

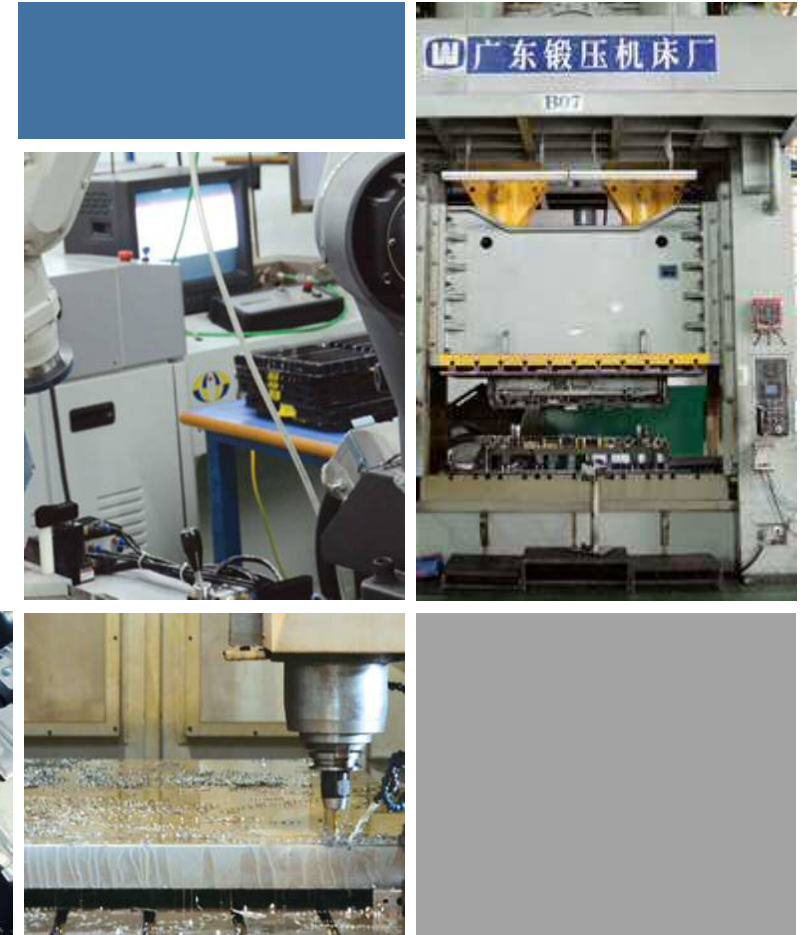
INNOTEK
Strong Foundations For A Strong Future



INNOTEK LIMITED
25th Annual General Meeting &
Extraordinary General Meeting
29 April 2021

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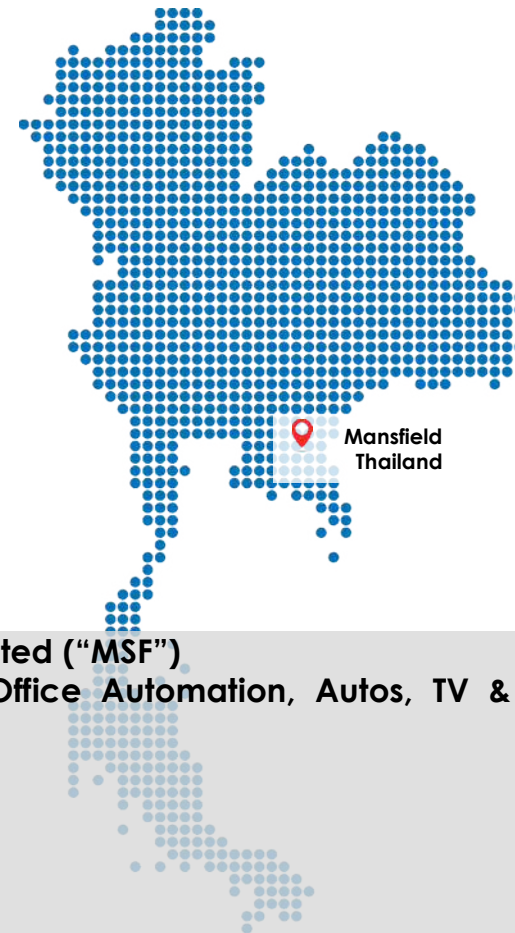
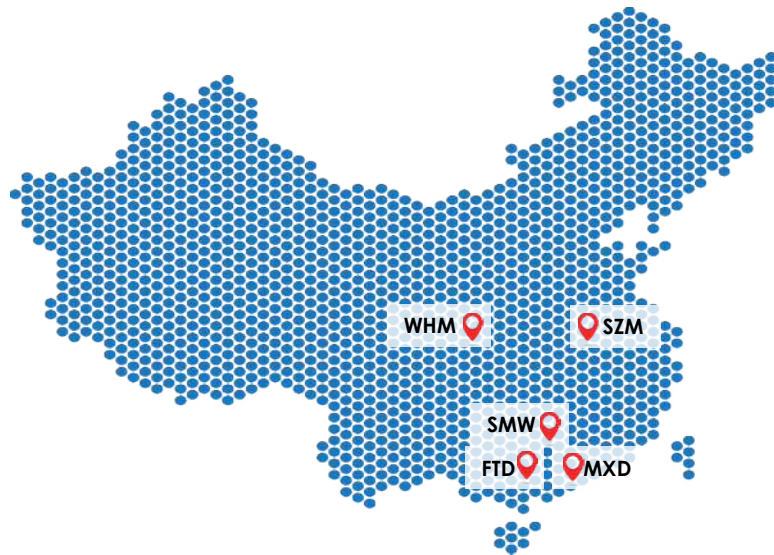


Company Background

茂森精藝金屬(蘇州)有限公司
Mansfield (Suzhou) Manufacturing Co., Ltd

Company Background

LOCATIONS IN CHINA & MANSFIELD (THAILAND)



- ❑ Primarily run by wholly-owned Mansfield Manufacturing Company Limited (“MSF”)
- ❑ MSF manufactures precision metal components for customers in Office Automation, Autos, TV & Display sectors
- ❑ Serves 3 industries
 - Precision Metal Stamping
 - Tools and Die design and fabrications
 - Precision Machining
- ❑ Strong and diversified International customers

Operational & Financial Highlights



Operational Highlights

- 1** COVID impacted global economy and supply chains since 1H FY2020; temporarily shutdown of some InnoTek operations in China, before progressively reopening in February 2020
- 2** Higher revenue from the TV/Display business segment on the back of increased demand for home entertainment amid work-from-home measures
- 3** Increased sale of automotive components, in line with the recovery of China's auto industry post COVID-19
- 4** Demand for Office Automation (OA) components were dampened due to the economic slowdown, which also impacted sales of the Tooling segment
- 5** Took further steps to improve cost control measures and invest in automation to remain competitive in the face of rising operational costs in China.
- 6** Thailand factory has commenced production in 2020, and is expected to develop and support automotive customers in 2021.

Financial Highlights

- For FY2020, revenue declined 1.9% year-on-year, reflecting dampened sentiment for OA products and partial shutdown of manufacturing plants in 1H FY2020 due to COVID-19
- InnoTek achieved its fifth consecutive year of profitability; however, Net Profit and EPS declined 16.7% compared to FY2019
- Gross profit margin increased to 24.6% in FY2020 (FY2019: 21.8%) due to reduced outsourcing, lower material costs and greater adoption of automation
- Despite a 1.9% decrease in revenue, profit before tax declined marginally (decreased 0.7% year-on-year), underscoring success of InnoTek's cost-saving measures.
- Dividend of 2.0 cents per share for FY2020 to be paid on 25 May 2021 subject to shareholders approval at AGM
- Company balance sheet remains strong with net cash balance

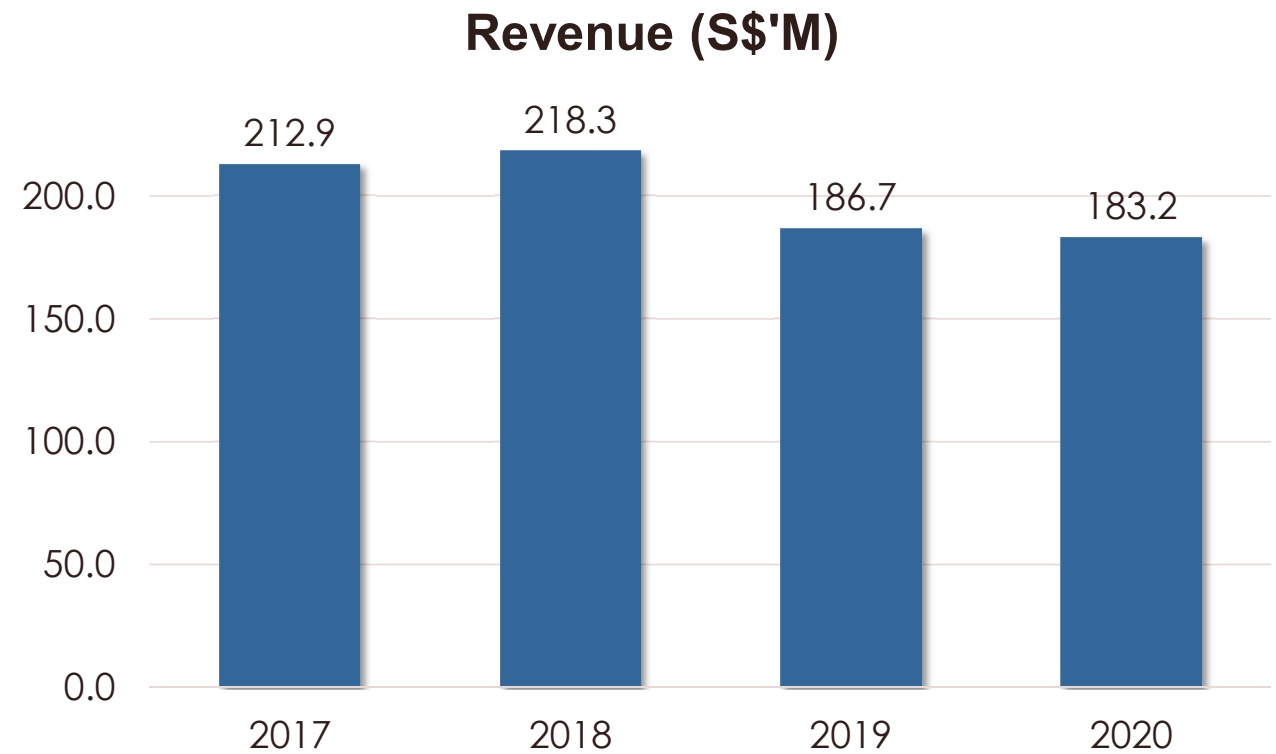
Financial Highlights

FY2020

S\$('000)	FY2020	FY2019	Change (%)
Revenue	183,192	186,721	(1.9)
Gross Profit	45,006	40,765	10.4
Gross Profit Margin (%)	24.6	21.8	2.9 ppt
Profit Before tax	19,224	19,355	(0.7)
Income Tax Expense	(5,356)	(2,697)	98.6
Net Profit	13,868	16,658	(16.7)
Earnings Per Share* (cents)	6.13	7.36	(16.7)

Financial Highlights

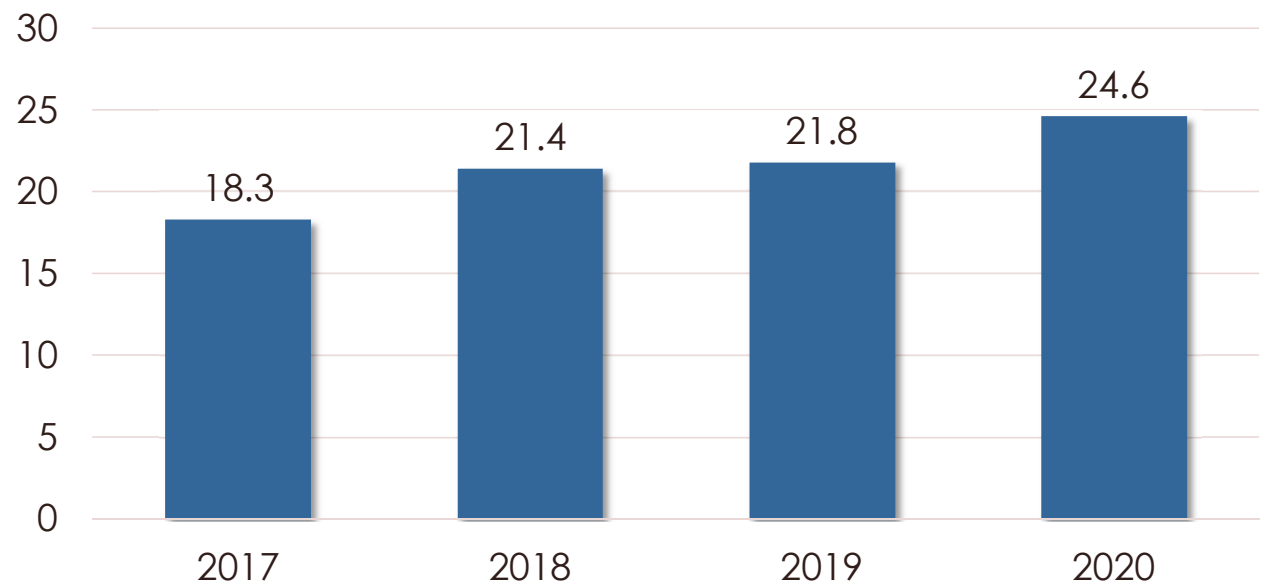
Revenue Yearly Trends



Financial Highlights

Gross Margin Yearly Trends

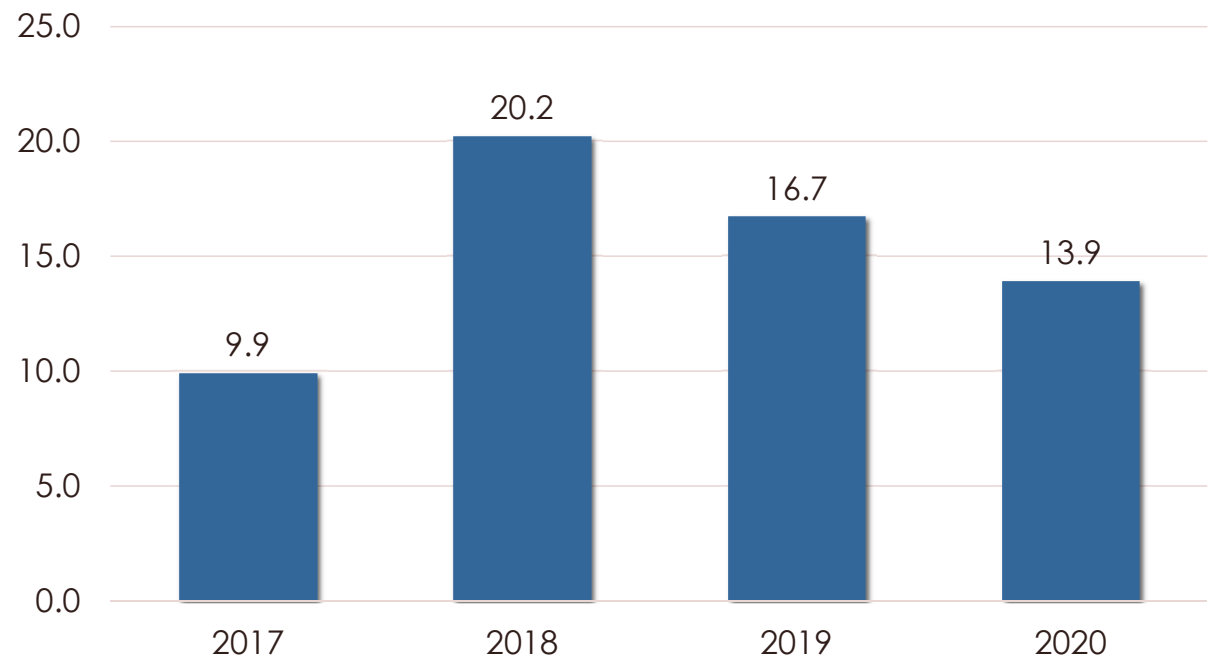
Gross Margin (%)



Financial Highlights

Net Profit Yearly Trends

Net Profit (S\$'M)



Balance Sheet Highlights

FY2020

S\$M	30/12/2020	31/12/2019	Change %
Cash & Short term deposit	73.3	44.0	
Structured Deposit with a bank in other investments	-	4.4	
Total cash and bank deposit	73.3	48.4	51.4%
Investment portfolio at fair value in other investments	18.5	24.3	-23.9%
Cash and Bank Deposit and other Investments	91.8	72.7	26.3%
Total Assets	265.8	244.5	8.7%
Total Borrowings	23.4	23.7	-1.3%
Shareholders' Funds	177.9	160.9	10.6%
Net Asset Value/share (cents)	78.6	71.1	10.5%

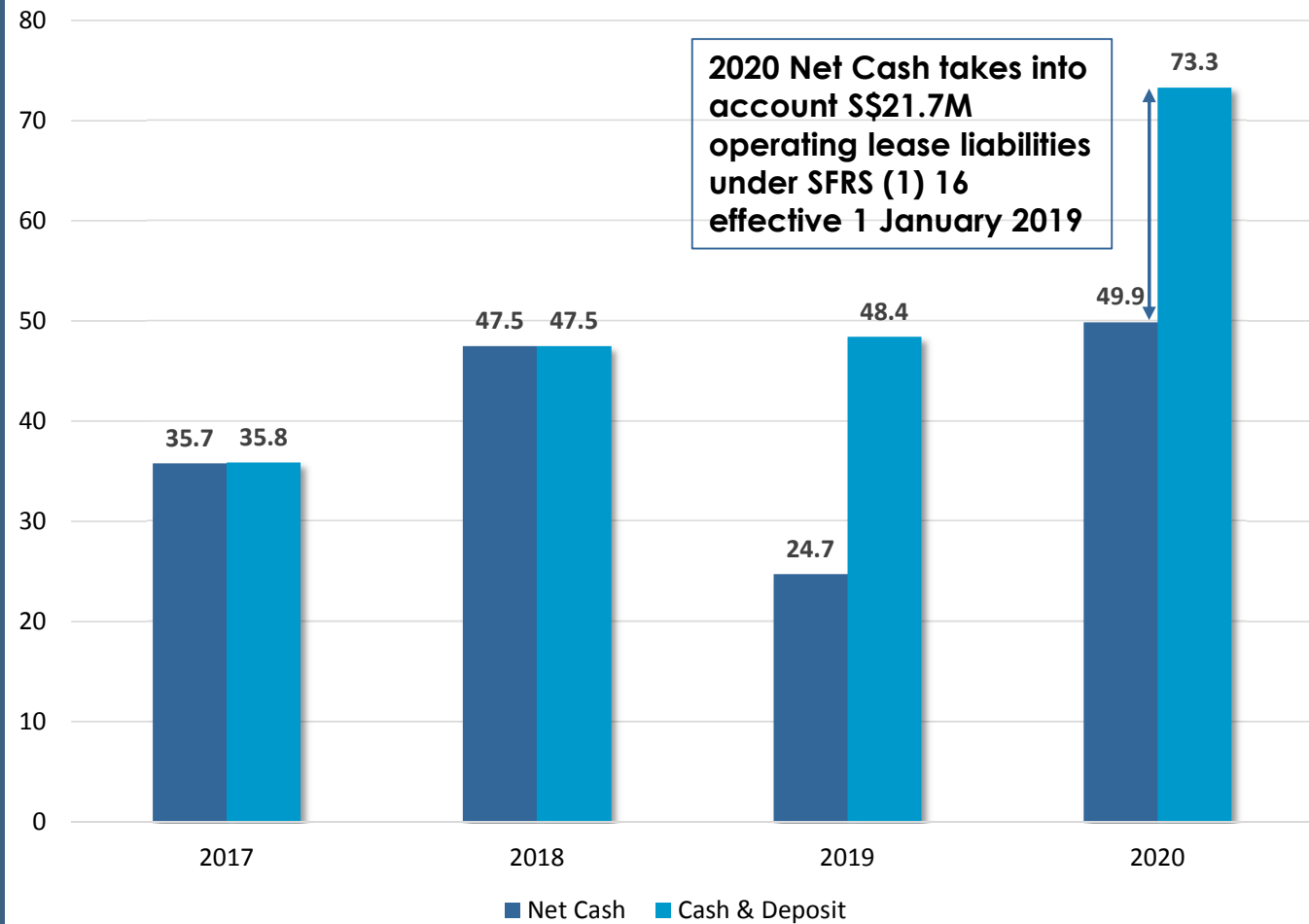
Future cash requirements for:

- **Building our own production facilities** in Dongguan to mitigate increasing rental cost
- Plans to **invest in overseas operations** to be close to major customers that moved out from China
- **M&A strategy** to acquire technology to sustain business growth
- **Working Capital** for emergency requirement

Cash & Deposit and Net Cash

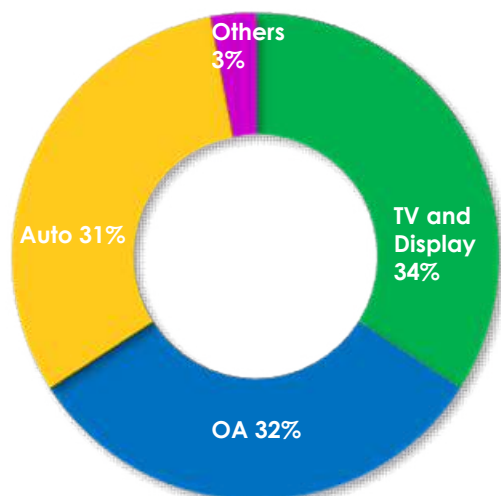
FY2020

Cash & Deposit and Net Cash (S\$M)

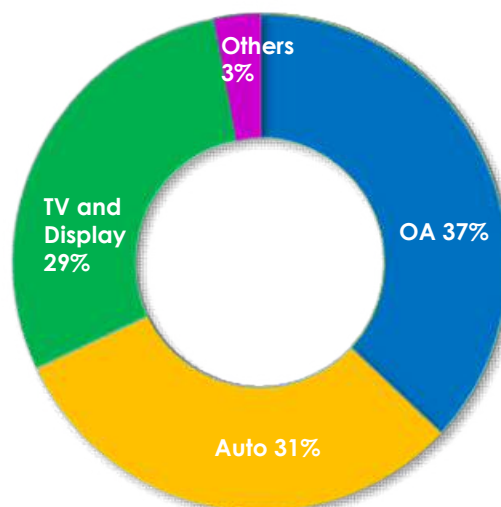


Revenue by Products

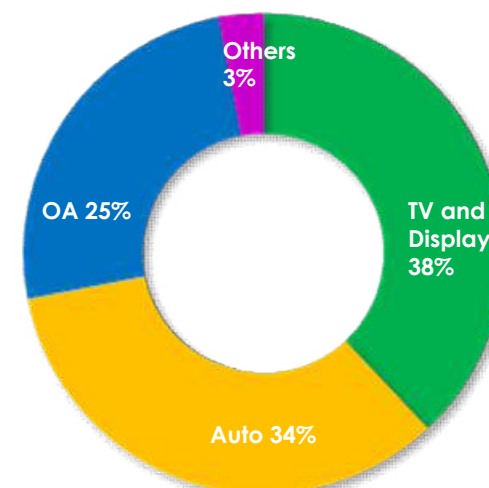
FY2018: S\$218.3M



FY2019: S\$186.7M



FY2020: S\$183.2M



FY2020 vs FY2019

TV & Display

Increased sale in larger sized TV bezels due higher demand for home entertainment amid COVID-related stay home measures

Automotive

In line with recovery of China's auto industry post COVID-19, auto revenue for 2020 is higher than for 2019

Office Automation (OA)

Decrease mainly due to lower demand as a result of the global economic slow down caused by the pandemic.

Product Portfolio

OFFICE AUTOMATION



Product Portfolio

AUTOMOBILE



Seat Belt Bracket



Car Seat



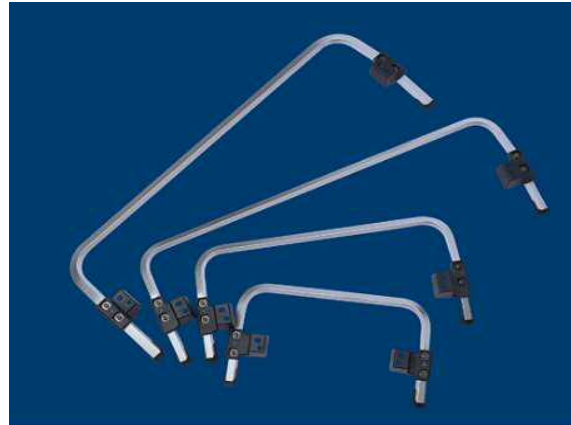
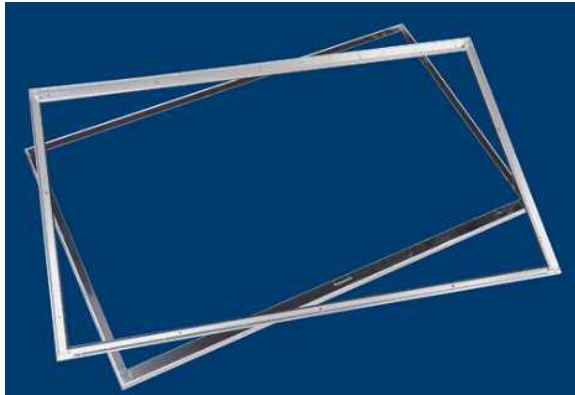
Safety Airbag Bracket



[name of products]

Product Portfolio

TV AND DISPLAY



Customers by Product Industry

Automotive	 <p>Continental   BOSCH Invented for life</p> <p> IMASEN ELECTRIC INDUSTRIAL CO., LTD.</p> <p> ZF</p> <p>u-shin</p> <p> MARELLI</p>
TV / Display	 <p> AMTC</p> <p>wistron</p> <p>SONY make.believe</p> <p>KONKA</p> <p>Skyworth 创维</p>
Office Automation	 <p>RICOH imagine. change.</p> <p> KONICA MINOLTA</p> <p> FUJI XEROX</p> <p> KYOCERA</p> <p>Canon</p> <p>EPSON EXCEED YOUR VISION</p>

Share Price as of 26 April 2021



Outlook



 武汉市杰伦特模具塑胶有限公司
 茂森精密金属（武汉）有限公司

Update on Unaudited Q1'21 Results

- InnoTek closed Q1'FY2021 with a net profit of S\$2.5 million, compared to net loss of S\$1.0 million in Q1'FY2020
- Revenue for Q1'FY2021 increased 24.7% to S\$42.3 million from \$33.9 million, mainly due to business recovery and absence of plant closure due to COVID-19
- InnoTek investment portfolio saw a gain of S\$0.6 million in Q1'FY2021, compared to a net loss of S\$0.9 million in Q1'FY2020, reflecting recovery from the early days of the pandemic.
- On 13 January 2021, 2 million treasury shares were issued when Mr Lou Yiliang exercised his share options, increasing the total number of issued shares net of treasury shares to 228,305,428 from 226,305,428

S\$('000)	Q1'21	Q1'20	Change (%)
Revenue	42,296	33,905	24.7
Net Profit	2,465	(1,047)	NM
Earnings Per Share* (cents)	1.08	(0.46)	NM
Weighted number of shares	228,039	226,305	0.8

*Weighted Average Basis

NM – Not meaningful

Group Outlook by Products

Automotive

- Sector is shifting towards EVs, increased digitalization and charging stations
- InnoTek to intensify focus on the auto business in 2021
- Continue to find new customers while deepening relationship with existing ones

TV and Display

- New orders for TV bezels above 55 inches from major customers have been secured
- Demand is expected to weaken but will maintain at a certain level

OA

- The Group looks forward to recovery in OA market in 2021
- InnoTek is moving up the value chain to offer sub-assembly of parts, to mitigate reduced demand for single-manufactured parts

Group Outlook

- China's economy is expected to continue to grow in 2021; global economy expected to still be unfavourable
- InnoTek will adjust its production to support customers' sales and production strategies, which are currently undergoing adjustment
- Prices for raw materials is expected to rise, while delays in import and export expected to translate into higher logistics-related costs
- In response, the Group will continue to implement cost control measures, such as reduce outsourcing, material costs as well as invest in product automation to remain competitive

Thank You

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