



For immediate release

KINGMAKER FOOTWEAR HOLDINGS LIMITED

**Concludes year to March 2023 with a net profit of HK\$53 million
Final dividend of HK2.0 cents and special final dividend of HK0.2 cent declared**

Financial highlights:

- Revenue increased by 26.0% yoy to HK\$1,062 million, on 7.9% business volume growth and 16.0% ASP improvement.
- Net profit of HK\$53 million achieved.
- Final dividend of HK2.0 cents and special final dividend of HK0.2 cent; total yearly dividends of HK4.5 cents.
- Net cash in hand of HK\$393 million as at 31 March 2023.

Hong Kong, 30 June 2023 – Leading rugged and premium casual footwear manufacturer Kingmaker Footwear Holdings Limited (01170.HK) today announced that the Group turned around to achieve a net profit attributable to equity holders of the Company of HK\$53 million (2022: net loss of HK\$18 million) during the year ended 31 March 2023 (the “Year”). The Group declared a final dividend of HK2.0 cents and a special final dividend of HK0.2 cent; together with the interim dividend of HK1.8 cents and special interim dividend of HK0.5 cent, this brings the total dividends for the Year to HK4.5 cents (2022: HK4.0 cents).

Revenue increased by 26.0% year on year to HK\$1,062 million (2022: HK\$843 million) on a 7.9% increase in footwear business volume (pairs) and a 16.0% improvement in the average selling price (“ASP”). The ASP improvement was a result of the Group’s ongoing business development strategy to prioritize value over volume growth.

With continuous discipline to drive business-focused cost optimization, the Group has kept its labor, administrative and transportation costs in check. At the same time, the Group has actively managed its clientele portfolio with a focus on higher-margin products; the gross profit margin thus expanded to 8.4% (2022: 3.0%).

The Group’s return to net profit was mainly attributable to the improved performance of the manufacturing business in particular during the first half of the Year.

Kingmaker Footwear Chairman Mdm. HUANG Hsiu Duan, Helen, said: “The Group concluded the Year with positive results, but will stay alert to the geopolitical tensions, interest rate increases and global inflation, which have added to the macroeconomic uncertainty. The Group will maintain prudence in capacity expansion plans and instead focus on upgrading our facilities and upskilling our workers to handle more sophisticated client procurement requirements. While the outlook for financial year 2024 continues to be uncertain, we are cautiously optimistic that our manufacturing performance will improve in the second half as brand clients’ inventories return to healthier levels.”

Maintaining geographic diversity, the Group operates two core manufacturing sites in southern Vietnam and Cambodia, both equipped with research and development (“R&D”) facilities. A small-scale R&D center is in operation in Zhuhai, mainland China. In addition, the Group holds a 40% interest in a joint-venture factory in central Vietnam.

As at the Year-end date, the Group had a combined production scale of 26 processing lines, mostly under the concept-line set-up. They contributed an annual capacity of around 8 million pairs of shoes, and were 73.5% utilized (2022: 78.0%).

The geographical distribution of markets continued to be demand-driven. Revenue from the United States remained robust, generating 37.3% (2022: 44.4%), and Europe's proportionate contribution stood at 22.5% (2022: 24.3%) of total. Shipments to other markets, including Asia and other areas, accounted for 40.2% (2022: 31.3%)

The rugged-shoe category's shipment exceeded pre-pandemic levels, contributing 73.7% (2022: 71.3%). The premium casual footwear category's contribution increased to 15.4% (2022: 8.6%) of revenue, while that of babies' and children's footwear decreased to 10.9% (2022: 20.1%).

In line with its strategy to pursue value growth, the Group has been more selective in terms of clientele portfolio management and new business development. Major customers for the Year included Cat, Chaco, Dr. Martens, Merrell and Wolverine; which in aggregate contributed 95.3% (2022: 89.6%) of total revenue. The Group has continued to actively develop business with brands, including some emerging niche labels that offer growth prospects.

The Group's 40%-held associated plant in central Vietnam operated 29 lines as at the Year-end date, and is mainly engaged in production for world-leading footwear brands Crocs and Columbia. It achieved a 6.9% increase in revenue to HK\$957 million (2022: HK\$895 million) and contributed to the Group a share of profit from associates of HK\$32.5 million (2022: HK\$32.8 million).

The Group will stay focused on the higher end of the active footwear arena. To this end, the Group will take forward customized R&D for brands that offer potential value growth. A plan to relocate the R&D center in Zhuhai to southern Vietnam is set to be implemented within the next few years, and will bring R&D activities closer to the Group's main production hub, offering a one-stop service to clients. Plans are also underway to move the outsole factory to southern Vietnam to enable more efficient manufacturing arrangements.

Cash and cash equivalents were maintained at a healthy level of HK\$393 million (2022: HK\$290 million) as at 31 March 2022. The current and quick ratios were 2.8 and 2.2 respectively (2022: 2.5 and 1.8 respectively).

Financial Highlights

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Revenue	1,061,974	842,687
Gross profit	89,623	25,199
Gross profit margin	8.4%	3.0%
Profit/(Loss) attributable to equity holders of the Company	53,410	(18,035)
Basic earnings/(loss) per share	HK7.92 cents	(HK2.69 cents)
Interim dividend per share	HK1.8 cents	Nil
Special interim dividend per share	HK0.5 cent	HK2.0 cents
Final dividend per share	HK2.0 cents	Nil
Special final dividend per share	HK0.2 cent	HK2.0 cents
Full-year dividends per share	HK4.5 cents	HK4.0 cents

To download this press release, please click http://www.t6pr.com/1170_AR2023_PR_E.pdf

About Kingmaker Footwear Holdings

Kingmaker Footwear Holdings Limited (01170.HK) is a premium name-brand manufacturer of rugged, fashion casual and children's footwear. The Group operates production centers and R&D facilities in Vietnam and Cambodia, as well as a supplementary R&D center in mainland China, with a staff of approximately 6,700. It holds a 40% interest in an associated footwear operation in central Vietnam.

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