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Chervon Holdings Limited

泉峰控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2285)

POSITIVE PROFIT ALERT AND BUSINESS UPDATE

This announcement is made by Chervon Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2024 (the “**Reporting Period**”) and the information currently available, the Group expects to record a net profit in the range of approximately US\$110 million to US\$120 million, as compared to a net loss of approximately US\$37.2 million recorded in 2023, representing a growth of around 400%. The non-HKFRSs measure adjusted net profit, after deducting the non-recurring costs associated with the repositioning of the Group’s Steinheim facility in Germany, is estimated to be in the range of approximately US\$135 million to US\$145 million.

Such expected positive increase in the net profit during the Reporting Period is primarily driven by the following factors:

- (i) our revenue increased by approximately 25% to 30% as compared to last year, benefitting from the end of the channel destocking cycle. Strong points-of-sales performance of our flagship brand EGO further drives customer orders;
- (ii) an improvement in gross profit margin driven by scale restoration, optimization of business structure and favorable factors such as exchange rates and raw material costs; and
- (iii) continuous enhancement of our operational efficiency.

As part of the Group’s strategic realignment initiative to ensure its long-term competitiveness, FLEX-Elektrowerkzeuge GmbH, an indirect wholly-owned subsidiary of the Company, plans to close production at its Steinheim facility in Germany by the end of 2025. Going forward, the production facility will be relocated to China and the Steinheim facility will remain as the product and sales competence center for FLEX in Europe. The repositioning of the Steinheim facility is expected to result in cost savings of approximately US\$10 million per year. Subject to ongoing

discussions with the workers' council, a majority of the non-recurring costs associated with the repositioning will be recognized in the fourth quarter of 2024. The repositioning aligns with the Group's broader strategy to optimize its global manufacturing footprint. As the Group continues to expand its production capacity in Vietnam, our highly efficient production facilities in China may be better utilized to support our business globally and enhance overall manufacturing efficiency.

As of the date of this announcement, the Company is still in the process of finalizing the results of the Group for the Reporting Period. The information contained in this announcement is only a preliminary assessment made by the Board based on information currently available to the Group, including the unaudited consolidated management accounts for the Reporting Period. Such information has not been audited or reviewed by the auditor of the Company and/or the audit committee of the Company and may be subject to adjustments upon further review. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the Reporting Period, which is expected to be released by the end of March 2025.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

By order of the Board
Chervon Holdings Limited
PAN Longquan
Chairman

Hong Kong, January 16, 2025

As at the date of this announcement, the Board comprises Mr. PAN Longquan, Ms. ZHANG Tong, Mr. KE Zuqian and Mr. Michael John CLANCY as executive Directors; and Mr. TIAN Ming, Dr. LI Minghui and Mr. JIANG Li as independent non-executive Directors.