



SERIAL SYSTEM LTD

1H2024 Results Presentation

Monday, 12 August 2024





By moving forward and thinking forward, Serial System helps its partners to be more competitive in the marketplace, today and in the future

AGENDA



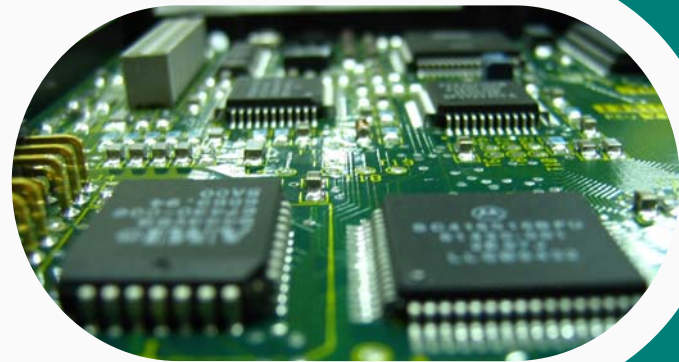
FINANCIAL RESULTS



CORPORATE OVERVIEW²



OUTLOOK



FINANCIAL RESULTS



Snapshot Of 1H2024 Performance

US\$'000	1H2024	1H2023	Change (%)
Sales	374,716	369,771	1
Gross Profit	27,860	29,486	-6
Gross Profit Margin (%)	7.4	8.0	-0.6 ppt
Net Loss After Tax (Attributable to equity holders of the Company)	(5,180)	(12,726)	-59
LPS - fully diluted (US cents) ⁽¹⁾	(0.57)	(1.41)	-59
NAV per share (US cents) ⁽²⁾	30/06/2024: 13.05	31/12/2023: 13.79	

(1) Loss per ordinary share ("LPS") on a fully diluted basis are computed based on the weighted average number of shares in issue during the six months ended 30 June 2024 of 904,841,914 (the six months ended 30 June 2023 of 904,841,914).

(2) Net assets value ("NAV") per ordinary share as at 30 June 2024 and 31 December 2023 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 904,841,914.

1H2024 Highlights



☐ Revenue in 1H2024 increased 1% to US\$374.7M from US\$369.8M in 1H2023

- Sales for the electronic components distribution business increased by 2%, due to higher sales recorded by Hong Kong and China contributed by improved demand and inventory replenishment from the automotive, new energy, household appliances and mobile sectors. Lower sales in Southeast Asia and India, South Korea and Taiwan impacted by slowdown in domestic and export demand offset partially the increase in sales in Hong Kong and China
- Consumer products distribution business decreased by 2% to US\$39.7 million, due to lower sales in Malaysia caused by weak consumer demand and overstocking in the supply chain for certain computer peripherals. Higher sales of 3D printers and accessories by a Singapore consumer products distribution subsidiary following the award of a regional distributorship in Asia and higher sales recorded by its Thailand and Japan subsidiaries due to expanded product ranges of computer peripherals partially offset the decrease in sales in Malaysia
- Turnover for other businesses decreased by 11% to US\$3.1 million mainly attributed to lower revenue from the medical device assembly and distribution business

☐ Gross profit margin declined by 0.6 percentage point to 7.4% in 1H2024

- Lower margins recorded by the electronic components and consumer products distribution businesses, amid keen market competition in a tough operating environment. Businesses continued to be impacted by weak demand in the consumer and industrial sectors, elevated inflationary cost pressures, high interest rates and ongoing geopolitical tensions
- Sales of older inventories at lower margin also contributed to the decline in margin in these two divisions

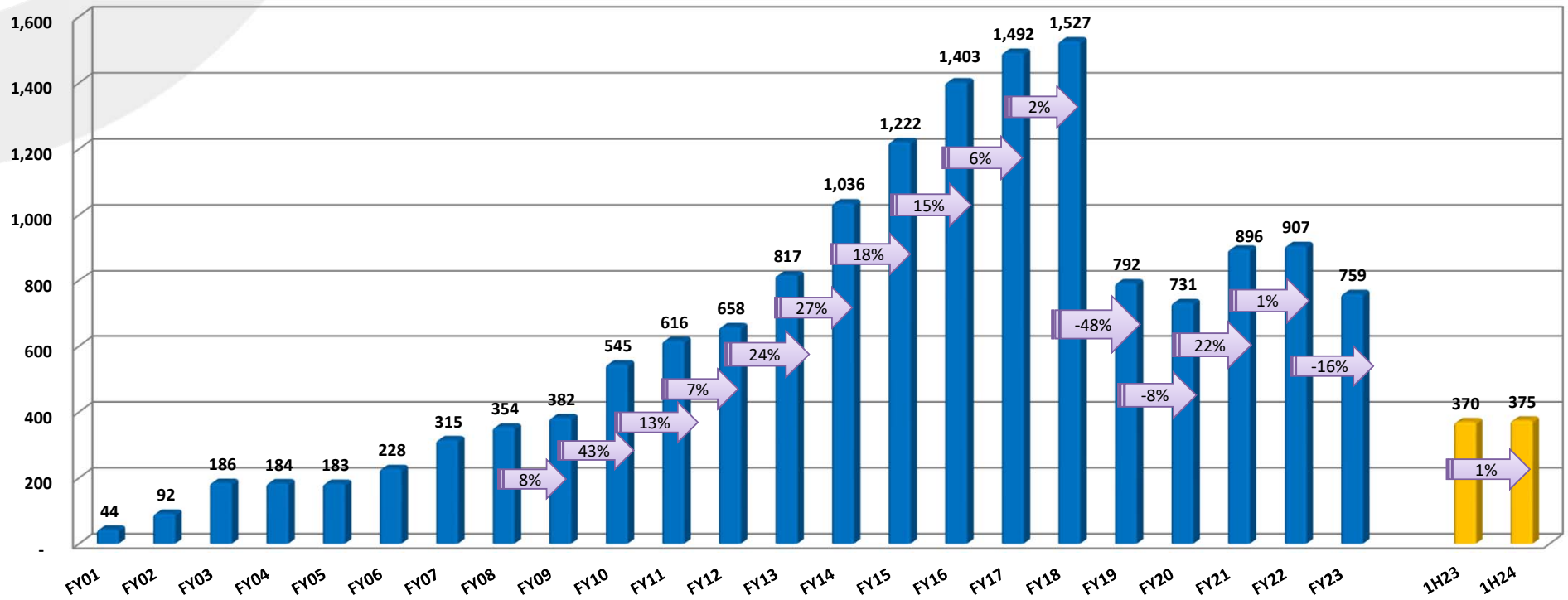
☐ Net loss of US\$5.2M in 1H2024, compared to net loss of US\$12.7M in 1H2023

- 1H2024 loss mainly due to foreign exchange loss (net) of US\$3.1 million and high interest expenses impacted by elevated interest rates
- Reduction in net loss in 1H2024 mainly due to lower allowances for inventory obsolescence of US\$3.7 million, lower foreign exchange loss (net) of US\$1.7 million and reversal of loss allowance on trade receivables of US\$0.05 million in 1H2024 as opposed to loss allowance on trade receivables of US\$1.7 million in 1H2023

Revenue Trend

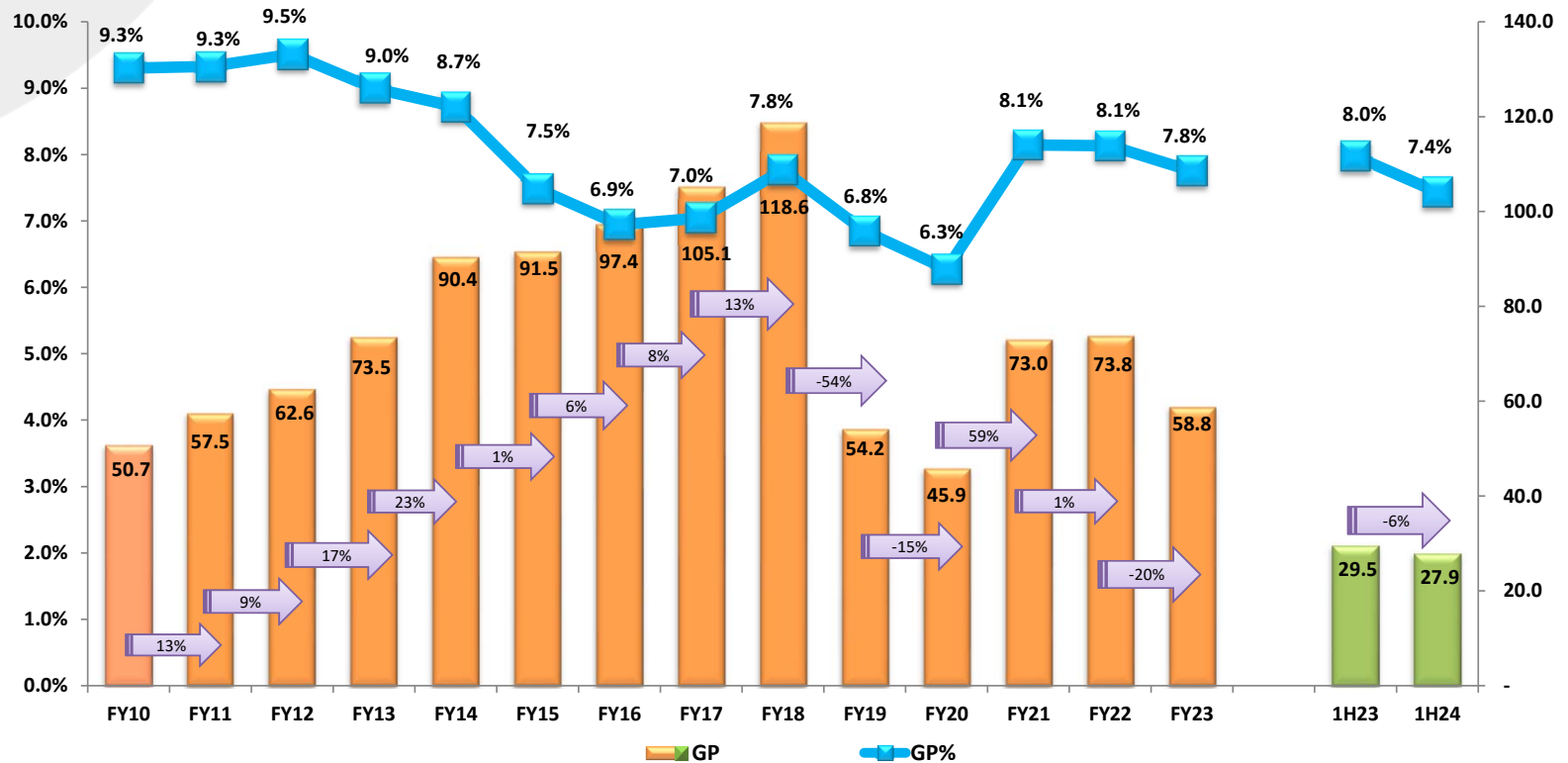


Revenue (US\$' million)



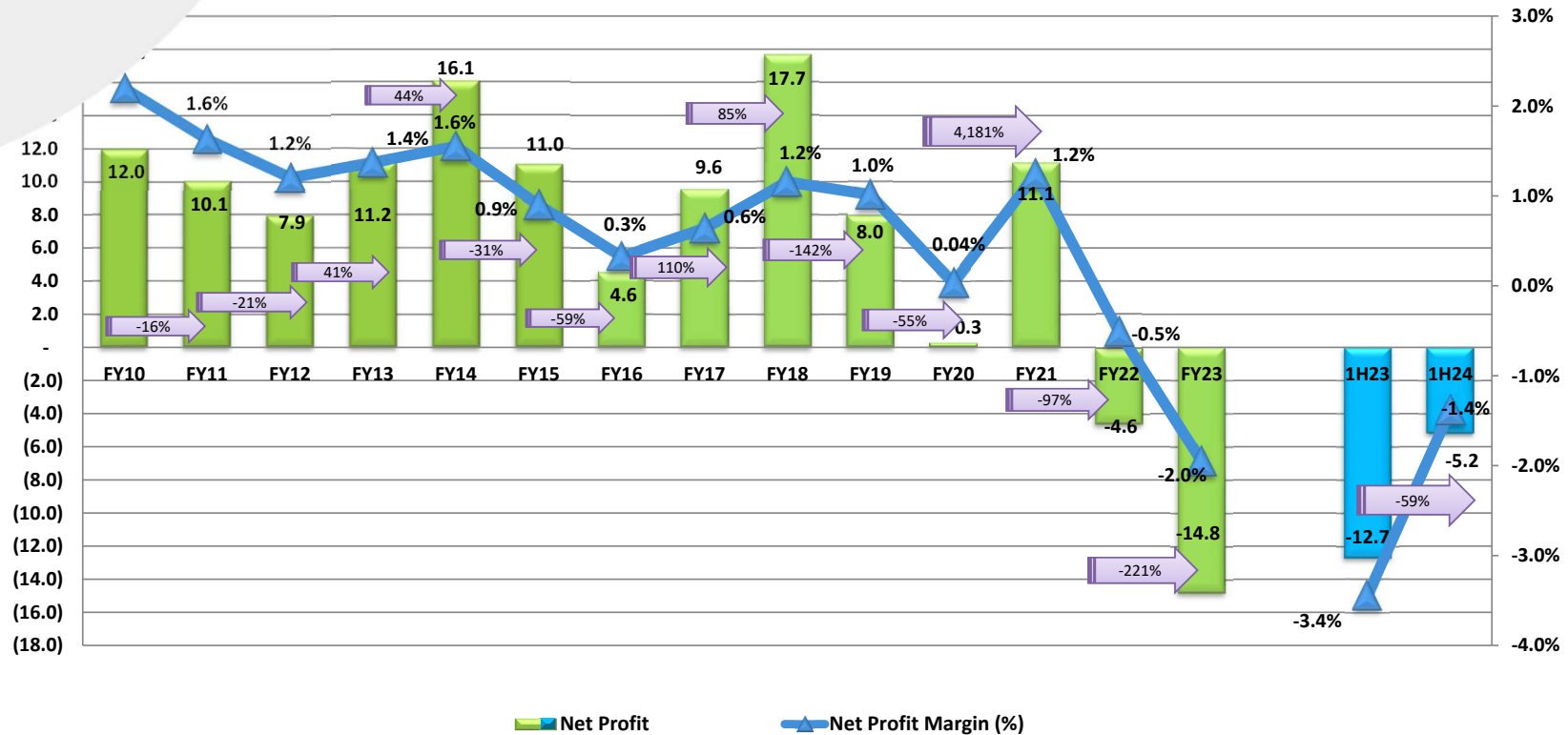
Profitability

Gross Profit & Gross Profit Margin (US\$' million)



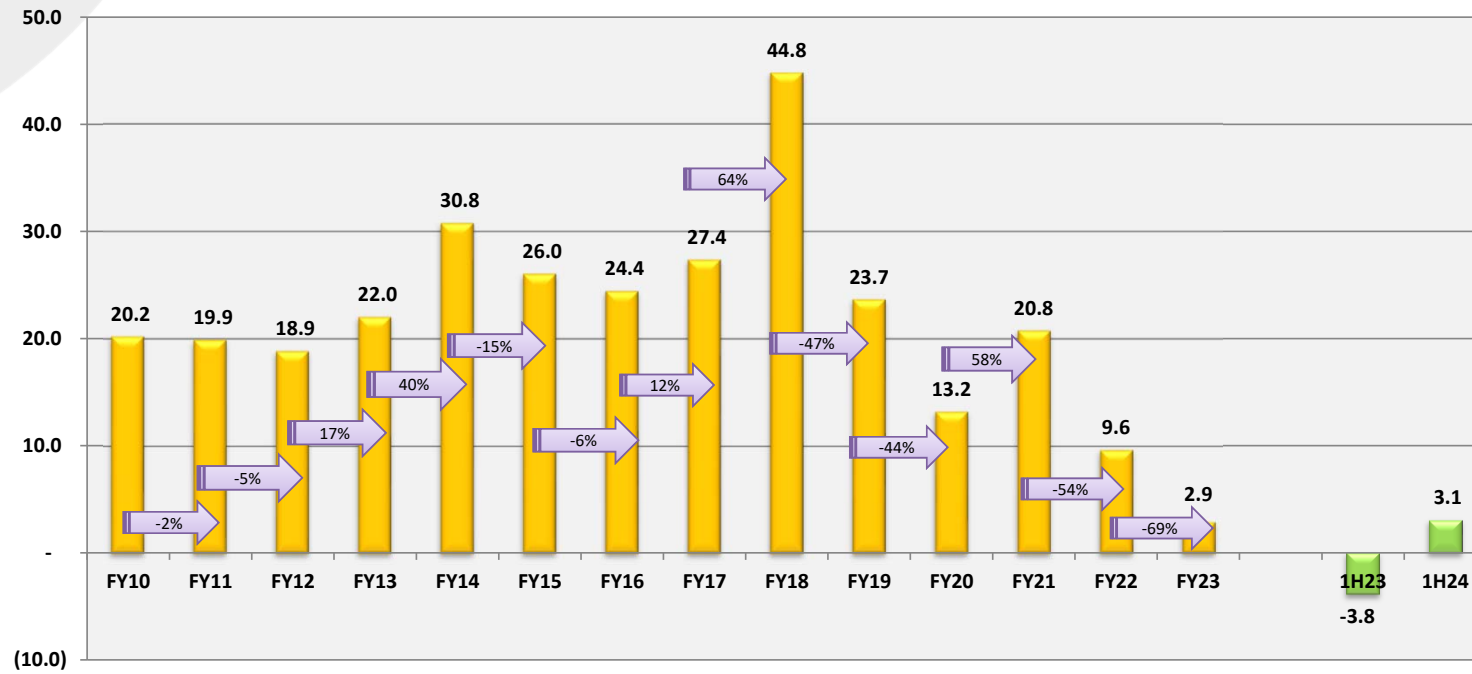
Profitability

Net Profit & Net Profit Margin (US\$' million)



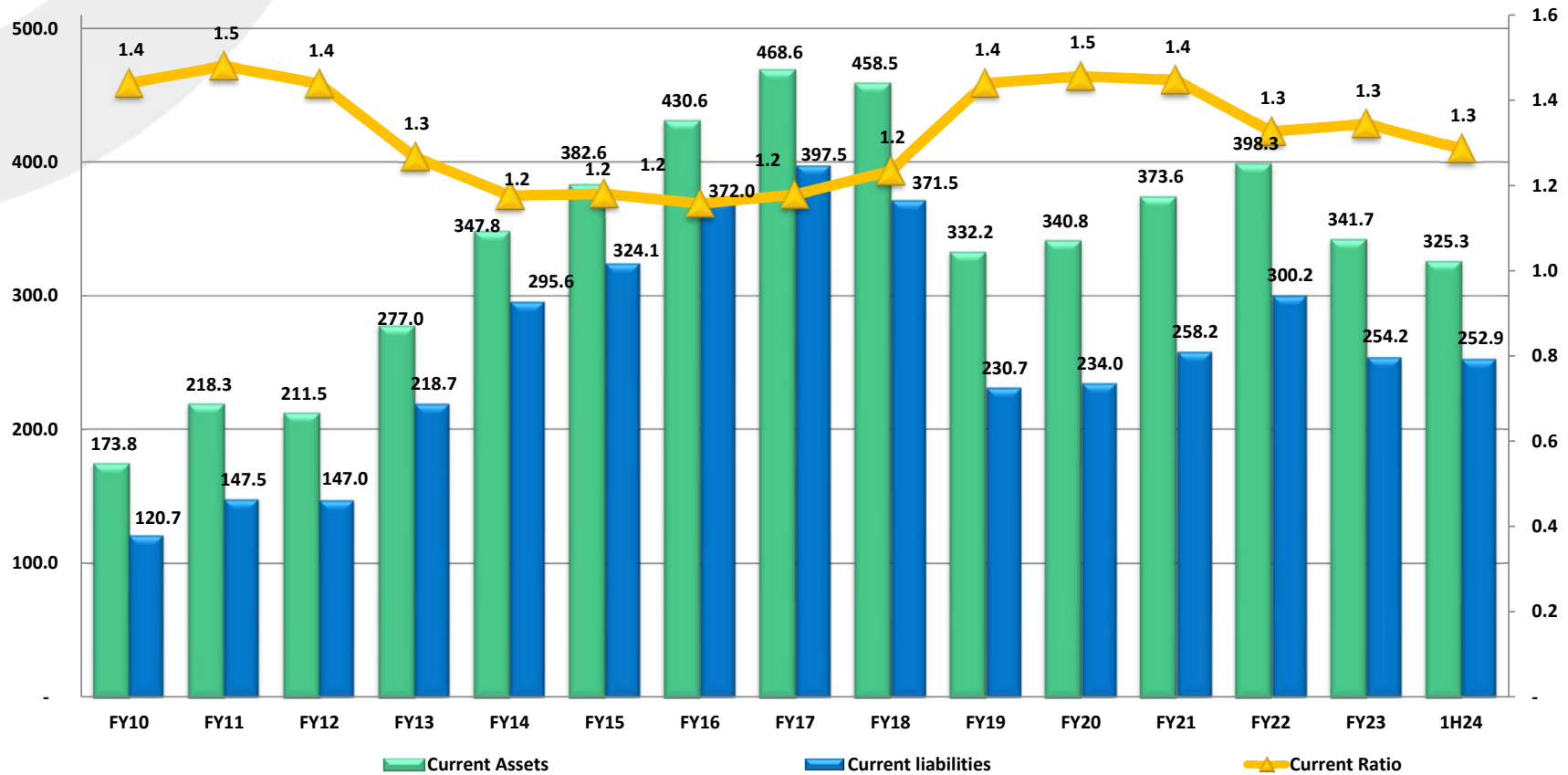
Profitability

EBITDA (US\$' million)



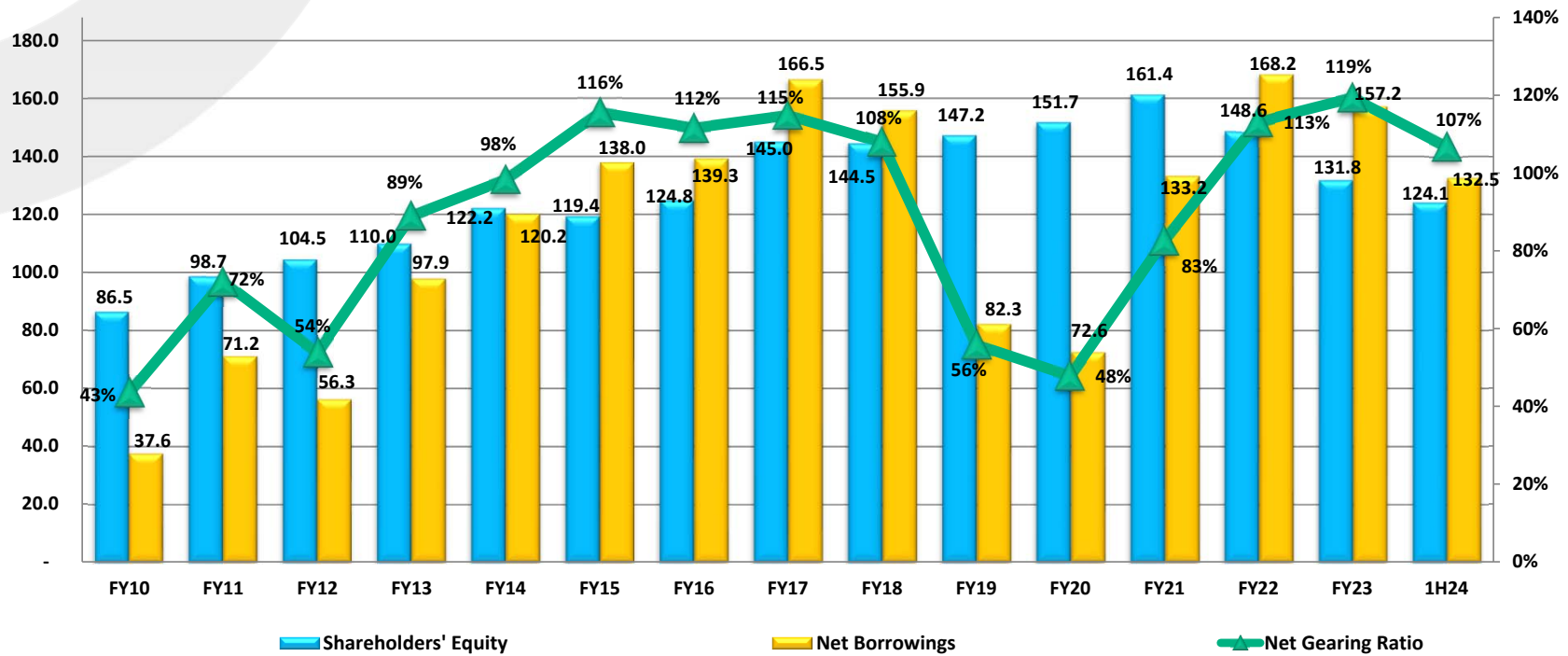
Financial Position

Maintaining Healthy Current Ratio



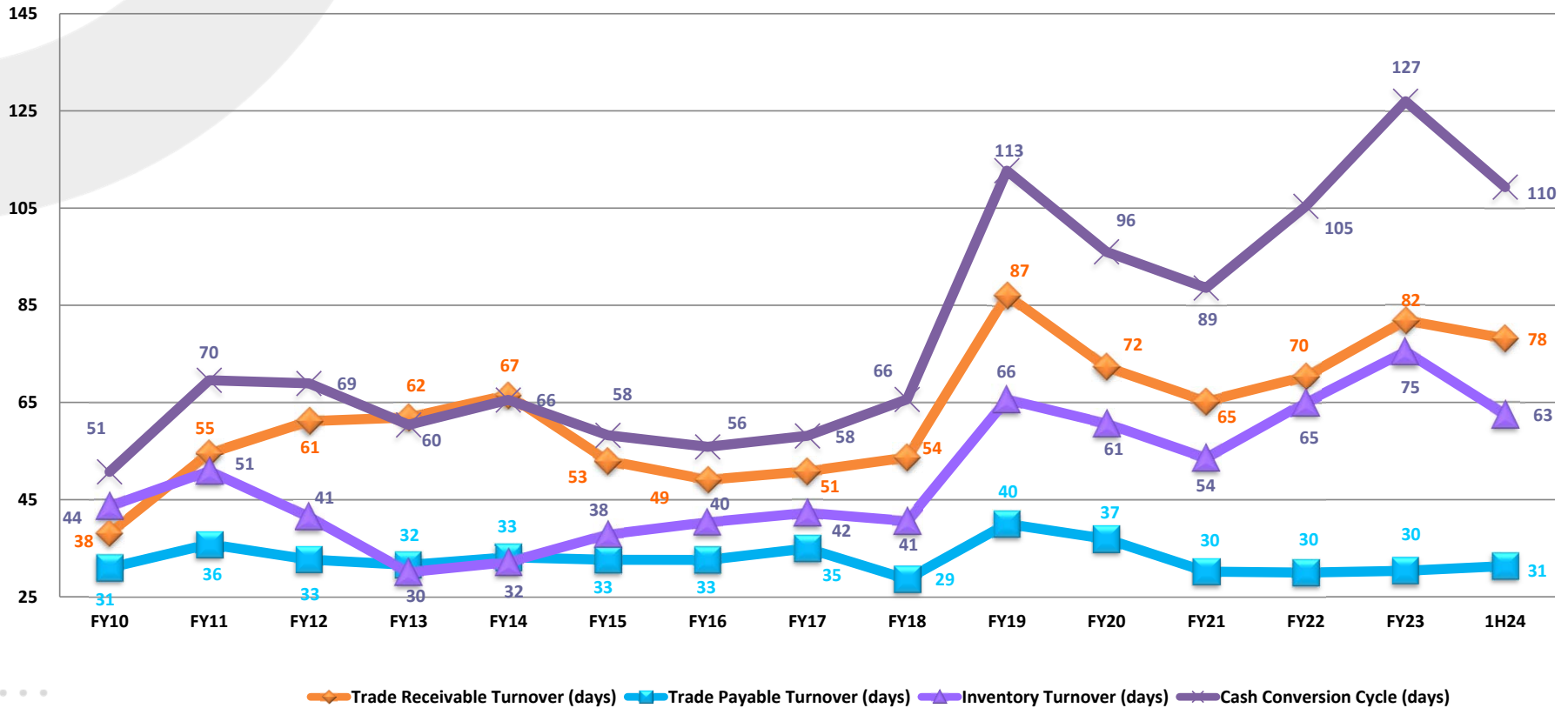
Financial Position

Net Gearing Ratio

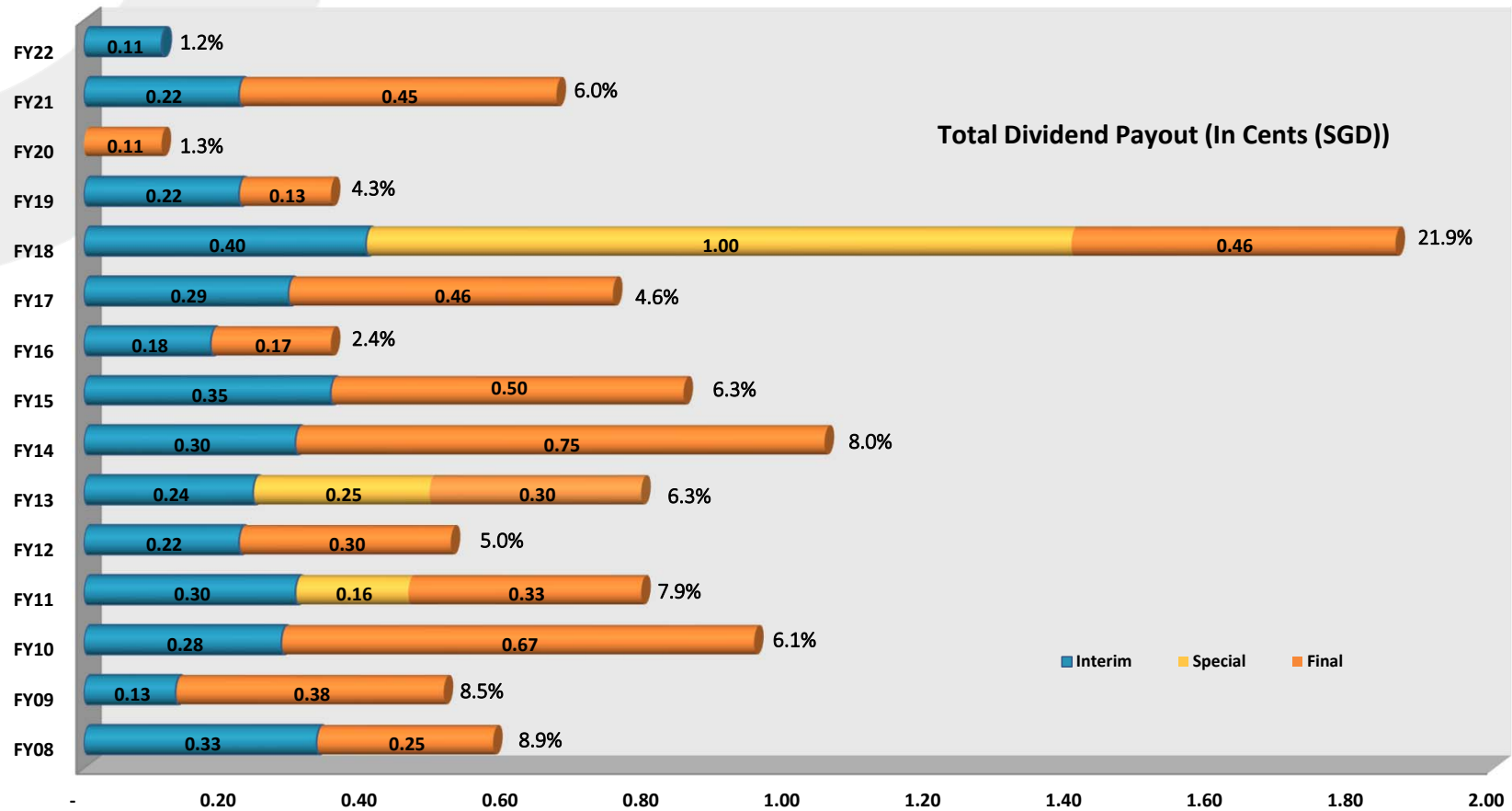


Financial Position

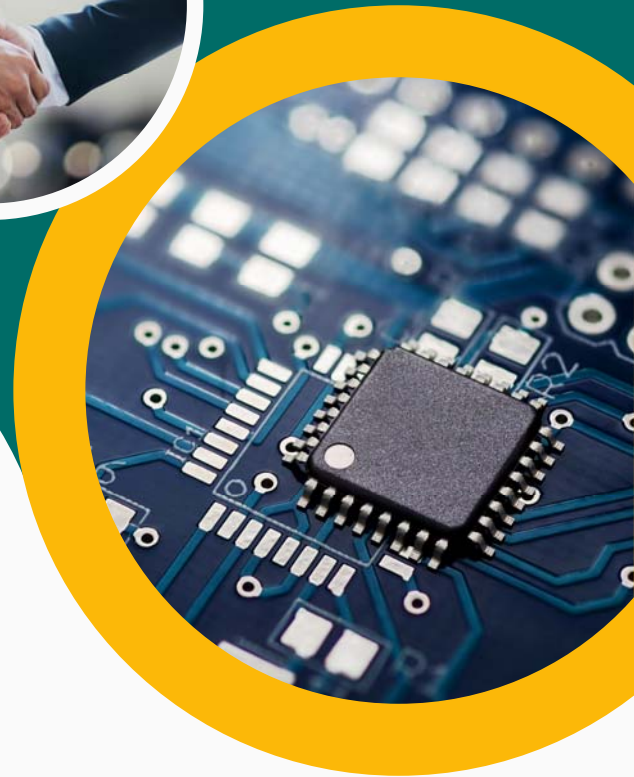
Cash Conversion Cycle (days)



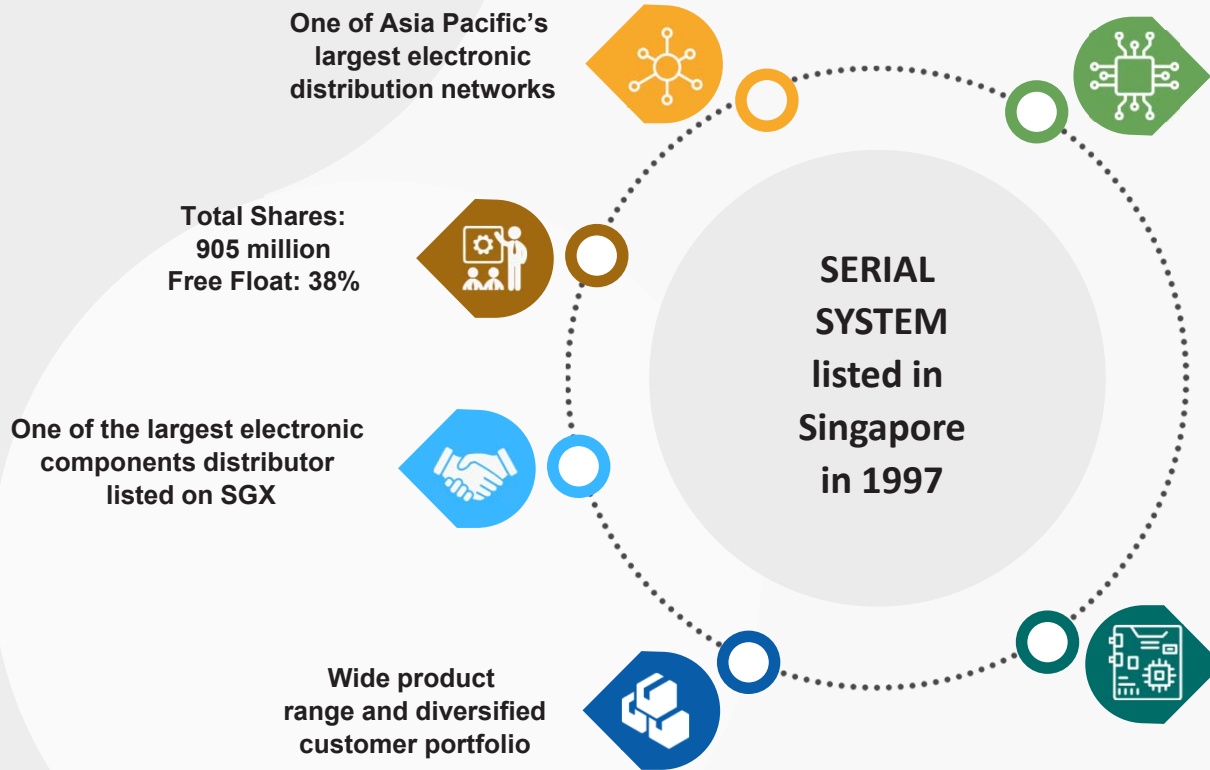
Dividend Yield



CORPORATE OVERVIEW



Serial System At A Glance



Electronic Components*

1H2024 : 89%

FY2023 : 88%

1H2024

FY2023

	1H2024	FY2023
Hong Kong	50%	43%
China	20%	22%
Southeast Asia & India	19%	22%
South Korea	6%	8%
Taiwan	5%	5%

Consumer Products*

1H2024 : 10%

FY2023 : 11%

1H2024

FY2023

	1H2024	FY2023
Southeast Asia & India	94%	95%
Japan	6%	5%

* Group Revenue

Diversified Business



Supporting a network of global brands, Serial System is a leading distributor of electronic components and consumer products in Asia. It is also a strategic investor of businesses in hospitality and healthcare, managed print services and 3D printing, and fast moving consumer products.



**Electronic Components
Distribution**



**Consumer Products
Distribution**



**Managed Print
Services and 3D
Printing**



**Hospitality and
Healthcare Solutions**



**Medical Devices
Assembly
and Distribution**



**Fast Moving
Consumer Products**



21
Sales Offices



13
Warehouses



800 Employees
in Asia Pacific

Strong Asia Pacific Presence

The Group's offices and representations

Extensive Distribution Network



SINGAPORE	CHINA	INDIA	JAPAN	MALAYSIA
<ul style="list-style-type: none"> (Headquarter) 	<ul style="list-style-type: none"> North China Beijing East China Shanghai South China Shenzhen Hong Kong 	<ul style="list-style-type: none"> Bangalore New Delhi Pune 	<ul style="list-style-type: none"> Tokyo 	<ul style="list-style-type: none"> Penang Kuala Lumpur
SOUTH KOREA	INDONESIA	TAIWAN	THAILAND	PHILIPPINES
<ul style="list-style-type: none"> Seoul Daegu 	<ul style="list-style-type: none"> Jakarta 	<ul style="list-style-type: none"> Taipei Hsinchu Taichung 	<ul style="list-style-type: none"> Bangkok 	<ul style="list-style-type: none"> Manila
				VIETNAM
				<ul style="list-style-type: none"> Ho Chi Minh Hanoi

One of the largest Asian geographical presence (in terms of offices) in the electronic and semiconductor distribution industry



Partnering Leading Suppliers

Electronic Components Distribution



... more than 90 Franchised Product Lines in Serial System Group

Partnering Leading Suppliers

Consumer Products Distribution



msi®



GIGABYTE™



AMD



intel®



PNY®



AOC



Apacer



ASRock



AIVRES



dynabook



hp



KAYTUS



KYOCERA



Lexmark™



PALIT®



PHILIPS
Monitors



SAMSUNG



Thermaltake
COOL OFF YOUR LIFE



UltiMaker



ViewSonic®



Consumer Products Distribution

Successful listing of Serial Achieva Limited (“Serial Achieva”) on Catalist Board of Singapore Exchange via Reverse Takeover (“RTO”)

- Serial Achieva (formerly known as Axington Inc. and listed on Catalist Board of Singapore Exchange) has recently completed its RTO via the acquisition of 100% equity interest in Achieva Technology Sdn. Bhd. (“**Achieva Technology Malaysia**”) and 49% equity interest in Achieva Digital (Thailand) Company Limited (“**Achieva Digital Thailand**”) on 14 June 2024.
- Serial Achieva, together with Achieva Technology Malaysia and Achieva Digital Thailand, become 77.64%-owned subsidiaries of the Group subsequent to the RTO
- 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.
- Serial Achieva 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 plans to expand into the lucrative cloud computing and data centre within AI market



Consumer Products Distribution

Managed Print Services and 3D Printing

Swift-Value Business Pte. Ltd. (100%-stake)

- Major suppliers include Kyocera, Hewlett-Packard (HP), Epson and Canon products and also the authorised reseller of products from major brands such as Fuji Xerox and Samsung
- By providing fast and value-added service, Swift-Value is able to achieve customer loyalty and offers an extensive and consistent network to its suppliers and partner brands
- Swift-Value has also partnered with UltiMaker, one of the leading 3D-Printer brands operating out of the Netherlands to serve as their official logistics service provider in the Asia Pacific region, Swift-Value caters timely and cost efficient solutions to the partners in the following regions (including but not limited to): Singapore, Australia, China, Taiwan, Thailand, Indonesia and Malaysia.

Print-IQ Singapore Pte. Ltd. (91.43%-stake)

- Provides managed print services and maintains and distributes copiers, printers and ink cartridges and toners
- Premier partner for HP copiers
- Partner for top Netherlands-based 3D printer brand, UltiMaker
- Asia-wide partner for Germany-based BASF to distribute 3D printing filaments





Consumer Products Distribution

Managed Print Services and 3D Printing

Print-IQ MPS Co., Ltd. (49%-stake)

- Set up in 2019, Achieva Technology (Thailand) is 49% owned by Serial System since December 2019
- Provides managed print services and maintains and distributes Lexmark printers and toners



PT Sentral Mitra Informatika Tbk (15.9%-stake)

- Set up in 2008, PT SMI is 15.9% owned by Serial System since November 2018
- Listed on Development Board of Indonesia Stock Exchange
- Provides managed print services and maintains and distributes copiers, printers, ink cartridges and toners

Under the managed print services business model, companies outsource their printing, scanning and copying functions, as well as the management of the equipment, to external service providers like us. This reduces their operating costs and wastages.





Other Businesses



Serial MultiVision Pte. Ltd. (100%-stake)

- Core business: Hospitality and Healthcare solutions
- Hospitality solutions: Build based on a core venue management application suite known as Venue360
- Leading edge modules within Venue360: Electronic meal ordering system (eMOS), Intelligence Room Infotainment Solution, Digital Media Content Management System, and Incident Tracking and Reporting System
- Clients: Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, Institute of Mental Health, St Andrew's Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena, Yishun Community Hospital, Sengkang Hospital, Sengkang Community Hospital, Alexandra Integrated Health, Bright Vision Community Hospital, Ang Mo Kio Thye Hwa Kwan Hospital and Woodlands Health Campus

Contract Sterilization Services Pte Ltd (75%-stake)

- Assembly and distribution of medical devices
- Offers full range of standard and customised perfusion tubing packs marketed over the Asia-Pacific region:
 - *Perfusion Tubing*
 - *ECMO Tubing Pack*
 - *Angio Pack*
 - *Procedural Pack*
 - Hemoconcentrator Tubing Pack
 - Ophthalmic Pack
 - Surgical Face Mask
- ISO 13485-certified and its perfusion products bear the coveted CE certification mark.



OUTLOOK



Industry Outlook



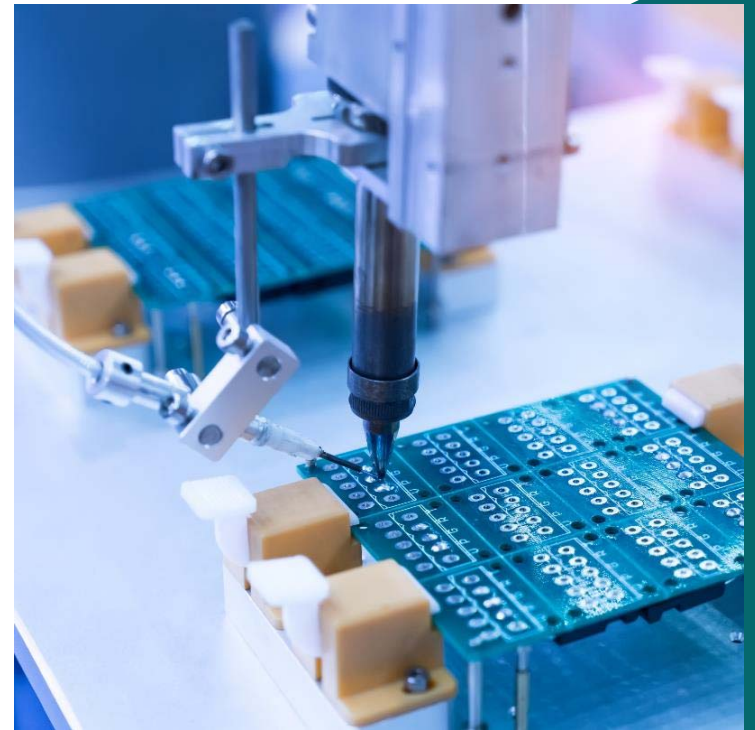
Bright Spots

- Rising global demand for artificial intelligence and high-performance computing. AIDCs are being set up in Southeast Asia
- Channel inventory is beginning to normalise
- Manufacturing activities are poised to pick up in Southeast Asia and India



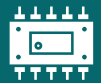
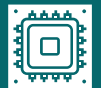
Uncertainties

- High interest rates, persistent inflation and geopolitical developments will put pressure on operating costs, increase currency volatilities and impact consumer demand
- Potential supply chain disruptions and increased costs from the Middle East and Ukraine war and geopolitical tensions



Group Outlook

- Focus efforts on expanding into emerging sectors, building upon track record in renewable energy, artificial intelligence, cloud and automotive segments
- Increase range of consumer products and suppliers to maintain lead in Malaysia and Thailand.
- Review operations to boost efficiency and reduce costs, while closely managing inventories and trade credit



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Thank You

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