

Semico Capital Berhad (SEMICO)

Player One Ready! Game Start~

- Semico Capital Berhad is a Malaysia-based family entertainment solutions provider engaged in the supply of arcade and amusement machines, the operation and management of family entertainment centres, and the wholesale and distribution of toys and collectables. The group mainly operates across two segments, including the (i) family entertainment segment and (ii) toys and collectables segment
- We project 3-year earnings CAGR of 23.1%, with core PATMI expected to reach RM8.5m-RM11.3m over the next three years. This growth is underpinned by (i) the continuous deployment of arcade and amusement machines funded by IPO proceeds, (ii) rising popularity of certain toys and collectables, and (iii) exclusive distributorship rights which enable SEMICO to sustain double-digit profit margins.
- We assign a fair value of RM0.35 per share for SEMICO, indicating a 40.0% upside from the current share price of RM0.25. This valuation is based on a PE multiple of 13.5x pegged to mid-FY27f EPS of 2.59 sen.

Investment highlights

Distributorships rights to support stronger margin. SEMICO is an established authorised distributor of arcade and amusement machines in Malaysia. The group holds exclusive authorised distributorships for Dreamfun and Superwing, alongside authorised distributorships with ACE Amusement, UNIS, Jakar and DOF Robotics. These exclusive distributorships enable the group to enjoy bulk procurement, which would translate into stronger margins and reduced competitive pressure. Supported by long-standing supplier relationships, SEMICO has become a preferred sourcing partner for arcade and family entertainment centre operators, which enhances the group's revenue and earnings visibility. The group enjoyed a NP margin of above 20% across all the financial years under review.

Fig #1 SEMICO's distributorships rights



Source: Semico Capital Berhad

Riding the Pop Mart trend. The group offers a diversified portfolio of 68 toys and collectables brands in Malaysia, anchored by names such as Pop Mart, Funism, Jotoys and ToyCity. Riding the strong growth of Pop Mart, SEMICO's toys and collectables segment recorded a leaping 3-year CAGR of 82.5% since FY22. Growth momentum is expected to remain strong, with Protégé Associates projecting the Malaysian pop toys market to expand at a CAGR of 28.9% from 2024 to 2029. Meanwhile, SEMICO commands ~8.8% market share of the Malaysian pop toys market in 2025.

Fig #2 Main brands SEMICO carries



Source: Semico Capital Berhad

IPO Note – Not rated

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BUY

Share price	RM0.25
Target price	RM0.35
Previous TP	-
Capital upside	40.0%
Dividend return	-
Total return	40.0%

Company profile

Founded in 2007, Semico Capital Berhad is a Malaysia-based family entertainment solutions provider, primarily involved in the supply and management of arcade and amusement machines, and also the wholesale and distribution of toys and collectables.

Stock information

Bursa Code	0388
Bloomberg ticker	SEMICO MK
Listing market	ACE
Share issued (m)	360.0
Market Cap (m)	90.0
Shariah compliant	No
MITI allocation	No

Major shareholders

	%
MARC Experience	65.6

Earnings snapshot

FYE (Jun)	FY25	FY26f	FY27f
PATMI (m)	6.0	8.5	10.1
EPS (sen)	1.7	2.4	2.8
P/E (x)	14.9	10.5	8.9

Timetable of IPO

Opening of application	15 December
Closing of application	2 January
Balloting of application	6 January
Allotment of the IPO shares	12 January
Listing on the ACE market	13 January



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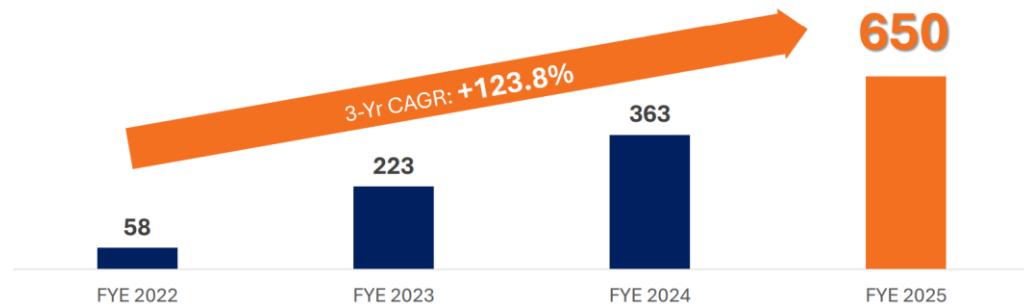
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Rapid machines deployment driven by revenue-sharing and rental model. SEMICO demonstrated strong scalability in its arcade and amusement machine business, with the number of machines expanding from 58 units in FY22 to 650 units in FY25, representing a 3-year CAGR of 123.8%. This rapid growth is underpinned by the group's revenue-sharing and rental model, which enable swift deployment of machines at customers' premises while minimising inventory risk, as machines are only procured upon securing customer orders or signed agreements, with a utilisation rate of 98.2% as of FY25. Supported by routine maintenance, servicing and game updates, this model delivered an attractive GP margin of 64.8% in FY25.

Fig #3 Number of arcade and amusement machines placed at SEMICO's customer premises



Source: Semico Capital Berhad

Extensive nationwide distribution network for toys and durables. SEMICO has established a wide distribution network, with products available across 303 customer stores nationwide, spanning specialised convenience stores, hobbyist stores, toy stores, as well as cinemas and family entertainment centre (FEC) operators. A key anchor customer is Mix Metro Sdn Bhd (Mix Store), which operates 108 specialised convenience stores in Malaysia, with SEMICO's toys and collectables placed on a consignment basis in 105 outlets, supported by a four-year business relationship.

Fig #4 SEMICO's distribution channels



Source: Semico Capital Berhad

The Mines doubles as a showroom and market intelligence platform. The group operates a family entertainment centre at The Mines, housing a broad range of arcade and amusement machines across various categories. Beyond generating direct consumer revenue, the centre serves as a live showroom for potential arcade operators, enabling customers to test and experience SEMICO's machines firsthand while providing management with real-time insights into the games' trend and popularity. As at FY25, the group operates 78 fully deployed machines, achieving a 100% utilisation rate.

Market share expected to expand. In FY25, SEMICO's family entertainment products and services segment generated ~RM14.0m, translating into an estimated 1.0% market share of Malaysia's theme park and family attraction industry, based on an industry size of RM1.4bn. Meanwhile, its toys and collectables segment recorded revenue of ~RM15.8m, equivalent to an estimated 8.8% share of the Malaysian pop toys market with an industry size of RM179.7m. Despite its relatively modest penetration in the



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family entertainment segment, we believe Semico is well-positioned to continue expanding its market share, supported by its established distribution relationships, ongoing capacity expansion following the IPO proceeds, alongside rising demand for pop toys and collectables.

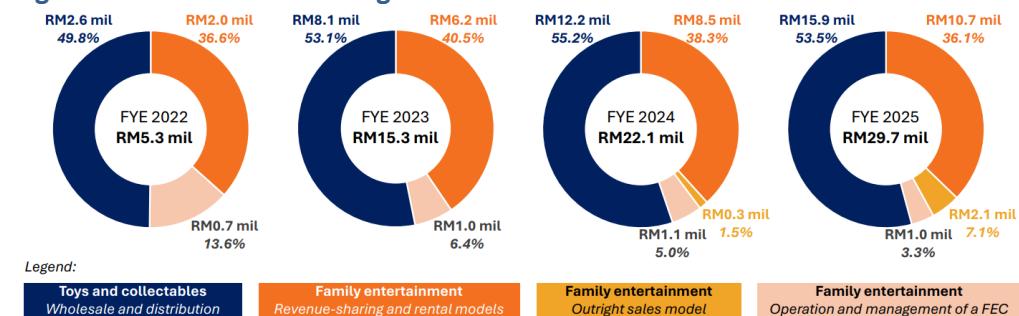
Company background

Semico Capital Berhad (SEMICO) is a Malaysia-based family entertainment solutions provider engaged in the supply of arcade and amusement machines, the operation and management of family entertainment centres, and the wholesale and distribution of toys and collectables. The group operates across two complementary segments, namely (i) family entertainment segment and (ii) toys and collectables segment.

Under its family entertainment segment, SEMICO supplies a broad range of arcade and amusement machines featuring diverse game titles sourced from established Japanese and Chinese developers and manufacturers, catering primarily to operators of family entertainment centres and theme parks. The group also operates a family entertainment centre at The Mines, which functions as both a consumer-facing arcade and a showroom to demonstrate machine performance, assess customer preferences and support sales to arcade operators.

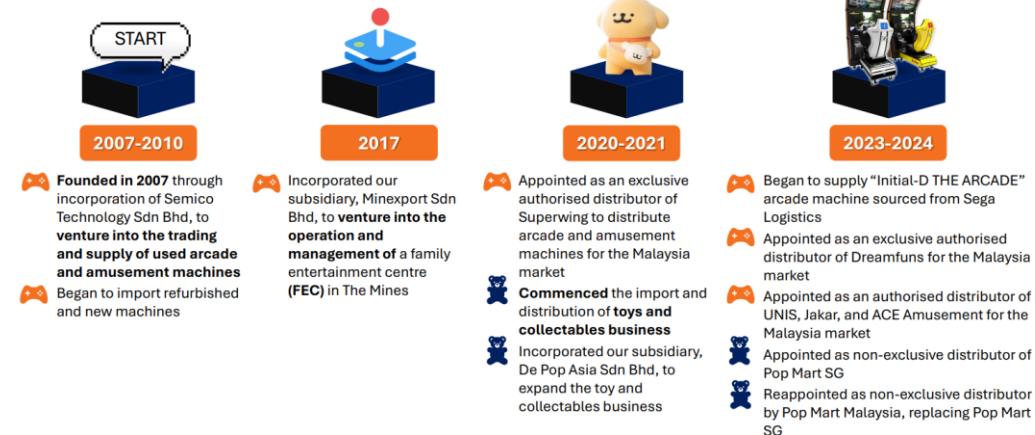
Meanwhile, the group's toys and collectables segment focuses on the wholesale and distribution of toys and novelty items sourced from recognised brands, including blind boxes and limited-edition collectables. These products are distributed to specialised retail outlets and arcade operators, either on an outright sale or consignment basis.

Fig #5 SEMICO's revenue segmentation



Source: Semico Capital Berhad

Fig #6 Corporate milestones



Source: Semico Capital Berhad



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Substantial Shareholders and Key Management

1. Tai Lee Chuen – Executive Director & CEO

Mr. Tai is a Promoter, substantial shareholder and CEO of SEMICO. He oversees daily operations, business development and strategic direction of the group, supported by over 22 years of experience in the arcade and amusement machine industry and about five years in toys and collectables distribution. He began his career in IT support before venturing into ICT hardware supply and later importing arcade machines through his sole proprietorship. He joined SEMICO in 2007, progressed to Director of Business Development in 2009, and became a director in 2015, contributing significantly to the company's growth. He also co-founded and managed businesses such as Minexport and De Pop to expand into family entertainment centres and toy distribution. Since 2021, he has served as Vice President of MATFA, leading initiatives to support Malaysia's theme park and family attractions industry.

2. Ang Siew Fong – Executive Director & Head of Human Resource and Administration

Ms Ang is responsible for overseeing the group's human resources and administrative functions. She was appointed to the Board on 6 February 2025 and has been involved with SEMICO since its inception. She began her career as a Plant Operator at GlobalFoundries Singapore before returning to Malaysia in 2005 to take on an administrative role at Securigold Sdn Bhd. In 2007, she co-founded SEMICO and assumed responsibilities across accounts, human resources and day-to-day administration, playing a key role in establishing the group's operational foundation. She was redesignated as Head of Human Resources and Administration in 2023, a position she continues to hold, leveraging nearly two decades of experience with the group to support its organisational and operational development.

3. Amilia Binti Sabtu – Head of Finance

Ms Amilia is responsible for all accounting, financial, and corporate matters of SEMICO. She graduated with a Bachelor of Accountancy from Universiti Utara Malaysia and became a member of the Malaysian Institute of Accountants in 2001. She began her career at Arthur Andersen & Co before spending 16 years at Nationwide Express Courier Services Berhad, where she held senior roles in internal audit, financial reporting, treasury, and finance. She later served as Head of Finance and Support Services at Yayasan AMIR and then joined Sapura Resources Berhad as Head of Financial Accounting and Taxation. After a brief career break, she joined SEMICO in December 2024.

4. Lee Cheng Loong – Head of Product Development

Mr Lee was responsible for market research, product innovation, procurement, and quality control of arcade and amusement machines. He began his career in 2004 as a Branch Technician at Marvellous Theme Sdn Bhd before taking a brief career break and later working as an Area Technician with Julga SK Internet. In 2012, he joined FEC Asia Distributor as a Store Technician and subsequently moved to SEMICO in 2014, where he was promoted to Head of Technical and later, in 2022, to Head of Product Development. His role focuses on analysing industry trends, identifying target markets, enhancing product offerings and ensuring machine quality.

5. Lee Yong Wai – Head of Technical

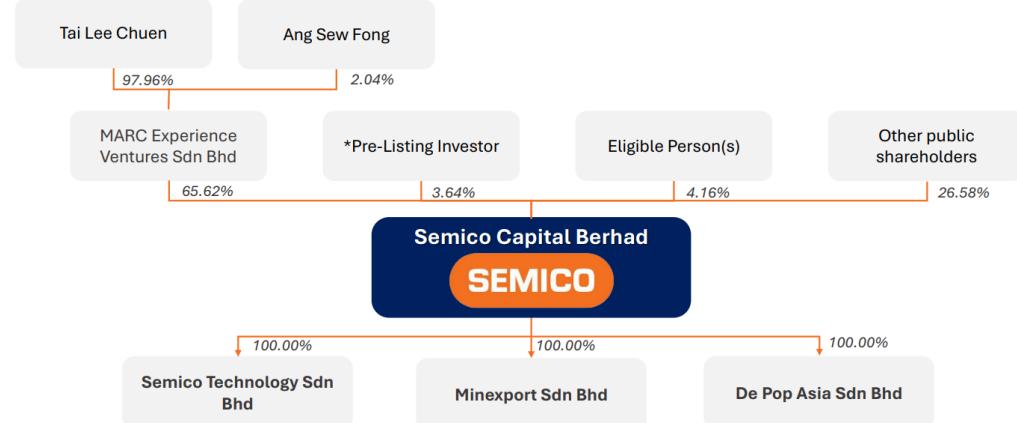
Mr Lee is responsible for overseeing repair and maintenance works, supervising the technical team and ensuring timely delivery of arcade and amusement machines. He holds a Bachelor of Engineering (Hons) in Electronic Engineering from Universiti Tunku Abdul Rahman. He began his career in 2017 with SNS Network Services Sdn Bhd before moving to Iconix Systems and Solutions Sdn Bhd as an Application Engineer, later



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becoming Project Manager at Iconix Consulting Sdn Bhd, where he handled software development, client requirements, and system implementation. He joined SEMICO in October 2021 as a Technician and was promoted in May 2022 to Head of Technical. He currently leads the group's technical operations nationwide.

Fig #7 Post-IPO structure



Source: Semico Capital Berhad

Fig #8 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Purchase of new arcade and amusement machines	10.6	45.5	Within 36 months
Purchase of toys and collectables	2.5	10.8	Within 12 months
Repayment of bank borrowings	1.6	6.9	Within 6 months
Working capital	4.0	17.3	Within 24 months
Defray fees and estimated listing expenses	4.5	19.4	Within 1 month
Total	23.2	100.00	

Source: Semico Capital Berhad

Business overview

Family entertainment (46.5% of FY25 revenue)

The group's core segment involves the supply of arcade and amusement machines and the operation of family entertainment centre. The group sources a wide range of arcade and amusement machines from developers and manufacturers in Japan (eg. Sega, Bandai Namco and Konami) and China (eg. Dreamfuns, Superwing, ACE Amusement, Wahlap and UNIS). These machines are primarily distributed to operators of family entertainment centres and theme park. In addition, the group operates and manages a family entertainment centre at The Mines, offering various game categories such as racing, shooting, music, simulator, claw and kiddie rides. The outlet also functions as a showroom and testing venue, enabling customers to experience the machines while allowing the group to assess player preferences and game popularity.

Toys and collectables (53.5% of FY25 revenue)

The group is also engaged in the wholesale and distribution of toys and collectables in Malaysia. Products are sourced from well-known brands and manufacturers such as Pop Mart, Funism, Jotoys and ToyCity, spanning categories including blind boxes and limited-edition collectables. These items are distributed to specialised convenience stores, hobbyist outlets and toy retailers, as well as to arcade operators for use as game prizes. As at the LPD, the group offers 68 toys and collectables brands for the Malaysia market, and holds inventories for all brands.



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Fig #9 Principal business activities and services provided

Provision of family entertainment products and services	Wholesale and distribution of toys and collectables
<p>Distribution Supply of arcade and amusement machines and related services</p> <ul style="list-style-type: none"> Racing and motor games Shooting games Music games Card collecting games Simulator games Casual games Sports games Claw and prize machines Rides 	<p>Wholesale and distribution of toys and collectables</p>  <ul style="list-style-type: none"> Action figures Assembled toys Blind boxes Display figures Trading card games <p>We offer toys and collectables from brands, including but not limited to Pop Mart, Funism, Jotoys and ToyCity</p> <p>POP MART</p> <p>Example Series</p> 
<p>Retail Operation and management of a family entertainment centre</p>  <ul style="list-style-type: none"> Located in The Mines, Selangor ~18,261.13 sq ft 	



Principal Market: Malaysia

Source: Semico Capital Berhad

Fig #10 SWOT analysis of SEMICO

Strength	Weakness
<ul style="list-style-type: none"> Exclusive authorised distributorships for Superwing and Dreamfuns Consistent GP and NP margins of above 40% and 20% respectively Relatively low gearing with net cash position Asset-light business model 	<ul style="list-style-type: none"> Relatively low market share Dependent on popularity and trend Still heavily rooted in Malaysia
Opportunity	Threat
<ul style="list-style-type: none"> Pop Mart trend Increasing number of malls, stores and other distribution channels New trend and popularity in the games and toys industry Visit Malaysia 2026 	<ul style="list-style-type: none"> Competitor from digital games and social media Intense competition within the industry

Source: M+ Research

Financials

Revenue and income highlights. The group reported a RM7.6m or 34.4% YoY growth in revenue, increasing from RM22.1m in FY24 to RM29.7m in FY25. This increase was driven by both family entertainment segment and toys and collectables segment. The family entertainment segment grew by RM3.9m or 39.3%, following the increase in revenue from Aeon Fantasy and also increase in outright sales of arcade and amusement machines to existing and new customers. Meanwhile, the group also saw an increase from sales of toys and collectables segment, from RM12.2m in FY24 to RM15.9m in FY25, following the addition of 2 new customers. Following the higher revenue, the group also recorded a higher PAT of RM6.6m in FY25, up RM1.4m or 26.1% from RM5.2m in FY24.

Balance sheet. The group saw an increase in total asset from RM13.4m in FY24 to RM20.8m in FY25, primarily contributed by the increase in PPE, trade and other receivables and also cash and bank balances. The group is in a net cash position, with net cash amounting to RM2.1m as of FY25.



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Cash flow. Following a higher PBT, the group recorded a higher net cash from operations, increasing from RM5.1m in FY24 to RM6.4m in FY25. Cash flow from investing activities recorded a higher net outflow, from RM3.5m in FY24 to RM5.0m in FY25. The outflow was attributed to the purchase of arcade and amusement machines of RM4.8m. Cash flow from financing activities recorded an improvement, from an outflow of RM1.9m in FY24 to an inflow of RM0.7m in FY25 following the proceeds of issuance of shares pursuant to Pre-Listing Investor Subscription and also drawdown of term loan for working capital purposes. Meanwhile, the group continued to show healthy net cash flow, with a net increase of RM2.2m in cash and cash equivalents in FY25.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 23.1%, with core PATMI expected to reach RM8.5m, RM10.1m, and RM11.3m over the next three years, largely supported by (i) continuous deployment of arcade and amusement machines funded by IPO proceeds, (ii) rising popularity and broader distribution of toys and collectables, and (iii) exclusive distributorship rights for selected arcade machines and toys, which enable the group to command stronger pricing power and sustain double-digit profit margins.

Fig #11 Financial Highlights

FYE Jun (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	22.1	29.7	37.2	44.1	50.2
EBITDA	8.3	11.5	14.3	16.9	19.2
EBIT	6.8	9.3	11.3	13.2	14.8
PBT	6.7	9.2	11.2	13.3	14.8
PAT	5.2	6.6	8.5	10.1	11.3
PATMI – Core	4.8	6.0	8.5	10.1	11.3
PATMI – Reported	4.8	6.0	8.5	10.1	11.3
% change YoY – Core PATMI	32%	27%	42%	18%	11%
Core EPS (sen)	1.3	1.7	2.4	2.8	3.1
P/E (x)	18.9	14.9	10.5	8.9	8.0
EV/EBITDA (x)	10.8	7.8	6.3	5.3	4.6
DPS (sen)	0.2	0.5	-	-	-
Yield (%)	1%	2%	0%	0%	0%
BVPS (RM/share)	0.0	0.0	0.1	0.2	0.2
P/B (x)	10.8	5.5	1.9	1.6	1.3
ROE (%)	75%	49%	36%	19%	18%
Net Gearing (%)	CASH	CASH	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.35 per share for SEMICO, based on a P/E ratio of 13.5x pegged to mid-FY27F EPS of 2.59 sen. Even though this valuation represents a discount compared to the Bloomberg Consumer Discretionary sector, which trade at an average forward P/E and historical P/E of 15.2x to 42.4x, we believe it is justified given SEMICO's smaller market capitalisation of RM90.0m.



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Fig #12 Bloomberg's Consumer Discretionary Sector

Ticker	Name	Weight (%) ¹	Shares	Price	Best P/E BF12M	P/E
* Consumer Discretionary (86 members)						
PETD	MK Petronas Dagangan Bhd	34.171866	81,051,131653	15.19	42.39	
MRDIY	MK MR DIY Group M Bhd	7.100344	993,454000	19.3200	16.65	17.65
GENM	MK Genting Malaysia Bhd	5.259064	9,477,475992	1.5000	20.17	22.89
GENT	MK Genting Bhd	4.559106	5,988,044648	2,0800	16.16	77.44
ORH	MK Oriental Holdings BHD	4.345615	3,876,896099	3,0300	12.24	107.77
MBM	MK MBM Resources BHD	1.553748	620,393638	6,7700	--	13.64
DRB	MK DRB-Hicom Bhd	0.753380	390,887653	5,2100	6.22	5.95
MAG	MK Magnum Bhd	0.750929	1,933,237051	1,0500	9.60	144.44
SPITOTO	MK Sports Toto Bhd	0.680797	1,437,748654	1,2800	10.16	9.69
PAD	MK Padini Holdings Bhd	0.674720	1,351,030072	1,3500	9.07	8.41
BL	MK Berjaya Land Bhd	0.664436	986,864185	1,8200	10.30	11.03
MTI	MK Magni-Tech Industries Bhd	0.480947	5,000,337104	0,2600	--	--
SIGN	MK Signature International Bhd	0.337120	433,950579	2,1000	6.84	6.82
SYS	MK SIEG International BHD	0.334308	645,497370	1,4000	--	9.92
SKOU	MK Sern Kou Resource Bhd	0.325428	1,265,742042	0,6950	--	104.41
BAUTO	MK Bermaz Auto Bhd	0.319060	1,078,097542	0,8000	--	--
AMW	MK Amway Malaysia Holdings Bhd	0.310044	1,172,176878	0,7150	9.75	11.49
ALN	MK Atlan Holdings Bhd	0.297978	164,385645	4,9000	16.16	19.89
CKI	MK Cuckoo International Mal bhd	0.289947	253,650409	3,0900	--	16.14
		0.288873	1,432,800000	0,5450	--	--

Source: Bloomberg

Investment risks

Dependent on certain major customers. The group is dependent on Mix Metro/Mastering Services and Aeon Fantasy due to their significant contribution to the group's revenue.

Dependent on Pop Mart Group's products. The group depends on Pop Mart Group for the supply of its branded toys and collectables.

Inability to sustain similar growth rate. The group's revenue CAGR for FY22–24 was approximately 105.17%. There can be no assurance that the group will be able to achieve similar growth rates and financial performance in the future.

Exposure to foreign currency risks. The group is exposed to foreign exchange fluctuation risk, as some of its purchases are transacted in SGD, JPY, USD, EUR, and RMB, while its sales are transacted solely in RM.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Selecting durable and energy-efficient arcade and amusement machines to reduce replacements and electronic waste.
- Optimising logistics by consolidating shipments to reduce carbon emissions.
- Partnering with responsible suppliers who share sustainable practices.
- Extending product lifecycles through repair, reuse, and refurbishment of machines.
- Recycling faulty components such as batteries and chips through certified collectors.
- Reusing or recycling packaging materials (cardboard, plastic, foam) to minimise waste.

Social:

- Providing equal opportunities, prohibiting discrimination or harassment, and maintaining a safe, inclusive workplace.
- Regularly reviewing HR policies to ensure fairness and respect.
- Supporting local businesses by sourcing products and services locally.

Governance:

- Complying with all relevant laws and regulations, aligned with MCGC recommendations.



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- Enforcing a zero-tolerance policy for bribery with policies supporting compliance with the Malaysian Anti-Corruption Commission Act.
- Implementing a Whistleblowing Policy and Privacy Policy to ensure transparency, fairness, and accountability.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned



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