

NEWS RELEASE

AZEUS' NET PROFIT RISES 35% TO HK\$27.3 MILLION FOR 1H FY2024 (EQUIVALENT TO US\$3.6 MILLION¹) AND DECLARES MAJORITY OF PROFIT AS INTERIM DIVIDEND

- *Attributed to the 14% increase in revenue to HK\$132.8 million (approximately US\$17.3 million¹), driven by the continued growth of the product business line.*
- *Awarded a HK\$19.9 million contract for the supply of IT professional services with the Hong Kong SAR Government*
- *Proposes interim dividend of HK\$0.90 per ordinary share*

HK\$MILLION	1H FY2024	1H FY2023	+/(-) %
Revenue	132.8	116.4	14
Gross Profit	91.0	84.7	7
Gross Profit Margin	68.5	72.7	(4.2 ppt)
Profit Before Income Tax	28.1	19.9	41
Net Profit Attributable to Equity Holders	27.3	20.3	35
For the half year ended 30 September 2023: Earnings per share – Basic: 0.91 Hong Kong dollars (1H FY2023: 0.68 Hong Kong dollars)			

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

Singapore, 14 November 2023 – Azeus Systems Holdings Ltd. (“**Azeus**” or the “**Group**”), a leading provider of IT products and services, today announced a 35% increase in net profit to HK\$27.3 million for the six months ended 30 September 2023 (“**1H FY2024**”), compared to HK\$20.3 million in the previous corresponding year (“**1H FY2023**”).

For 1H FY2024, Azeus recorded a 14% increase in revenue to HK\$132.8 million, up from HK\$116.4 million over the same corresponding year, driven by strong growth from both Azeus Products and IT Services segments.

Mr. Lee Wan Lik, Executive Chairman and Director of Azeus, said, “We have delivered yet another set of resilient performance, supported by our fast-growing Products and IT Services segments.”

Review of Business Segments

Overall, Azeus Products accounted for a majority or approximately 75% of total Group revenue in 1H FY2024, while IT Services accounted for 25% over the same corresponding period. The Azeus product line outpaced the growth of the Group’s IT services line, registering a growth in revenue of 18% over the corresponding period, with IT Services increasing by 4%.

Revenue from Azeus Products increased by HK\$15.3 million, or 18%, to HK\$99.3 million in 1H FY2024 up from HK\$84.0 million in 1H FY2023, mainly attributable to the continued growth of our flagship product, “Convene” and the contribution from the licensing of “Convene Records” and its implementation and services.

Revenue contribution from IT Services increased by 4% to HK\$33.6 million in 1H FY2024 from HK\$32.4 million in 1H FY2023. It is noted that 73% (HK\$24.6 million) of IT Services revenue was from long-term recurring revenue contracts for maintenance and support services of existing systems.

The recurring revenue from maintenance and support, which accounted for 19% of total revenue in 1H FY2024, rose by 11% to HK\$24.6 million.

Financial Overview

The Group's cost of revenue rose by HK\$10 million, or approximately 31%, to HK\$41.8 million in 1H FY2024. As a result, the Group's gross profit margin declined by 4.2 percentage points to 68.5% in 1H FY2024 as compared to 72.7% in 1H FY2023. Higher resources are required together with the increase in implementation team personnel cost, to deliver the projects, resulting in a lower gross profit margin during the period.

Profit before income tax rose 41% to HK\$28.1 million in 1H FY2024 as compared to HK\$19.9 million for 1H FY2023. The growth was mainly boosted by the higher revenue and a significant decline in the amount of net foreign exchange losses. Overall, the Group reported a 35% increase in net profit to HK\$27.3 million in 1H FY2024, as compared to a net profit of HK\$20.3 million in 1H FY2023.

As of 30 September 2023, the Group's net cash position stood at HK\$163.8 million, an increase as compared to the net cash position of HK\$152.8 million as of 31 March 2023. The increase arose from the higher cash generated from operating activities and the decrease in restricted cash from the Group's financing activities.

The Group's shareholders' equity increased to HK\$159.8 million as of 30 September 2023 mainly due to the net profit of HK\$27.3 million and growth in revenue generated in 1H FY2024.

The Group has no bank borrowings or debt securities.

Outlook

Mr. Michael Yap, CEO of Azeus, said, "Looking ahead, we expect that our product business lines will continue to grow. Our new product, Convene Records, which we are delivering under Hong Kong Government's "CERKS" project will grow in its contributions. Barring unforeseen circumstances, we remain optimistic on the outlook of FY2024. Our business fundamentals remain solid. We will continue to invest in sales and marketing to expand our global footprint, and in R&D to bring about new product offerings."

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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