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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: 107.SI)

MEDIA RELEASE

ISDN Holdings sees earnings almost double on continued strategic growth for 1Q2021

- ISDN continues to see strong growth powered by global acceleration of digitisation.
- Profit to shareholders increase +95.4% on top of +23.4% revenue growth YoY.
- Gross profit grew +52.7% as gross margins expanded by +5.2% YoY.
- Operational upgrades continue to boost productivity and expand profits.
- Strategic position remains favourable as ISDN powers key post-COVID shifts in Industry 4.0 automation, industrial and consumer digitalisation, and cleaner economies

Singapore, 26 April 2021 – ISDN Holdings Limited (“ISDN”, together its subsidiaries the “Group”), a leading industrial automation firm, today announced a voluntary update to highlight its financial results for the three months ended 31 March 2021 (“1Q2021”).

Financial summary

	S\$'000	1Q2021	1Q2020	YoY % Change
Revenue		98,443	79,759	+23.4
Gross Profit		26,547	17,388	+52.7
Gross Profit Margin (%)		27.0	21.8	+5.2 ppt
Operating Expenses ^a		15,065	13,175	+14.3
Other Operating Expenses		171	1,933	-91.2
Profit Before Tax		12,246	3,032	+303.9
Profit After Tax		9,169	2,121	+332.3
Profit Attributable to Shareholders		6,073	3,108	+95.4
Net Profit Margin ^b (%)		9.3	2.7	+6.6 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

Strong and continued strategic growth

ISDN saw broad revenue growth across its customer portfolio in 1Q2021. The Group notes that ISDN remains well-positioned to benefit from key strategic shifts in Asia's post-COVID industrial economy:

<i>Post-COVID shifts...</i>	<i>...are benefiting ISDN's group business</i>
▶ Global semiconductor shortage multi-year semi supercycle	Strong growth Group's semiconductor segment, where ISDN's solutions power global semi capital equipment. ISDN should benefit from Asia's rise in semiconductors and ongoing shift to advanced IC manufacturing & packaging.
▶ Accelerating Industry 4.0 adoption	Group continues to see growth as its 10,000+ customers shift towards more advanced industrial automation, including labour automation, machine intelligence and increasingly bespoke industrial capabilities.
▶ Next-generation technologies	ISDN's solutions power manufacturing and products for key next-generation technologies including Industry 4.0, 5G, cloud/edge computing, advanced medical equipment, and clean technology.
▶ Shift to clean technology	ISDN continues to back the global shift to cleaner economies, with its core industrial solutions that promote platform re-use and upgrades, and with its growth portfolio of clean energy and disinfectants.
▶ Labour replacement	COVID-19 and geopolitical tensions have reduced global labour mobility and increased employee health risk, leading to acceleration in labour automation for ISDN's customer base.
▶ Geopolitical tensions	For over 30 years, ISDN has established positive, geopolitically neutral trading relations out of its Singapore headquarters. The Group continues to benefit from its strategically neutral operating model.

ISDN's focus on advancing its engineering, software, and solutions capabilities to meet the growing needs of its customers has not only generated solid growth in 1Q2021, but also strengthens ISDN's long-term growth capabilities.

In addition to delivering strong core business results in 1Q2021, ISDN continued to make commercial progress advancing its emerging portfolio of clean energy and disinfectant products.

Reflecting the strength of its overall position, the Group notes that in 1Q2021 it delivered customer solutions across Asia's growth industry segments including semiconductor manufacturing, OLED advanced displays, medical ventilators used for COVID-19 treatment, intelligent robotic repair equipment, and labour automation solutions for welding and logistics. These solutions highlight the broad frontier of innovation that ISDN delivers to customers as Asia's industrial economy advances.

Operational focus grows productivity and profits

Despite seeing strong growth, ISDN remained focused on upgrading its operating infrastructure and capabilities. The Group believes this ongoing commitment will help ISDN to scale operations and earnings better, growing productivity in the coming years.

Throughout the pandemic period, ISDN upgraded its finance and IT systems, and consolidated operational controls. The Group also strengthened its customer intelligence systems and activities as it seeks to build more proactive relationships with customers to anticipate their automation needs. The Group is cautiously optimistic that these upgrades will also improve ISDN's ability to increase forecasting accuracy and visibility over time.

Reflecting the significant improvements in productivity, the Group notes that while revenue grew +23.4% and profit to shareholders grew 95.4% YoY in 1Q2021, operating expenses increased by only +14.3% YoY.

Financial results

Overall revenue for the Group grew +23.4% YoY to S\$98.4 million for 1Q2021, on the back of continued market demand for industrial automation throughout Asia.

ISDN's focus on growing productivity together with revenue helped Group profit grow faster than revenues as follows:

- Net profit attributable to shareholders grew +95.4% to S\$6.1 million for 1Q2021 compared to S\$3.1 million in 1Q2020;
- Gross margins expanded by +5.2% YoY to 27.0%, driving a +52.7% YoY increase in growth profit to S\$26.5 million;
- Profit before tax quadrupled YoY to S\$12.2 million for 1Q2021 compared to S\$3.0 million for 1Q2020; and
- Net profit quadrupled YoY to S\$9.2 million for 1Q2021 compared to S\$2.1 million for 1Q2020.

The Group maintains healthy balance sheet with cash and equivalent balance of S\$54.6 million as of 31 March 2021.

CEO remarks

Reflecting on ISDN's strategic position and performance in 1Q2021, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that "ISDN is honoured to support our customers across so many vital segments of Asia's next-generation industrial economy.

Today, ISDN's solutions are helping to alleviate the shortage of global semiconductors, create more advanced and healthier industrial workplaces, advance the clean economy in the region, and support the rollouts of 5G, IoT, machine intelligence, and digitalisation around the world.

We continue to partner closely with customers to help them advance their industrial capabilities, and we're thankful to our shareholders for your continued support of the Group.

While we're proud that ISDN has built a clear growth position for Asia's shifts in technology, geopolitics, and digitalisation, we're not resting on our accomplishments: ISDN continues to push forward with growing our technology capabilities, improving our productivity, and advancing our emerging business portfolio. We will continue to stay close to the needs our customers to capitalise on the massive digitalisation shift underway in Asia's industry."

— 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 60 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.

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

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.