



(Company Registration No.: LL12218)
(Incorporated in Labuan, Malaysia)

Review of Financial Performance and Financial Position of a Wholly-owned Subsidiary, Achieva Technology Sdn. Bhd., for Financial Years Ended 31 December 2023 and 31 December 2022 and Business Update and Future Plans of the Group

Company Overview

Serial Achieva Limited (formerly known as Axington Inc. and listed on Catalist Board of Singapore Exchange) (“**Serial Achieva**” or the “**Company**”, together with its subsidiaries, collectively the “**Group**”) has recently completed its reverse takeover (“**RTO**”) via the acquisition of the entire shareholding interest in Achieva Technology Sdn. Bhd. (“**Achieva Technology Malaysia**”) and a 49.0% shareholding interest in Achieva Digital (Thailand) Company Limited (“**Achieva Digital Thailand**”) on 14 June 2024. Achieva Technology Malaysia and Achieva Digital Thailand are local reseller and distributor of consumer and enterprise IT products and computer peripherals, operating in Malaysia and Thailand respectively, serving a variety of business partners with a portfolio that includes a wide range of IT products including desktop CPUs, motherboards, VGA cards, and laptops from leading international brands such as AMD, Intel, MSI, ViewSonic, and Gigabyte.

The Group focuses on sourcing and distributing high-quality IT products to IT retail stores and system integrators, facilitating the building of custom computing systems. Its operational model includes warehousing and direct distribution, ensuring efficient delivery and customer satisfaction.

Serial Achieva’s mission is to provide exceptional IT products and solutions, driving innovations and growth in Asia’s IT sector.

Review of Financial Performance of Achieva Technology Malaysia for FY2023 vs FY2022

<i>RM'000</i>	FY2023	FY2022	Change (%)
Revenue	195,231	163,558	19
Gross Profit	6,640	5,759	15
Gross Profit Margin (%)	3.4	3.5	-0.1 ppt*
Net Loss After Tax	(1,816)	(3,730)	(51)

*ppt – Percentage Points

Achieva Technology Malaysia recorded revenue of RM195.2 million for the financial year ended 31 December 2023 (“**FY2023**”), an increase of 19% compared to RM163.6 million in the previous year (“**FY2022**”). The increase is mainly contributed by its newly onboarded laptop distribution business which began in the last quarter of FY2022. Revenue from this product segment surged 498% from RM10.0 million to RM59.6 million in FY2023.

Revenue for the other product segments including desktop CPUs, motherboards, LCD monitors, VGA cards, etc, however, declined by 12% from RM153.6 million in FY2022 to RM135.6 million in FY2023. The decrease was mainly due to lower sales of LCD monitors and VGA cards, attributable to weak consumer demand and overstocking in the supply chain. Challenging financial and economic conditions, characterized by intense market competition, rising inflationary pressures reducing consumer purchasing power, and currency volatility continued to exert pressure on demand, negatively impacting these products segments’ overall top line.

Overall gross profit margin declined marginally by 0.1 percentage point to 3.4% from 3.5% in FY2022, mainly due to lower margins achieved by VGA cards, partially offset by improved margins on desktop CPUs and LCD monitors.

Achieva Technology Malaysia reported a lower net loss of RM1.8 million in FY2023 as compared to a net loss of RM3.7 million in FY2022 mainly attributable to higher gross profit of RM0.9 million on higher sales, lower net foreign exchange loss of RM1.09 million and a write-back of allowances for inventory obsolescence of RM0.5 million in FY2023 as opposed to an allowance for inventory obsolescence of RM0.9 million in FY2022. The increase was partially offset by higher staff and related costs of RM0.39 million and higher bank charges of RM0.36 million attributable to the laptop distribution business, higher interest expenses of RM0.48 million impacted by the high interest rates and higher allowance on trade receivables of RM0.25 million.

Review of Financial Position of Achieva Technology Malaysia as at 31 December 2023 vs 31 December 2022

RM'000	As at 31 December 2023	As at 31 December 2022	Change (%)
Current assets	68,127	66,813	2
Non-current assets	1,769	1,095	64
Current liabilities	64,604	61,499	5
Non-current liabilities	746	47	1487
Total equity	4,546	6,362	(29)

Current assets

As of 31 December 2023, current assets were RM68.1 million, representing 97.5% of total assets. These current assets primarily comprised trade and other receivables of RM36.7 million (31 December 2022: RM30.1 million), inventories of RM26.7 million (31 December 2022: RM30.2 million), and cash and cash equivalents of RM4.7 million (31 December 2022: RM5.9 million).

Trade and other receivables increased by RM6.6 million to RM36.7 million attributed to increased sales in the new laptop distribution business. Inventories decreased from RM30.2 million to RM26.7 million due to more prudent inventory management and clearance of older inventories.

Non-current assets

As of 31 December 2023, non-current assets were RM1.8 million, representing 2.5% of total assets. These non-current assets comprised property, plant, and equipment of RM1.3 million (31 December 2022: RM0.6 million) and an investment property worth RM0.5 million (31 December 2022: RM0.5 million), relating to a leasehold building located at Selangor Darul Ehsan, Malaysia.

Property, plant and equipment increased by RM0.7 million to RM1.3 million due to the increase in right-of-use assets as a result of the renewal of rental for warehouse.

Current liabilities

As of 31 December 2023, current liabilities were RM64.6 million, representing 98.9% of total liabilities. These current liabilities comprised trade and other payables amounting to RM9.8 million (31 December 2022: RM6.6 million), amounts due to the ultimate holding, immediate holding, and related companies totalling RM32.1 million (comprising RM26.7 million in trade and RM5.4 million in non-trade) [31 December 2022: RM29.9 million (comprising RM27.7 million in trade and RM2.2 million in non-trade)], and bank borrowings of RM22.7 million (31 December 2022: RM25.0 million).

Trade and other payables, amounts due to the ultimate holding, immediate holding, and related companies increased by RM5.4 million to RM41.9 million. This was mainly due to increased purchases by the new laptop distribution business.

Bank borrowings decreased by RM2.3 million to RM22.7 million. This was mainly due to net repayment of bank borrowings in FY2023.

Non-current liabilities

As of 31 December 2023, non-current liabilities were RM0.75 million, representing 1.1% of total liabilities. These non-current liabilities were related to lease liabilities on the non-current portion of the outstanding lease payment in respect of the office and warehouse located at Selangor Darul Ehsan, Malaysia.

The increase of non-current liabilities by RM0.7 million to RM0.75 million was mainly due to the increase in lease liabilities as a result of the renewal of rental for warehouse.

Total equity

As of 31 December 2023, total equity amounted to RM4.5 million, comprising RM20.4 million in issued ordinary share capital and accumulated losses of RM15.9 million.

Review of Cash Flows of Achieva Technology Malaysia for FY2023 vs FY2022

<i>RM'000</i>	FY2023	FY2022
Net cash used in operations	(2,350)	(3,102)
Net cash used in investing activities	(64)	(473)
Net cash from financing activities	1,082	3,422
Net decrease in cash and cash equivalent at end of the year	(1,332)	(153)
Effect of currency rate changes on cash and cash equivalent	75	24
Cash and cash equivalents at beginning of the year	5,916	6,045
Cash and cash equivalents at end of the year	4,659	5,916

In FY2023, negative operating cash flows from operating activities before changes in working capital amounted to RM2.4 million. This was primarily due to the negative net cash used in working capital of RM1.9 million driven by an increase in trade and other receivables of RM6.5 million, a decrease in amounts due to the immediate holding company and related companies of RM1.1 million, and net interest paid of RM1.6 million. These were partially offset by a decrease in inventories of RM4.0 million and an increase in trade and other payables of RM3.3 million. Furthermore, there was negative operating cash flows before working capital of RM0.4 million, resulting from a loss before tax of RM1.8 million, adjusted for non-cash expenses totaling RM1.4 million.

In FY2023, net cash used in investing activities amounted to RM0.1 million was due to purchase of office equipment.



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In FY2023, net cash from financing activities amounted to RM1.1 million mainly due to advances from immediate holding company and related companies of RM5.1 million. These were partially offset by repayment of bank borrowings of RM2.2 million, repayment to ultimate holding company of RM1.3 million and lease liabilities of RM0.5 million.

Refer to Appendix I for Achieva Technology Malaysia FY2023's audited statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and Independent Auditors' report.

Business Update of the Group

In June 2024, Achieva Technology Malaysia, has been appointed as Intel's master distributor in Vietnam. From the third quarter of FY2024, Achieva Technology Malaysia will start selling Intel products to a local distributor in Vietnam, making its first presence and expansion outside Malaysia.

In July 2024, Achieva Technology Malaysia, has been appointed as a non-exclusive distributor by KAYTUS Systems Pte. Ltd. for the ASEAN region. KAYTUS offers IT infrastructure products and solutions for cloud, AI, edge computing and other emerging applications.

Future Plans of the Group

Looking ahead, Serial Achieva plans to expand by acquiring synergistic companies through mergers and acquisitions (M&As) and/or forming strategic alliances. The Group aims to increase its presence in the South East Asian markets such as Indonesia, Vietnam, and the Philippines through joint venture partnerships. Additionally, it will continue to enhance its portfolio of gaming and cloud storage solutions, including AI, and upgrade its warehousing and distribution system through automation. The Company plans to use approximately S\$1.1 million for these expansion plans, M&As, and the upgrading and automation capabilities. This will be funded from the S\$2.5 million raised from the recent compliance placement of 12.5 million new shares at S\$0.20 per share.

By Order of the Board

Sim Mong Keang, Kenny
Executive Director and Chief Executive Officer
24 July 2024

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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