

## InnoTek's FY'22 Revenue Increases 7.6% to S\$186.8 Million, Proposes Dividend of 2.0 Singapore Cents; Acquires 70% Stake in Vietnam JV For Metal Components

S\$'000	2H'22	2H'21	Change %	FY'22	FY'21	Change %
Revenue	102,314	89,279	14.6	186,755	173,580	7.6
Gross Profit	15,631	15,955	(2.0)	27,190	33,687	(19.3)
Gross Profit Margin (%)	15.3	17.9	(2.6) ppt*	14.6	19.4	(4.8) ppt
Income Tax (Expenses)/Credit	(91)	62	NM^	(114)	2,035	NM
Net Profit	3,922	4,272	(8.2)	2,254	11,509	(80.4)
Earnings Per Share (Singapore cents)	1.70	1.87	(9.1)	0.98	5.04	(80.6)

\* ppt denotes percentage points

^ NM denotes Not Meaningful

**SINGAPORE, 28 February 2023** – InnoTek Limited (“InnoTek” or the “Group”) said today that its revenue increased 7.6% year-on-year to S\$186.8 million for the year ended 31 December 2022 (FY'22) despite a challenging operating environment, and proposed a first and final dividend of 2.0 Singapore cents per share. It also announced the acquisition of a 70%-stake in a manufacturing facility in Vietnam to expand its Southeast Asian footprint.

### 2H'22 and FY'22 Financial Results

The SGX Mainboard-listed precision metal components manufacturer recorded improved performance in the Group's Automotive and Office Automation (“OA”) business segments, boosting the top line for the six months ended 31 December 2022 (2H'22) to S\$102.3 million, 14.6% higher than S\$89.3 million in 2H'21.

The OA segment recovered strongly as supply chain disruptions eased, resulting in higher sales from key customers in China and Thailand. Revenue for the segment's parts assembly business also increased, reflecting the success of the Group's efforts to move up the value chain.

Meanwhile, the Auto business benefited from stimulus policies implemented in China and higher orders from customers making up for lost production time during COVID-related lockdowns. Growth was partially mitigated by weaker demand overseas as well as in the Chinese commercial vehicle market.

The top line improvement for 2H'22 and FY'22 was partially offset by lower turnover in the TV and Display segment, mainly due to dampened consumer sentiment amid the Russia-Ukraine conflict, high inflation in Europe and USA, as well as an oversupply in the European TV industry. The Group also recorded improved performance in the gaming machine and medical device businesses, partially offset by slower-than-expected progress in other businesses such as 5G servers.

Despite the higher turnover, gross profit for 2H'22 and FY'22 declined to S\$15.6 million and S\$27.2 million, respectively, from S\$16.0 million and S\$33.7 million in 1H'22 and FY'21, respectively. This was attributable to lower production efficiencies at the Group's facilities in China due to COVID-related lockdowns, and higher costs of raw materials and labour.

Accordingly, gross profit margin amounted to 15.3% for 2H'22 (2H'21: 17.9%), and 14.6% for FY'22 (FY'21: 19.4%). Net profit declined 8.2% to S\$3.9 million in 2H'22 from S\$4.3 million in 2H'21, and 80.4% to S\$2.3 million in FY'22 from S\$11.5 million in FY'21.

Earnings per share for FY'22 stood at 0.98 Singapore cents compared to 5.04 Singapore cents in FY'21 while net asset value per share declined to 76.4 Singapore cents as at 31 December 2022 from 83.2 Singapore cents a year ago.

### ***New 70% Subsidiary in Bac Giang Province, Vietnam***

InnoTek also announced that its wholly-owned Mansfield Manufacturing Company Limited ("Mansfield") has acquired a 70%-stake in a facility located in Bac Giang Province, Vietnam, which is near the city of Hanoi and Noi Bai Airport, the facility manufactures metal structural components for financial equipment and OA products.

Mansfield acquired the stake for US\$2.6 million (S\$3.5 million), with the balance 30% stake held by Hong Kong-incorporated Huayuansheng Metal, Plastic and Electronic Limited ("Huayuansheng"). The facility will enhance the Group's sheet metal processing and stamping capabilities in Vietnam to meet growing demand from Japanese and Korean customers while extending the Group's manufacturing capabilities beyond metal stamping to sheet metal processing.

Commenting on the acquisition, Mr Lou Yiliang, Chief Executive Officer of InnoTek, said: "This acquisition is strategic to our efforts to accelerate investment in Southeast Asia and to increase our range of capabilities and expand our customer base. It also combines Huayuansheng's capabilities in sheet metal processing and metal stamping with InnoTek's expertise in precision metal manufacturing. I am confident our partnership will add resilience to our business, and generate new synergies with our existing operations."

### ***Outlook***

Looking ahead, business momentum is largely expected to improve, as the country lifted its "Dynamic Zero" COVID policy in January 2023. However, the Group is closely monitoring several headwinds such as fluctuating export demand, soft domestic demand, further disruptions to the global supply chain due to the prolonged Russia-Ukraine war, and elevated levels of inflation.

Pent-up demand in China is expected to boost recovery in the Group's Auto segment; meanwhile, the Group intends to ride the growing adoption of Electric Vehicles ("EVs") to offer its precision stamping expertise and become a strategic partner for key EV customers.

For the OA segment, the Group expects a near- to medium-term slowdown, amid waning recovery and a shift in market demand from China into Southeast Asia. In response, the Group is expanding into parts assembly, compared to single-piece manufacturing.

For the TV and Display segment, short-term demand is expected to be impacted by softer Europe and American markets. The Group remains confident its key customers will maintain market share in the high-end TV market and is focusing on improving technical capability, upgrading the Group's products and implementing cost-control measures to meet long-term demand.

The Group continues using its internal resources to strengthen production capabilities in its manufacturing facilities in Rayong, Thailand, which has steadily increased production of OA and Auto products, as well as Bac Ninh, Vietnam, which has commenced the production of bespoke-design heatsinks for a TV customer and will start the production of TV bezels in the first quarter of 2023.

Meanwhile, the Group will continue its plan to diversify into emerging industries and establish partnerships in the medical devices, 5G servers, and gaming machine sectors. These partnerships are expected to bear fruit in the coming months and will contribute to financial performance from FY'23.

"InnoTek has closed its seventh consecutive year of profitability, underscoring our resilience in the face of numerous challenges related to the pandemic and the Russia-Ukraine conflict. We have proposed a dividend of 2.0 Singapore cents per share for FY'22 (FY'21: 2.0 Singapore cents) to reward shareholders for remaining steadfast during a difficult year," Mr. Lou added.

"The Group remains committed to improving QCDS (quality, cost delivery and service) to sharpen our competitive edge. Armed with a new facility in Vietnam, our geographical and sectorial diversification strategy will provide resilience to the Group, generate new revenue streams and add long-term value to shareholders."

**## 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 two facilities in 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](http://www.innotek.com.sg)

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