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ISDN HOLDINGS LIMITED

億仕登控股有限公司

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 1656)

(Singapore stock code: I07.SI)

OVERSEAS REGULATORY ANNOUNCEMENT

PRESS RELEASE

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached announcement which has been published by ISDN Holdings Limited (the “**Company**”) on the website of the Singapore Exchange Securities Trading Limited on 25 February 2022.

By Order of the Board
ISDN HOLDINGS LIMITED
Teo Cher Koon
President and Managing Director

Hong Kong, 25 February 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive directors of the Company; Mr. Toh Hsiang-Wen Keith as non-executive director of the Company; and Mr. Lim Siang Kai (Chairman), Mr. Soh Beng Keng and Mr. Tan Soon Liang as independent non-executive directors of the Company.

MEDIA RELEASE



ISDN delivers record revenue and profit to shareholders as growth continued in 2H2021

- ISDN delivered record revenues of S\$440 million for FY2021 representing +22% growth for the year.
- Profits also reached new records, with profit attributable to shareholders up +68% for FY2021, and profit after tax up +74%.
- The Group is seeing continued multi-year growth prospects for industrial automation in all its key geographies and industries.
- ISDN continues to see good results from the strategic buildout of its advanced capabilities as Asia's industrial technology roadmap evolves. The Group is recording solid customer growth in advanced solutions including systems and software.
- The Group would also like to propose a final dividend of 1.45 Singapore cents (equivalent to 8.35 Hong Kong cents) per share.

Singapore, 25 February 2022 – ISDN Holdings Limited (“**ISDN**”, together its subsidiaries the “**Group**”), a leading industrial automation firm, today announced its financial results for the six months (“**2H2021**”) and full year ended 31 December 2021 (“**FY2021**”).

Financial summary

S\$'000	2H2021	2H2020	YoY % Change	FY2021	FY2020	YoY % Change
Revenue	222,978	194,679	+14.5	440,136	361,864	+21.6
Gross Profit	62,191	54,238	+14.7	120,384	95,573	+26.0
Gross Profit Margin (%)	27.9	27.9	+0 ppt	27.4	26.4	+1.0 ppt
Operating Expenses ^a	38,943	29,677	+31.2	72,372	56,539	+28.0
Profit Before Tax	26,407	15,359	+71.9	52,473	31,992	+64.0
Profit After Tax	19,676	9,614	+104.7	39,064	22,496	+73.6
Profit Attributable to Shareholders	13,318	5,567	+139.2	25,485	15,139	+68.3
Net Profit Margin ^b (%)	8.8	4.9	+3.9 ppt	8.9	6.2	+2.7 ppt

ppt percentage points

^a Operating expenses comprise distribution costs and administrative expenses

^b Net profit margin calculates the portion of the net profit to overall revenue, and not the portion of profit attributable to shareholders to overall revenue

Solid results from long-term growth strategy

ISDN continues to see positive results from its comprehensive long term growth strategy:

► Diversified revenue growth

ISDN continues to build *diversified technology capability* to grow alongside customer needs. The Group has already expanded from components to modules and systems, and is now increasingly delivering Industry 4.0 software and cloud solutions.

ISDN continues to target *diversified growth industries* such as advanced medical devices, electronics and semiconductors manufacturing, digital transportation, aerospace, 5G and cloud hardware and software, infrastructure and precision manufacturing where industrial automation is a disruptive long-term growth opportunity.

ISDN continues to operate in *diversified geographies*, providing the Group with a large addressable market opportunity across the Asian continent.

► Growing technology capability pillars

In 2019, ISDN began a strategic transformation by realigning its business around 5 pillars of capability excellence: motion control, software, precision manufacturing, systems, and clean energy. As a result, the Group has been able to bring together the best technical expertise across its 400+ engineers and over 10,000 customers to push the leading edge of capabilities for the market and deliver enhanced growth and productivity over the last few years.

► Growing operational productivity

ISDN has seen benefits from its upgrade of internal IT systems and the consolidation of corporate functions to improve efficiency. The Group invested early in building broad sales coverage over 55 offices throughout Asia, providing it with solid economies of scale as the business grows and ISDN is able to deepen the markets it serves out of its sales reach.

As a result, operating costs for the Group have risen much slower than revenues, creating earnings lift as ISDN grows.

► Sustainable industry

ISDN has been an early and visionary believer in sustainable industry, and today offers a range of commercial solutions in its emerging clean industry portfolio. From hydropower plants to solar and energy storage, clean disinfectant technologies and agriculture, ISDN's commitment to Asia's sustainable future provides benefits to the Group's many stakeholders as the world moves towards a more sustainable industrial future.

The Group's comprehensive strategy has strengthened the long-term growth foundations for ISDN and driven the Group's financial results to reach new revenue and profit levels.

The next phase of strategic growth

ISDN has seen strong results from the strategic plan it began in 2019. By establishing its 5 pillars of excellent, growing capabilities and upgrading operations, the Company has seen record revenue growth and earnings to shareholders increase by more than 250%.

In 2022, ISDN is excited to initiate its next phase of strategic buildout. With strong demand momentum and growing capabilities, the Group intends to reinforce its strategic momentum by:

► **Deepening technology capabilities**

ISDN continues to see customer demand for large-scale industrial systems and software solutions, in addition to the growth in its core industrial automation hardware business. The Group recently appointed Mr Tay Geok Kee (“**GK Tay**”) as its CTO, strengthening its “full stack” technology capabilities from hardware to software, and intends to grow its systems and software capabilities further to meet customer demand.

The expansion into advanced industrial software and systems provides ISDN with new opportunities to enhance its business model by increasing recurring revenue from software and cloud solutions, and to improve profitability as advanced industrial business carries stronger profit margins.

► **Deepening customer relationships and spend**

As ISDN’s customers advance their own industrial capabilities, ISDN is seeing stronger opportunities to deepen customer relationships and increase customer spend on its solutions. Today, the Group is investing in upskilling its sales, marketing, customer intelligence, and account management capabilities to capture larger technology opportunities at customer accounts.

The Group sees a very large opportunity for this investment, given its captive base of over 10,000 customers throughout Asia.

► **Growing production to meet strong demand**

In response to sustained demand from customers, ISDN is looking to increase production capabilities by constructing another building in its PRC Industrial Park campus, providing for an almost +39% increase in gross floor area at the campus.

While the Group continues to see strong organic momentum, ISDN also continues to explore accretive opportunities to accelerate its strategic growth through M&A.

Financial results

The Group’s ongoing strategic evolution continues to deliver solid financial results.

Overall revenue for the Group grew +21.6% YoY to S\$440.1 million for FY2021, representing strong demand across the Group’s key geographies in the PRC and Southeast Asia, including Hong Kong, Malaysia and Vietnam.

ISDN’s clean energy industries group also continues to progress favourably. Two of ISDN’s three hydropower plants were successfully commissioned in early September 2021 and are expected to go live and contribute to the Group’s revenue in 2022.

ISDN’s focus on growing productivity together with revenue helped Group’s profits reach several new highs:

- Net profit attributable to shareholders grew +68.3% to S\$25.5 million for FY2021 compared to S\$15.1 million in FY2020;

- Gross margins expanded by +1.0% YoY to 27.4%, driving a +26.0% YoY increase in gross profit to S\$120.4 million in FY2021;
- Profit before tax increased by 64.0% YoY to S\$52.5 million for FY2021 compared to S\$32.0 million for FY2020; and
- Net profit increased by 73.6% YoY to S\$39.1 million for FY2021 compared to S\$22.5 million for FY2020.

ISDN maintained a healthy balance sheet with cash and bank balances of S\$61.7 million as at 31 December 2021.

Customer highlights

Innovative solutions that ISDN has delivered in FY2021 include applications in semiconductor manufacturing, OLED display, medical ventilator, intelligent robotic repair, and automation for welding and logistics.

ISDN continues to capture strategic customers in its advanced industrial systems and software business. The Group has previously highlighted system solutions it has delivered in advanced logistics and agriculture.

Additional customer wins recently include a cloud-based software system to manage operational processes for one of the largest data centre operators in the world.

CEO remarks

Reflecting on ISDN's strategic position and performance in 2021, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that "we're pleased that the strategic transformation we began in 2019 continues to yield strong growth momentum for ISDN, and record revenues and profits for our shareholders.

We're proud of what our employees have accomplished with building ISDN to new heights of capability and record results, despite the withering challenges of the global pandemic.

Today, we're pleased to embark on the next phase of our strategic growth as we seek to capture more and more of the technology roadmap for our customers as Asia continues to advance its industrial automation needs: we're expanding our production capacity, while also signing exciting new business in systems and software with some of the largest industrial customers in the world.

We're thankful to our longstanding investors for supporting our growth journey over time, and remain optimistic that ISDN is well-positioned and well-diversified to sustain continued long-term growth as we lean forward into building our advanced capabilities."

— End —

About ISDN Holdings Limited

ISDN is a leading provider of industrial automation solutions throughout Asia. The Company has more than 10,000 customers, and 55 offices spanning key Asian growth markets, and has a 30-year history of innovating alongside the growing technology needs of its customers.

Today, ISDN's solutions power advanced industrial sectors including semiconductors, Industry 4.0 manufacturing, medical devices, aerospace, and clean energy. ISDN's solutions power products and manufacturing in 5G, industrial robotics, the Internet of Things (IoT/IIoT), cloud and edge computing, and Industry 4.0 intelligent manufacturing.

ISDN was founded in 1986 and has been listed on the SGX Main Board since 2005 and the Stock Exchange of Hong Kong Main Board since 2017.

For more information, please visit www.isdnholdings.com

Issued for and on behalf of ISDN Holdings Limited by Financial PR.

For media enquiries, please contact:

Romil Singh

Email: romil@financialpr.com.sg

Shivam Saraf

Email: shivam@financialpr.com.sg

Tel: +65 6438 2990

ISDN Holdings Limited

101 Defu Lane 10 Singapore 539222

Tel: +65 6844 0288

Fax: +65 6844 0070

Web: www.isdnholdings.com