

Serial System Records US\$5.8 Million 1H2021 Net Profit, Reversing US\$4.5 Million Loss, Lifted By Higher Revenue and GPM; Expects 2H2021 To Be Profitable

<i>US\$'000</i>	1H2021	1H2020	Change (%)
Sales	438,288	314,287	39
Gross Profit	34,931	19,280	81
Gross Profit Margin (%)	8.0	6.1	1.9 ppt*
Net Profit/(Loss) After Tax <i>(Attributable to shareholders)</i>	5,837	(4,483)	NM^
Earnings/(Loss) Per Share - fully diluted <i>(US cents)</i>	0.65	(0.50)	NM^
NAV per share <i>(US cents)</i>	30/6/2021: 16.27	31/12/2020: 15.81	

*ppt - Percentage Points

^ NM - Not Meaningful

Singapore, 13 August 2021 – SGX Mainboard-listed Serial System Ltd (“**Serial System**” or the “**Group**”) posted a net profit of US\$5.8 million for the six months ended 30 June 2021 (“**1H2021**”), reversing a loss of US\$4.5 million a year ago amid higher revenue and gross profit margin (“GPM”) as business segments recovered from the earlier impact of the pandemic.

Revenue rose 39% to US\$438.3 million compared to US\$314.3 million in 1H2020, when disruptions in manufacturing activity in Asia, especially China after the initial outbreak of COVID-19 impacted demand for electronic components, particularly semiconductors, distributed by Serial System.

Since the second half of 2020 Serial System has embarked on a strategic shift to widen its base of suppliers and customers, increase its consumer electronics distribution activity in Southeast Asia and restructure costs and streamline internal efficiency.

These efforts, coupled with global chip shortage, have led to gross profit outpacing revenue growth, increasing 81% to US\$34.9 million from US\$19.3 million a year ago. GPM increased by 1.9 percentage points to 8.0% in 1H2021 from 6.1% in 1H2020.

Serial System’s electronic components distribution segment, its main revenue contributor, saw sales increasing 38%, driven by increased global demand for semiconductors, particularly in Hong Kong and China.

Improved business environment and global chip shortage have played out in favour of the Group due to its extensive product portfolio and deep penetration of the markets in China and Hong Kong in particular. Serial System has been actively expanding its base of suppliers and customers and working closely with suppliers and customers for value creation.

In the consumer products distribution segment, revenue rose 58% year-on-year in 1H2021 to US\$36.4 million. This growth is being propelled by continued demand for computer peripherals in Malaysia where new product launches from suppliers coincided with an increase in demand for desktop and portable computers and peripherals amid adoption of work-from-home measures in compliance with the prolonged Movement Control Order.

Within this segment, the Group recently began distributing AMD products in Japan. In April 2021, the Group was appointed as a distributor in Malaysia by Asrock, a leading Taiwan-based motherboard and graphics card manufacturer, fortifying Serial System as the leading motherboard and VGA distributor in Malaysia.

Turnover for other businesses have also improved to US\$5.4 million in 1H2021 compared to US\$4.5 million a year ago, mainly due to higher sales in the trading and distribution of fast-moving consumer goods in Singapore and Malaysia, as well as higher sales in assembly and distribution of medical devices and hospitality and healthcare solutions businesses driven by higher demand.

Fully diluted earnings per share for 1H2021 stood at 0.65 US cent, compared to loss per share of 0.50 US cent in 1H2020. The Group's net asset value per share rose to 16.27 US cents as at 30 June 2020 from 15.81 US cents as at 31 December 2020.

Dr Derek Goh, Serial System's Executive Chairman and Group CEO said: "Serial System has continued to deliver a strong performance as we remain focused on recovery strategies initiated a year ago. In view of these initiatives, we expect to continue to deliver profit in 2H2021."

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Serial System Ltd

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 23 offices and 13 warehouses throughout Asia Pacific. It also has a wide customer base of more than 5,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services, automotive and medical.

Its major suppliers for electronic components distribution include ON Semiconductor, OSRAM Opto Semiconductors, TE Connectivity, Allegro MicroSystems and GigaDevice. Its major suppliers for consumer products distribution include Advanced Micro Devices, Hewlett-Packard, Intel, Gigabyte and Viewsonic.

Serial System's ability to align itself with the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information please visit www.serialsystem.com