



Karin more than doubles earnings to HK\$46.1 million in FY2023

- Revenue up 2.4% in FY2023 led by strong double-digit growth in revenue from the IT Infrastructure segment.
- Boosted by gains from disposal of properties.
- Proposes final dividend of 15.0 Hong Kong cents per share, which together with interim dividend of 5.2 Hong Kong cents per share, brings total dividend payout in respect of FY2023 to 20.2 Hong Kong cents per share.

| 12 months ended 30 Jun (HK\$' million) | FY2023 | FY2022 | % Change |
|---|-------------------------------------|-------------------------------------|----------|
| Segment Revenue | | | |
| • Components Distribution ("CD") | 446.5 | 572.7 | (22.0) |
| • IT Infrastructure | 1,349.8 | 1,163.7 | 16.0 |
| • Consumer Electronics Products ("CEP") | 243.3 | 256.1 | (5.0) |
| Total Revenue | 2,039.6 | 1,992.6 | 2.4 |
| Gross profit | 172.6 | 176.6 | (2.3) |
| Profit before tax | 57.0 | 39.5 | 44.3 |
| Net profit attributable to owners of the Company | 47.0 | 20.4 | 130.4 |
| EPS (HK cents)^a | 21.8 | 9.5 | 129.5 |
| NAV per share (HK cents)^b | 197.2 (as at 30 Jun 2023) | 197.0 (as at 30 Jun 2022) | 0.1 |

a) Based on 215,528,274 and 214,748,000 weighted average number of ordinary shares in issue for the financial years ended 30 June 2023 and 2022 respectively.

b) Based on the issued share capital of 216,348,000 and 214,748,000 ordinary shares (excluding treasury shares) as at 30 June 2023 and 2022 respectively.

SINGAPORE – 29 August 2023 – SGX Mainboard-listed Karin Technology Holdings Limited (嘉靈控股集團有限公司) ("Karin", the "Company", or together with its subsidiaries, the "Group"), a leading Hong Kong-based electronic and industrial components and IT solutions distributor and outsourcing service provider, has achieved a 130.4% year-on-year ("yoy") growth in net attributable profit to HK\$47.0 million for the 12 months ended 30 June 2023 ("FY2023") from HK\$20.4 million in the corresponding 12 months in 2022 ("FY2022").

The improved bottomline was on the back of healthy growth in sales which rose 2.4% yoy to HK\$2,039.6 million in FY2023 led by strong double-digit revenue expansion achieved by its IT Infrastructure segment, and a significant 151.6% increase in other income to

HK\$46.8 million mainly due to a HK\$38.8 million gain on disposal of properties held for use and investment in the PRC and Singapore for the year.

During the financial year under review, the Group undertook a write-down of inventories to net realisable value of HK\$4.7 million as compared to FY2022 when there was a write-down of inventories to net realisable value of HK\$9.1 million. The impact on gross profit was a 2.3% yoy decline to HK\$172.6 million in FY2023 with gross profit margin stable at 8.5% (FY2022: 8.9%).

In FY2023, the Group incurred higher expenses because of a 10.3% yoy increase in selling and distribution expenses to HK\$75.9 million mainly due to a HK\$6.1 million rise in staff costs; a 1.7% yoy increase in administrative expenses to HK\$78.1 million mainly due to increase in depreciation of right-of-use assets of HK\$1.1 million; and, a significant 225.0% yoy jump in finance costs to HK\$10.4 million mainly due to higher bank borrowings during most parts of the year to support the increase in businesses as well as increases of interest rates. The foregoing was partially offset by lower other expenses, net, which fell 83.8% yoy to HK\$1.4 million. This was because FY2022 included a HK\$5.7 million impairment of trade receivables whilst in FY2023, the Group recognised a reversal of impairment of trade receivables of HK\$2.4 million which was recorded as other income.

As at 30 June 2023, the Group's cash and cash equivalent remained healthy at HK\$90.1 million (HK\$123.8 million as at 30 June 2022). Its gearing ratio remains low at 0.34 times (as at 30 June 2022: 0.58 times).

Segmental Review

In terms of performance by segment, the Group's **IT Infrastructure** business, which is its main revenue generator, achieved a 16.0% yoy increase in sales to HK\$1,349.8 million in FY2023 mainly due to the strong demand for network security products, cloud solutions services and data visualisation tools in Hong Kong. The Group attributed the strong performance to accredited work done in previous years that enabled it to penetrate deeper into broader segments within the market, as well as the commencement of several projects that it secured during the financial year.

The improvement in sales achieved by the IT Infrastructure business was partially offset by a decline in sales from its CD and CEP businesses. Revenue from the CD business fell 22.0% to HK\$446.5 million due to the slower-than-expected recovery of the PRC's economy following the end of its strict zero-Covid stance in January 2023. Meanwhile,

the CEP segment recorded a 5.0% yoy decline in sales to HK\$243.3 million partly as a result of pent-up demand for foreign travel after the release of all COVID-19 travel restrictions.

Karin’s Chief Executive Officer and Executive Director, Mr. Michael Ng, said: *“Our topline performance is in line with the economic sentiment in our key markets in FY2023. The PRC’s post-pandemic recovery had fallen short of expectations, and this led to general cautiousness, especially among our customers in the CD business, who had to focus on clearing their existing inventory and delayed putting in new orders. Our CEP business was also affected by slower consumer spending but we continue to carry out marketing activities and explore new product lines to lift this business.*

“On a more positive note, the divestment of our properties enabled us to unlock value and return a portion of that divestment gain to shareholders via a dividend. We are also very encouraged by the performance of our IT Infrastructure business, which continued to enjoy robust demand for network security and cloud solutions. This affirms the effort and resources that we had invested in previous years to strengthen our capabilities in this business. We will continue to pursue more opportunities in this growing segment.”

Dividend

The Board of Directors has proposed a final dividend (tax not applicable) of 15.0 HK cents per share subject to shareholders’ approval at the forthcoming AGM.

Including the interim dividend of 5.2 HK cents per share, this brings total dividend in respect of FY2023 to 20.2 HK cents per share, which represents a payout ratio of 93.1% of net attributable profit to the owners of the Company.

Business Outlook

Karin expects the next 12 months to be challenging as the industries continues to digest the current high inventory levels that resulted from stockpiling in anticipation of the PRC’s rapid post-pandemic economic recovery, which failed to take place.

Mr Ng said: *“The industry has shifted from supply chain disruptions to inventory management amidst a cautious operating environment. We expect this situation to continue and affect our CD business in the short term until the economy picks up and inventory levels are within acceptable levels.*

“In the meantime, we will continue to invest resources in our IT Infrastructure business, which we believe will benefit from the current momentum for AI and machine learning. Lastly, we continue to focus on our CEP business in view of the upcoming festive season from November to January and also because of anticipated new product releases.”

Looking ahead, the Group will continue to closely monitor market inventory levels as well as exercise prudence in financial management. It will also continue to pursue more distributorship opportunities across its three segments.

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About Karin Technology Holdings Limited

Listed on the Mainboard of the Singapore Exchange since 2005, Karin is a leading electronic and industrial components distributor and IT solutions integrator and outsourcing service provider in Hong Kong and the People’s Republic of China. Established in 1977, Karin has been principally engaged in the electronic and industrial components and computer distribution business for various segments of the electronics industry, including the communications, computer, electrical appliances and utility segments. Karin expanded its business to include the provision of outsourcing services such as IC application design solutions and data storage management solutions, riding on the increasing demand for IC software applications in the 1990s. For more information, please visit: <http://www.karingroup.com/eng/global/home.php>.

Issued on Behalf of: Karin Technology Holdings Limited
By: August Consulting Pte Ltd.

Contact: Wrisney TAN
Email: wrisneytan@august.com.sg

Contact: Jeffrey TAN
Email: jeffreytan@august.com.sg