[For Immediate Release]

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SUGA Announces 2023/24 Annual Results

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Records Stable Cash Flow and Reduction in Inventory Level

Laying a Solid Foundation for Future Development

SUGA International Holdings Limited ("SUGA" or the "Group") (stock code: 912), a leading electronics total solutions provider also operating a pet food and pet accessories business, today announced its annual results for the financial year ended 31 March 2024.

Turnover for the year was HK$1,400.3 million (FY 2022/23: HK$1,443.5 million), a decrease of approximately 3.0% compared with the previous year, mainly due to the cautious ordering strategy of customers affected by the macroeconomic downturn. However, benefiting from successful cost control and the improved production efficiency of the plants in Dongguan, China, and Vietnam, the Group's annual gross profit reached HK$203.3 million and gross profit margin increased to 14.5% (FY 2022/23: HK$202.9 million and 14.1%). Profit attributable to shareholders decreased by 46.4% to HK$32.1 million (FY 2022/23: HK$59.8 million), which was mainly attributable to several non-recurring items incurred during the year ended 31 March 2023, including gains on disposal of interest in a joint venture, release of exchange reserve upon deregistration of subsidiaries and impairment losses on interest in an associate. The net profit margin was 2.3% (FY 2022/23: 4.2%). Basic earnings per share were HK11.26 cents (FY 2022/23: HK21.00 cents).

The Board has proposed the payment of a final dividend of HK4.0 cents per ordinary share (FY 2022/23: Final dividend of HK4.0 cents per ordinary share and special dividend of HK3.0 cents per ordinary share). Together with the interim dividend of HK4.0 cents per ordinary share already paid, the total dividend for the year would be HK8.0 cents per ordinary share (FY 2022/23: HK12.0 cents per ordinary share).

Dr. C H Ng, Chairman of SUGA, said, "During the year, in the face of a complex market environment where recovery and risks coexist, the Group assessed the current situation, reduced inventories and raised management standards internally, while adopting a diversified product portfolio strategy externally. It's worth mentioning that SUGA made significant progress in inventory management, reducing inventories by approximately 30%, helping the Group to significantly improve its inventory level and prepare for an increase in

order intake. It also improved the management and production efficiency of its factories in China and Vietnam, and achieved significant synergies. Activities such as factory visits and inquiries from potential customers also continued, laying a solid foundation for future cooperation. Looking ahead, the Group will continue to develop the core electronic products business and make it a strong and stable source of revenue in the long term.

Business Review

As the core business of the Group, **electronic products** remained the main source of revenue during the year under review. During the year, sales amounted to HK$1,160.2 million (FY2022/23: HK$1,243.9 million), representing a year-on-year decrease of 6.7% and accounting for 82.9% of the Group's total sales.

At the end of the last financial year, the Group reached a cooperation agreement with a new Internet of Things ("IoT") customer to support the production of electronic paper displays at its Vietnam plant. The related production progressed in an orderly manner and production efficiency steadily improved during the year. As a result, the Group's related revenue in the second half of the year was higher than in the first half, and this customer has become one of SUGA's key partners. During the year, revenue from professional audio equipment products, telephones for the hearing impaired and telecommunications products from Japanese customers recorded a decline, mainly because customers were still reducing their inventories and tended to be cautious in placing orders, and the weak economic trend also slowed demand growth.

During the year, customers of electronic products appreciated the capabilities of the Group's diversified product portfolio and "China Plus One" production advantages. They maintained contact with the Group with the hope of cooperating in the future, which could become a new growth driver for the Group's business. During the year, the production efficiency of the Group's Vietnam plant continued to improve, with well-trained professionals and its production management system linked to the Mainland China plant, enabling the Group to have sufficient capacity to process orders. The number of domestic orders received by the Mainland China plant also grew during the year, contributing greatly to the Group's efficiency. The plants in China and Vietnam complemented each other and further enhanced the Group's production efficiency.

In terms of **pet electronic products**, the Group seized the opportunity that arose from inventory digestion in the consumer market and grasped the continuous orders placed by customers, which greatly improved the performance of pet-related electronic products during the year compared with the previous financial year. In terms of the pet food business, the Group's own pet food brand "Brabanconne" maintained an upward trend in the Hong Kong and Japanese markets. The pet food containing CS4 polysaccharide selenium nanoparticles (CS4 SeNP), a key active ingredient of caterpillar fungus, which the Group launched last year, also continued to perform well in the market.

Prospect

In the second half of 2024, opportunities for inter-regional business exchanges will increase, and consumer sentiment is likely to continue to pick up. However, continued geopolitical tensions and the uncertainty about the timing of interest rate cuts by the U.S. Federal Reserve continue to make the global business environment fraught with uncertainty. Faced with the complex and volatile economic situation, SUGA remains cautiously optimistic about its business prospects in the second half of the financial year.

The Group expects its core business of electronic products to continue to achieve steady development and contribute stable revenue. As existing customers reduce inventories and new customers contribute orders, the Group is confident that revenue from electronic products such as professional audio equipment can continue to recover. At the same time, the Group's forward-looking layout and business expansion in IoT technology and related businesses have created good synergies with its "China Plus One" strategy. The Group's electronic paper display customer in Vietnam has contributed to the growth of the Group's related businesses and has become an important source of revenue for the Group. In the future, the Group is confident that it will receive more orders in the IoT field. The production efficiency of the Group's Vietnam plant has also gradually approached that of the Mainland China plant, which has become a solid foundation for the Group to consolidate and expand its customer base. As a result, the Group can more flexibly deploy its production capacity and further develop its diversified production layout.

As for the pet business, the Group's experienced team has been striving for years to build a pet health ecosystem by investing in and developing advanced technologies and seeking potential external cooperation opportunities. The Group will continue to cater for consumers' demand for natural and healthy pet food and high-end pet nutrition, and promote pet food products containing CS4 polysaccharide selenium nanoparticles (CS4 SeNP), the main active ingredient of caterpillar fungus, while actively seeking operating methods and cooperation opportunities to improve its own operating efficiency. It will also adopt more precise and effective marketing strategies based on the differences in online and offline consumer preferences in different regions, in order to achieve good business development in various sales locations.

In the meantime, the Group will continue to keep pace with market trends and enrich its diversified business layout. The promotion and popularization of 5G will facilitate the widespread application of IoT technology. Greater bandwidth and faster mobile services will enable applications such as smart home appliances, smart business solutions, and smart traffic management systems to penetrate all aspects of daily life. This trend is in line with the Group's development goals. SUGA expects IoT technology to become more popular and ubiquitous, and is confident that it will capture corresponding business opportunities based on its own strengths.

Dr. Alfred Ng, Chief Executive Officer of SUGA, concluded “Thanks to effective cost control strategies, the Group’s current cash flow position is more robust than in the 2023/24 interim period, and it has sufficient strength to seize appropriate investment opportunities when the time is right. At the same time, the Group’s inventory levels are still steadily declining. Its plants in China and Vietnam have sufficient production capacity, and their production efficiency is increasing year by year. These factors have made the Group well prepared to handle new orders and enable it to attract customers and seize opportunities more quickly when market conditions become clearer, thereby promoting performance growth. The Group believes that with the help of diversified business strategies, “China Plus One” production capacity layout, strong R&D capabilities, and effective cost control measures, SUGA can effectively respond to market changes, achieve business stability and progress, and create returns for shareholders as the market conditions become clearer.”

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