and 31 December 2025 respectively.

26. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously issued in respect of the current reporting period.

OTHER INFORMATION

27. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating environment for the semiconductor industry in Asia, where the Group conducts its core electronic components and consumer products distribution businesses, is expected to remain challenging and dynamic in 2026. Global economic conditions continue to be influenced by geopolitical uncertainties, trade and technology policy developments, ongoing supply chain realignments, which may impact demand visibility and operating costs across the markets in which the Group operates.

Trade restrictions, tariffs and export controls on advanced semiconductor technologies remain key sources of uncertainty, particularly in relation to China, the Group's largest market. At the same time, inflationary pressures, elevated interest rates and currency volatility are expected to persist, potentially affecting customer demand, inventory management and working capital requirements which will impact the Group's performance. The Group will continue to monitor these developments closely and respond dynamically to changing market conditions.

Notwithstanding these challenges, structural demand drivers in artificial intelligence and related applications, cloud computing, electric vehicles, renewable energy and other advanced technology applications are expected to continue supporting semiconductor consumption in 2026. In addition, China's ongoing efforts to strengthen domestic semiconductor capabilities may present further partnership and business expansion opportunities with Chinese semiconductor suppliers. The Group will remain focused on broadening its product portfolio and strengthening its capabilities in these growth segments.

The Group's consumer products distribution business is expected to operate in a competitive environment in 2026, shaped by cautious consumer sentiment and potential pricing pressures from memory shortages. Through its listed entity, Serial Achieva Limited, the Group will continue to enhance its product offerings in higher-growth segments like gaming, cloud storage and AI solutions. The Group also intends to further diversify its geographic footprint in Southeast Asia and explore growth opportunities through strategic partnerships and acquisitions to reduce market concentration risks and build long-term resilience.

In view of the uncertain macroeconomic and geopolitical landscape, the Group will continue to exercise discipline in managing its operations and balance sheet. Our key priorities include maintaining operational efficiency, prudent inventory and credit management, as well as disciplined cash flow planning to deliver a sustainable performance in 2026.

28. Dividend

a) Current Financial Period Reported On

Any dividend declared (recommended) for the current financial period reported on? Yes

Name of Dividend	Final (Proposed)
Dividend Type	Cash
Dividend Amount per Share (in SGD cents)	0.11 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

c) Date payable

Date of proposed final dividend payment will be announced at a later date.

d) Books closure date

Notice of books closure date will be announced at a later date.

OTHER INFORMATION

29. If no dividend has been declared/recommended, a statement to that effect.

The proposed final dividend as stated in 28(a) above is subject to shareholders' approval at the forthcoming Annual General Meeting.

30. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under SGX Listing Manual Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate from shareholders has been obtained for IPTs.

31. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

32. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of the SGX-ST. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, we submit the following report giving information on persons holding managerial position who are relative of a director, chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Derek Goh Bak Heng	64	Cousin of Sean Goh Su Teng and father of Victoria Goh Si Hui. Derek Goh Bak Heng is a Substantial Shareholder of Serial System Ltd	<p><u>Current Position</u> Executive Chairman of Serial System Ltd (Year 2024) and Group Chief Executive Officer (Year 2001)</p> <p><u>Duties</u> Responsible for leading the Board in charting the future direction of the Group and the management team in executing strategies to achieve the goals set by the Board.</p>	Not applicable
Mr. Sean Goh Su Teng	46	Cousin of Derek Goh Bak Heng and uncle of Victoria Goh Si Hui	<p><u>Current Position</u> Deputy Group Chief Executive Officer (Year 2022), Executive Director of Serial System Ltd (Year 2021) and Non-Executive Chairman of Serial Achieva Limited, listed on Catalist Board of the SGX-ST (Year 2024)</p> <p><u>Duties</u> Responsible for overall management of the Group. Sean also works closely with the Board and the management team on corporate development and strategic planning of the Group.</p> <p>At Serial Achieva Limited, Sean provides leadership and guidance to its board and works together with its executive directors to set the direction and objectives of the group which include focus on value creation, innovation and sustainability.</p>	Not applicable

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

OTHER INFORMATION

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ms. Victoria Goh Si Hui	32	Daughter of Derek Goh Bak Heng and niece of Sean Goh Su Teng	<p><u>Current Position</u> Non-Executive Director of Serial System Ltd (1 February 2026), Executive Director and Chief Executive Officer of Serial Achieva Limited, listed on Catalist Board of the SGX-ST (1 February 2026)</p> <p><u>Duties</u> Work with the board of Serial Achieva Limited and its management team to oversee the group's businesses, strategic planning and expansion.</p> <p>At Serial System Ltd, Victoria will continue to manage the business of the hospitality and healthcare solutions under Serial System Ltd's wholly owned subsidiary, Serial Multivision Pte. Ltd., a non-core business segment classified under "Other Businesses" of Serial System Ltd.</p>	<p>Victoria was appointed to the Board of Directors of Serial System Lptd as an Executive Director on 26 January 2022. She was re-designated as a Non-Executive Director of Serial System Ltd on 1 February 2026 following her appointment as the Chief Executive Officer and re-designation from Non-Executive Director to Executive Director of Serial Achieva Limited, a 77.64%-owned subsidiary of Serial System Ltd. Victoria has also relinquished her roles as Group Vice President, Business Development & Marketing, and Chief Operating Officer of the Consumer Products Distribution Division of Serial System Ltd and re-designated as non-executive director of the subsidiaries and associated companies within the Serial System Ltd Group.</p>

BY ORDER OF THE BOARD

Mr. Derek Goh Bak Heng

Executive Chairman and Group Chief Executive Officer

25 February 2026