

InnoTek Posts FY2021 Net Profit of S\$11.5 Million; Dividend of 2.0 Singapore Cents Per Share Proposed For FY2021

S\$'000	2H'21	2H'20	Change %	FY'21	FY'20	Change %
Revenue	89,279	103,487	(13.7)	173,580	183,192	(5.2)
Gross Profit	15,955	27,927	(42.9)	33,687	45,006	(25.1)
Gross Profit Margin (%)	17.9	27.0	(9.1) ppt*	19.4	24.6	(5.2) ppt
Income Tax credit/(expenses)	62	(4,217)	NM^	2,035	(5,356)	NM
Net Profit	4,272	10,134	(57.8)	11,509	13,868	(17.0)
Earnings Per Share (Singapore cents)	1.87	4.48	(58.3)	5.04	6.13	(17.8)

* ppt denotes percentage points

^ NM denotes Not Meaningful

SINGAPORE, 26 February 2022 – InnoTek Limited (“InnoTek” or the “Group”) reported today it recorded net profit of S\$11.5 million for the year ended 31 December 2021 (“FY’21”), its sixth consecutive year of profits despite continued disruptions caused by the COVID-19 pandemic, and proposed a first and final dividend of 2.0 cents per share.

The slowdown in the second half of the year resulted in FY2021 revenue declining 5.2% to S\$173.6 million compared to S\$183.2 million a year ago. Gross profit for the year declined to S\$33.7 million from S\$45.0 million in FY2020.

Earnings per share for FY2021 declined to 5.04 Singapore cents compared to 6.13 Singapore cents in FY2020 while net asset value per share increased to 83.2 cents as at 31 December 2021 from 78.6 cents a year ago.

The SGX Mainboard-listed precision metal components manufacturer said revenue for the six months ended 31 December 2021 (“2H’21”) declined 13.7% to S\$89.3 million from S\$103.5 million a year ago. This was due to lower revenue from the TV and Display business segment, despite the improved performance from the Auto and Office Automation (“OA”) business segment.

Amid continued disruptions leading to higher costs of raw materials, labour and logistics, gross profit declined 42.9% to S\$16.0 million in 2H’21 from S\$27.9 million in 2H’20. Gross profit margin declined to 17.9% from 27.0% a year ago. InnoTek also incurred higher initial yield loss due to the complex production process of some new programs launched in 2021

The Auto business segment continues to grow especially for electric vehicles (EVs) but growth has slowed down due to supply chain disruptions and the semiconductor chip shortage. Meanwhile, market demand for OA products is recovering gradually, with the Group continuing to meet customers’ demands for smaller batches and wider product variety.

Production for the TV/Display segment has slowed down with demand for home entertainment waning as stay-at-home restrictions eased. The Group is exiting its production of TV back panels due to low margins, and focusing on larger-sized TV bezels of over 65 inches.

On the outlook, business activity is expected to continue recovering in the coming year with China's economy forecast to grow steadily. As the earlier challenges from the pandemic are expected to ease by the second half of 2022, InnoTek expects business activity to gain momentum later this year.

The Group intends to capitalise on growth in the automobile industry. According to the China Association of Automobile Manufacturers, automobile sales increased 3.8% to 26.3 million units (including 3.5 million EVs) last year. InnoTek intends to strengthen partnerships with European, American, Chinese and Japanese automotive component manufacturers.

In line with InnoTek's efforts to become a strategic supplier to the EV sector to strengthen its focus on sustainability, the Group has secured a steel stamping project with an EV battery producer. InnoTek intends to continue securing similar projects by attracting more skilled technicians and leverage on its experience in automobile products.

For the TV/Display business segment, the Group expects demand for high-end larger TVs to continue to be buoyant, and will focus on securing orders for bezel production in the coming year. Mansfield Vietnam Co. Ltd, the Group's Vietnam facility established in August 2021, has received initial orders but is facing challenges of the spread of COVID-19.

On the OA front, the Group is expanding from single-part manufacturing to sub-assembly. The Group's subsidiary in Rayong, Thailand has received orders for OA and Auto products, but production has been hampered due to the spread of COVID-19 in the region. The Group is integrating internal resources to strengthen the Thailand facility.

The Group has made forays into other emerging industries such as medical devices, 5G servers, gaming machines and semiconductors. Long-term partnerships with several customers have already been established, and the Group expects to recognise more revenue from these new segments in the coming financial year.

Mr Lou Yiliang, Chief Executive Officer of InnoTek, said: "Our FY2021 performance was commendable against an increasingly challenging operating environment. To reward our shareholders for their support, we have proposed a first and final dividend of 2.0 cents per share.

"We are beginning to see the first green shoots of our diversification into emerging technologies, and will continue to improve QCDS (quality, cost delivery and service) to capture market share. While we foresee several headwinds such as rising costs of labour,

raw material and sea freight, we will continue with our cost control measures and invest in production automation and equipment for new projects to remain competitive.”

End of Release

About InnoTek Limited

Singapore Exchange Mainboard-listed InnoTek Limited is a precision metal components manufacturer serving the consumer electronics, office automation and automotive industries. With five manufacturing facilities in the PRC, one facility in Rayong, Thailand, and one facility in Bac Ninh Province, Vietnam, the Group’s wholly owned subsidiary, Mansfield Manufacturing Company Limited, provides precision metal stamping, commercial tool and die fabrications and precision machining works to a strong and diversified base of international end-customers.

For more information, visit: www.innotek.com.sg

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