

SU Group Holdings Reports 11% Revenue Growth For Fiscal Year 2024

- **8.7% Increase in Net Income Year over Year**
- **Strengthened Balance Sheet to Support Growth Initiatives**

Hong Kong, January 28, 2025 – SU Group Holdings Limited (Nasdaq: SUGP) (“SU Group” or the “Company”), an integrated security-related engineering services company in Hong Kong, today announced financial results for the fiscal year ended September 30, 2024, led by strong growth in revenue and net income, as compared to the fiscal year ended September 30, 2023. All U.S. dollar figures cited in this press release are based on the exchange rate of HK\$7.7733 against US\$1.00 as of September 30, 2024.

Select Financial Highlights:

- For the fiscal year ended September 30, 2024, SU Group reported an 11.3% increase in revenue on a year over year basis, led by growth in the security-related engineering services business, which increased 9.0% on a year over year basis.
- Net income increased by 8.7% on a year over year basis to HK\$10.7 million (US\$1.4 million) for the fiscal year ended September 30, 2024, with net income per share (basic and diluted) increasing to HK\$0.82 from HK\$0.81 on a year over year basis.

SU Group’s Chairman and CEO, Dave Chan, commented, “We are driving consistent revenue growth and business expansion as we build on our strong competitive position. Our successful initial public offering on the Nasdaq market helped fortify our balance sheet and is allowing us to accelerate strategic investments that will ensure our long-term success, including hiring additional security experts and investing in advanced security technologies like our proven AI-aided security solutions. Our specialized focus and ability to closely support customers can be seen in several landmark wins we have announced, including our support of one Asia’s largest airlines and one of Hong Kong’s leading higher education institutions. These customers serve as high-profile references, showcasing our efficiency, reliability, and versatility. Overall, we are pleased with our progress but believe we are still in the very early stages of what we can achieve as we continue to execute on our business and build long-term value for shareholders.”

SU Group’s Chief Financial Officer, Calvin Kong, noted, “We drove a near 9% increase in net income for the fiscal year 2024, reflecting our strong revenue growth and execution on operational efficiency. We remain diligent in our operating expense management, focused on expanding cash flow and committed to investing in support of our customers. We have established a solid foundation for accelerated growth, with the financial strength to scale our business in both Hong Kong and previously untapped geographic markets as we look to build on our momentum and leadership position moving forward.”

SU Group Holdings Limited (Nasdaq: SUGP) provides security-related engineering services and security guarding and screening services:

- **Security-related engineering services:** The Company offers security-related engineering services to customers, including providing (i) security systems and products, provision of installation, and related maintenance services; (ii) security systems and products only; or (iii) maintenance services only. In addition, SU Group provides equipment rental services to its customers with use of dedicated security-related systems and equipment for contractual periods.
- **Security guarding and screening services:** The Company provides security guarding services, by dispatching security guards with corresponding abilities and qualifications on demand, to fulfill the customers' needs such as securing and guarding physical properties by, among other things, conducting patrols, entrance guarding, access control and alarm monitoring and response such as fire and gas detection, burglary detection and emergency management such as first aid service and communication and evacuation. SU Group also offers security guarding services targeted at crowd coordination and management, and provides security screening services, where its certified screeners work to detect of explosives, incendiary devices in air cargo consignment and dangerous goods for safety purpose through the operation of threat detection systems. In addition, the Company provides a variety of related vocational training courses.

Financial Results for the Fiscal Year Ended September 30, 2024

Revenues increased by 11.3% to HK\$182.2 million (US\$23.4 million) for the fiscal year ended September 30, 2024 from HK\$163.7 million (US\$21.0 million) for the fiscal year ended September 30, 2023, primarily due to an increase in revenues from the security-related engineering services business. Revenues from the provision of security-related engineering services increased by 9.0% to HK\$107.0 million (US\$13.8 million) for the fiscal year ended September 30, 2024 from HK\$98.1 million (US\$12.5 million) for the fiscal year ended September 30, 2023.

Cost of revenues increased by 16.4% to HK\$134.6 million (US\$17.3 million) for the fiscal year ended September 30, 2024 from HK\$115.6 million (US\$14.9 million) for the fiscal year ended September 30, 2023. The increase was in line with the business growth of security-related engineering services and security guarding and screening, as the Company continues to focus on providing a comprehensive portfolio of security products and solutions, along with experienced, tenured employees.

Gross profit decreased slightly by 0.9% to HK\$47.6 million (US\$6.1 million) for the fiscal year ended September 30, 2024 from HK\$48.0 million (US\$6.2 million) for the fiscal year ended September 30, 2023, primarily due to the net impact of a decrease in the gross profit margin of security-related engineering services triggered by certain projects completed during the fiscal year ended September 30, 2024, combined with a lower gross profit margin of security guarding services contracts resulting from an increasing labor cost.

Gross profit margin was 26.1% for the fiscal year ended September 30, 2024 compared to 29.3% in the fiscal year ended September 30, 2023. Gross profit margin of project and maintenance income under security-related engineering services decreased to 32.1% for the fiscal year ended September 30, 2024 from 36.4% for the fiscal year ended September 30, 2023. Gross profit margin

of equipment leasing income under security-related engineering services decreased to 64.6% for the fiscal year ended September 30, 2024 from 73.9% for the fiscal year ended September 30, 2023. Gross profit margin of security guarding and screening services maintained at a stable level, which was 15.1% for the fiscal year ended September 30, 2024, and 15.2% for the fiscal year ended September 30, 2023.

Selling, general and administrative expenses decreased by 2.1% to HK\$36.0 million (US\$4.6 million) for the fiscal year ended September 30, 2024, from HK\$36.8 million (US\$4.7 million) for the fiscal year ended September 30, 2023. The Company achieved the decrease from a reversal of provision for credit loss, while offsetting higher legal and professional fees associated with its initial public offering and being a public company, while also increasing promotional activities and campaigns to penetrate the market.

Losses on the disposal of property and equipment were HK\$0.6 million (US\$0.1 million) for the fiscal year ended September 30, 2024, compared to HK\$0.5 million (US\$0.1 million) for the fiscal year ended September 30, 2023.

Our other income decreased by 15.6% to HK\$1.2 million (US\$0.2 million) for the fiscal year ended September 30, 2024, from HK\$1.4 million (US\$0.2 million) for the fiscal year ended September 30, 2023. The decrease was mainly due to the decrease in government grants received in relation to COVID-19 to nil for the fiscal year ended September 30, 2024, from HK\$0.4 million (US\$0.6 million) for the fiscal year ended September 30, 2023.

Income tax expenses decreased by 44.1% to HK\$1.3 million (US\$0.2 million) for the fiscal year ended September 30, 2024, from HK\$2.3 million (US\$0.3 million) for the fiscal year ended September 30, 2023. The decrease was mainly due to decrease in income before income tax.

Net income increased by 8.7% to HK\$10.7 million (US\$1.4 million) for the fiscal year ended September 30, 2024, from HK\$9.8 million (US\$1.3 million) for the fiscal year ended September 30, 2023, with a net income margin of 6.0% for the fiscal year ended September 30, 2023 and 5.9% for the fiscal year ended September 30, 2024.

Trade receivables, net decreased by 37.5%, to HK\$21.9 million (US\$2.8 million) as of September 30, 2024, from HK\$35.0 million (US\$4.5 million) as of September 30, 2023. The decrease of trade receivables was mainly attributable to a general reduction in gross amount of receivables triggered by improving credit collection activities during the fiscal year ended September 30, 2024.

Trade payables decreased by 46.4%, to HK\$8.6 million (US\$1.1 million) as of September 30, 2024, from HK\$16.1 million (US\$2.1 million) as of September 30, 2023. The decrease was due to more timely settlement of costs of revenues supported by operating cash inflow.

Inventories increased by 16.4% to HK\$47.6 million (US\$6.1 million) as of September 30, 2024, from HK\$40.9 million (US\$5.3 million) as of September 30, 2023. The increase of inventories was mainly due to an increase in work-in-progress since there are more ongoing projects and thus more project costs being incurred and transferred to work-in-progress. The increase is consistent with our business growth and the increase in revenues.

Capital expenditures were HK\$3.2 million (US\$0.4 million) the fiscal year ended September 30, 2024, compared to HK\$1.4 million (US\$0.2 million) for the fiscal year ended September 30, 2023,

with the increase primarily related to the acquisition of equipment and computer software to meet expected business growth.

For the fiscal year ended September 30, 2024, net cash provided by operating activities was HK\$14.1 million (US\$1.8 million) with net cash provided by financing activities of HK\$25.2 million (US\$3.2 million), compared to net cash used in operating activities of HK\$13.5 million (US\$1.7 million) and net cash used in financing activities of HK\$4.8 million (US\$0.6 million) for the fiscal year ended September 30, 2023.

The Company had a balance of cash and cash equivalents of HK\$52.3 million (US\$6.7 million) with working capital of approximately HK\$82.1 million (US\$10.6 million), as of September 30, 2024.

About SU Group Holdings Limited

SU Group (Nasdaq: SUGP) is an integrated security-related services company that primarily provides security-related engineering services, security guarding and screening services, and related vocational training services in Hong Kong. Through its subsidiaries, SU Group has been providing turnkey services to the existing infrastructure or planned development of its customers through the design, supply, installation, and maintenance of security systems for over two decades. The security systems that SU Group provides services include threat detection systems, traffic and pedestrian control systems, and extra-low voltage systems in private and public sectors, including commercial properties, public facilities, and residential properties in Hong Kong. For more information visit www.sugroup.com.hk.

Forward-Looking Statements

Certain statements in this press release are forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks and uncertainties and are based on the Company's current expectations and projections about future events that the Company believes may affect its financial condition, results of operations, business strategy and financial needs. Investors can identify these forward-looking statements by words or phrases such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "we believe," "we intend," "may," "should," "will," "could" and similar expressions. These statements are subject to uncertainties and risks including, but not limited to, the following: the Company's ability to renew contracts with recurring customers; the Company's ability to secure new contracts; the Company's ability to accurately estimate risks and costs and perform contracts based on the Company's estimates; the Company's relationship with the Company's suppliers and ability to manage quality issues of the systems; the Company's ability to obtain or renew the Company's registrations, licenses, and certificates; the Company's ability to manage the Company's subcontractors; the labor costs and the general condition of the labor market; the Company's ability to compete effectively; the Company's ability to successfully manage the Company's capacity expansion and allocation in response to changing industry and market conditions; implementation of the Company's expansion plans and the Company's ability to obtain capital resources for planned growth; the Company's ability to acquire sufficient products and obtain equipment and services from the Company's suppliers in suitable quantity and quality; the Company's dependence on key personnel; the Company's ability to expand into new businesses, industries, or internationally and to undertake mergers, acquisitions, investments, or divestments; changes in technology and competing products; general economic and political conditions, including those related to the security-related engineering services industry; possible disruptions in commercial activities caused by events such as natural disasters, terrorist activities,

political, economic, and social instability, and fluctuations in foreign currency exchange rates, and assumptions underlying or related to any of the foregoing and other risks contained in reports filed by the Company with the Securities and Exchange Commission (the “SEC”), including the Company’s most recently filed Annual Report on Form 20-F and its subsequent filings. The Company undertakes no obligation to update or revise publicly any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and the Company cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in the Company’s registration statement and other filings with the SEC.

Contact:

Global IR Partners

David Pasquale

Phone: +1 914-337-8801

Email: SUGP@globalirpartners.com

(Financial Tables Follow)

SU GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

	For the Years Ended September 30,		
	2023	2024	2024
	HK\$	HK\$	US\$
Revenues	163,690,966	182,164,539	23,434,647
Cost of revenues	(115,648,013)	(134,568,099)	(17,311,579)
Gross profit	48,042,953	47,596,440	6,123,068
Operating expenses			
Selling, general and administrative expenses	(36,805,428)	(36,028,548)	(4,634,910)
Losses on disposal of property and equipment	(485,957)	(636,289)	(81,856)
Income from operations	10,751,568	10,931,603	1,406,302
Other income (expenses)			
Other income	1,445,506	1,219,376	156,867
Finance expenses	(55,080)	(189,749)	(24,410)
Other expenses	—	—	—
Total other income, net	1,390,426	1,029,627	132,457
Income before income tax expenses	12,141,994	11,961,230	1,538,759
Income tax expenses	(2,338,850)	(1,307,742)	(168,235)
Net income	9,803,144	10,653,488	1,370,524
Less: Net income attributable to non-controlling interests	(105,775)	—	—
Net income attributable to SU Group Holdings Limited's ordinary shareholders	9,697,369	10,653,488	1,370,524
Net income per share			
Basic and diluted	0.81	0.82	0.11
Weighted average number of shares			
Basic and diluted	12,000,000	13,027,752	13,027,752

SU GROUP HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS

	As of September 30,		
	2023	2024	2024
	HK\$	HK\$	US\$
Assets			
Current assets			
Cash and cash equivalents	16,400,123	52,338,132	6,733,065
Trade receivables, net	34,978,153	21,851,480	2,811,094
Inventories	40,919,214	47,613,381	6,125,247
Prepaid expenses and other current assets	1,590,259	5,013,876	645,011
Contract assets, net	3,187,403	6,443,947	828,985
Prepaid income tax	—	2,066,219	265,810
Total current assets	97,075,152	135,327,035	17,409,212
Non-current assets			
Property and equipment, net	8,405,563	8,886,235	1,143,174
Intangible assets, net	144,879	268,500	34,541
Goodwill	1,271,160	1,271,160	163,529
Prepaid expenses and other non-current assets	—	4,462,823	574,122
Deferred offering expenses	3,853,500	—	—
Operating lease right-of-use assets, net	1,113,926	5,496,985	707,162
Investment in key management insurance policy	1,157,520	1,157,520	148,910
Deferred tax assets	1,418,419	207,702	26,720
Total non-current assets	17,364,967	21,750,925	2,798,158
TOTAL ASSETS	114,440,119	157,077,960	20,207,370
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables	16,104,581	8,625,685	1,109,655
Notes payables	3,503,768	2,355,023	302,963
Other payables	2,633,447	3,499,507	450,196
Accrued payroll and welfare	8,228,964	9,040,942	1,163,076
Operating lease liabilities – current	204,156	1,935,187	248,953
Income tax payable	1,058,040	—	—
Contract liabilities	22,748,443	27,801,257	3,576,506
Total current liabilities	54,481,399	53,257,601	6,851,349
Non-current liabilities			
Operating lease liabilities – non-current	61,229	3,004,974	386,576
Other payables – non-current	996,069	1,340,016	172,387
Deferred tax liabilities	1,468,575	431,717	55,538
Other liabilities	1,008,306	1,321,956	170,064
Total non-current liabilities	3,534,179	6,098,663	784,565
Total liabilities	58,015,578	59,356,264	7,635,914
Commitments and contingencies			
Shareholders' Equity			
Ordinary shares (par value of HK\$0.01 per share; 750,000,000 ordinary shares authorized and 12,000,000 and 13,647,500 ordinary shares issued and outstanding as of September 30, 2023 and 2024, respectively.)	120,000	136,475	17,557
Shares subscription receivables	(119,990)	(90)	(12)
Additional paid-in capital	14,642,029	46,260,499	5,951,205

Retained earnings	<u>41,782,502</u>	<u>51,324,812</u>	<u>6,602,706</u>
Total SU Group Holdings Limited shareholders' equity and total shareholders' equity	<u>56,424,541</u>	<u>97,721,696</u>	<u>12,571,456</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>114,440,119</u></u>	<u><u>157,077,960</u></u>	<u><u>20,207,370</u></u>