

## NEWS RELEASE

### AZEUS' NET PROFIT RISES 16% TO HK\$20.3 MILLION FOR 1H FY2023 (EQUIVALENT TO US\$2.6 MILLION<sup>1</sup>) AND DECLARES MAJORITY OF PROFIT AS INAUGURAL INTERIM DIVIDEND

- *Well-supported by 22% increase in revenue to HK\$116.4 million (approximately US\$15.1 million<sup>1</sup>), buoyed by continued growth in both its pillars – Products and IT Services*
- *Smooth implementation of the sizeable HK\$1.02 billion Central Electronic Recordkeeping System contract*
- *First Interim dividend of HK\$0.60 per ordinary share*

HK\$MILLION	1H FY2023	1H FY2022	%
Revenue	116.4	95.4	22
Gross Profit	84.7	64.2	32
Gross Profit Margin	72.8	67.3	5.5 ppt
Profit Before Income Tax	19.9	17.8	12
Net Profit Attributable to Equity Holders	20.3	17.5	16
<b>For the half year ended 30 September 2022:  Earnings per share – Basic: 0.68 Hong Kong dollars  (1H 2022: 0.58 Hong Kong dollars)</b>			

**Singapore, 14 November 2022** – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a leading provider of IT products and services, today announced a 16% increase in net profit to HK\$20.3 million for the six months ended 30 September 2022 (“1H FY2023”), compared to HK\$17.5 million in the previous corresponding year (“1H FY2022”).

<sup>1</sup> Based on the conversion rate of HK\$1 = US\$0.13, rounded up to one decimal place

For 1H FY2023, Azeus recorded a 22% increase in revenue to HK\$116.4 million, up from HK\$95.4 million over the same corresponding year, driven by strong growth from both its Products and IT Services segments.

Mr. Lee Wan Lik, Executive Chairman and Director of Azeus, said, “We are pleased with our resilient set of performance driven by our fast-growing Products and IT Services segments. Azeus continues to be the preferred vendor for the Hong Kong SAR government with two new contracts secured in May 2022 and November 2022 worth HK\$1.03 billion collectively. This is a testament to the high-quality IT services consistently delivered to our clients even as Azeus grows.

“Given the growth and resiliency of our product line business, and the requests by shareholders, the Board has considered and recommended an interim dividend payout of HK\$0.60 per ordinary share for the first time since our listing, which constitutes the bulk of our net profit. Looking ahead, we aim to continue to bring next-level product offerings to more businesses and markets worldwide, and at the same time, grow our recurrent income over the long term.”

### **Review of Business Segments**

Overall, Azeus Products accounted for a majority or approximately 71% of total Group revenue in 1H FY2023, while IT Services accounted for 29% over the same corresponding period. Both business lines saw double digit growth, with the Azeus product line outpacing its services line clocking in 25% over the corresponding period with IT Services registering 15% in growth.

Revenue from Azeus Products increased by HK\$16.4 million, or 25%, to HK\$82.2 million in 1H FY2023 up from HK\$65.8 million in 1H FY2022, mainly attributable to the continued growth of “Convене” subscription revenue.

Revenue contribution from IT Services increased by 15% to HK\$34.2 million in 1H FY2023 from HK\$29.7 million in 1H FY2022 as the Group secured more projects in 1H FY2023. It is noted that 65% (HK\$22.2 million) of IT Services revenue was from

long-term recurring revenue contracts for maintenance and support services of existing systems.

Azeus was recently awarded a HK\$11.2 million contract for the supply of IT professional services with the Hong Kong SAR Government, which is in relation to Combined System Development Services for the e-Procurement Platform for the Development Bureau (Works Branch).

This is in addition to the HK\$1.02 billion contract secured from the Hong Kong SAR Government announced on 9 May 2022.

The recurring revenue from maintenance and support, which accounted for 19% of total revenue in 1H FY2023, declined marginally by 4% to HK\$22.3 million.

### **Financial Overview**

Notwithstanding a higher growth of revenue, the Group has managed to maintain its cost of revenue, increasing only marginally by HK\$0.6 million, or approximately 2%, to HK\$31.8 million in 1H FY2023.

The Group's gross profit margin improved by 5.5 percentage points to 72.8% in 1H FY2023 as compared to 67.3% in 1H FY2022.

Overall, the Group reported a net profit of HK\$20.3 million in 1H FY2023 as compared to a net profit of HK\$17.5 million in 1H FY2022, increasing by 16%. Profit before other income and losses and income tax in 1H FY2023 was HK\$30.9 million while 1H FY2022 was HK\$19.0 million, approximately a 63% growth. The growth in net profit was impacted by the unrealised foreign exchange losses of HK\$10.9 million due to translation of foreign currencies cash balances as of the end of the period.

As of 30 September 2022, the Group's net cash position stood at HK\$183.6 million, a decrease as compared to the net cash position of HK\$201.3 million as of 31 March 2022. The decrease arose from the translation of net foreign currencies and net

monetary assets as there was a depreciation of foreign currencies as compared with the Group's reporting currency as of the end of the period.

The Group's shareholders' equity increased to HK\$169.6 million as of 30 September 2022 mainly due to the net profit of HK\$20.3 million and growth in revenue generated in 1H FY2023.

The Group has no bank borrowings or debt securities.

### **Outlook**

Mr. Michael Yap, CEO of Azeus, said, "Despite the market volatility, our business fundamentals remain strong. Our revenue continues to grow, coupled with improving profitability. Our business grew by 16% with an improvement in the gross profit margin by 5.4 percentage points to 72.7%. While we keep a watchful eye on the challenging macroeconomic environment, we remain steadfast in investing for future growth including R&D into new products and expanding into new markets."

## **About Azeus Systems Holdings Ltd.**

A leading provider of IT products and services, Azeus was listed on the Main Board of the SGX-ST in October 2004, with various offices in Hong Kong, Singapore, the United Kingdom, the Philippines and China. Azeus has been appraised at the highest level (Level 5) of the CMMI-SW model for software development since 2003.

The Group's flagship product, Convene, is a leading paperless meeting solution used by directors and executives in various industries, across more than 100 countries. The Group continues to invest in R&D and add new product offerings. It has recently introduced a hybrid large format meeting solution, "Convene AGM", in response to the shifting trend towards hybrid AGMs as a result of the COVID-19 restrictions. Another new product, Convene Records, has been adopted for a "All-of-Government" deployment.

Under Azeus' IT Services segment, the Group design and implement a broad range of IT software and systems. In all, the Group has a solid track record of completing hundreds of IT services projects for more than 40 government departments, as well as the private sector in Hong Kong, many of which are contracts from repeat customers.

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