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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 12 August 2021.

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

Hong Kong, 12 August 2021

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.



ISDN Holdings reports record sales and record profits for 1H2021

- New revenue record with 1H2021 up +30% YoY to S\$217.2 million. New profit record with 1H2021 profit after tax up +51% YoY to S\$19.4 million.
- ISDN’s strategic buildout of its industrial automation business continues to yield benefits as demand continues to grow across the Group’s regional and vertical markets.
- Strategic initiatives also continue to yield productivity gains, with revenue (+30% YoY) and gross profit (+41% YoY) growing faster than operating expenses (+24% YoY).
- ISDN’s diversification across suppliers, customers, industries and regions continues to stabilise growth despite uncertainties from COVID-19, global chip shortages, and persistent trade tensions.

Singapore, 12 August 2021 – ISDN Holdings Limited (“ISDN”, together its subsidiaries the “Group”), a leading industrial automation firm, today announced its financial results for the six months ended 30 June 2021 (“1H2021”).

Financial summary

S\$'000	1H2021	1H2020	YoY % Change
Revenue	217,158	167,185	+29.9
Gross Profit	58,193	41,335	+40.8
Gross Profit Margin (%)	26.8	24.7	+2.1 ppt
Operating Expenses ^a	33,429	26,862	+24.4
Profit Before Tax	26,066	16,633	+56.7
Profit After Tax	19,388	12,882	+50.5
Profit Attributable to Shareholders	12,167	9,572	+27.1
Net Profit Margin ^b (%)	8.9	7.7	+1.2 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

Record growth and continued strategic buildout

ISDN continues to see benefits from its multi-year investments in expanding the breadth and depth of its Industrial Automation solutions for Asia. Customer markets have responded well to ISDN's buildout, driving revenue and profits to new records for the Group.

In 1H2021, ISDN continued its strategic buildout by expanding its solutions portfolio, including expanding industrial internet-of-things (IoT) connectivity, deepening advanced engineering, growing industrial systems projects, and advancing its software and cloud solutions. These ongoing initiatives help ensure that ISDN can continue to grow capabilities for its customers as Asia progresses towards Industry 4.0.

The Group reaffirms its belief that it is 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 and the emerging semi supercycle	Strong growth in Group's semiconductor segment, where ISDN's solutions power global semi capital equipment and production. ISDN should benefit from Asia's growth momentum in semiconductors and the ongoing shift to advanced IC manufacturing & packaging.
▶ Accelerating Industry 4.0 adoption in Asia	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 are built into manufacturing facilities and industrial products for 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 disinfectant solutions.
▶ 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 neutral geographic approach.

ISDN remains strategically connected to key technology growth trends, with the Group noting that in 1H2021 it delivered customer solutions for semiconductor manufacturing, OLED advanced displays, medical ventilators used for COVID-19 treatment, intelligent robotic repair equipment, and labour automation for industrial welding and logistics.

ISDN's clean energy industries group continues to progress favourably. Two of ISDN's three hydropower plants remains on track for commercial operations by the end of this year, with the remaining plants scheduled to follow in 2022 and later.

ISDN continues to grow productivity

Despite strong growth in 1H2021, ISDN continued to grow corporate productivity by upgrading its infrastructure and operations. As a result, productivity continued to grow in 1H2021, with operating expenses growing just +24% YoY despite revenue and gross profit growth of +30% YoY and +41% YoY respectively.

ISDN remains committed to continuing to upgrade its IT systems, operations, and sales capabilities to grow economies of scale and scope as its business expands. The Group believes this ongoing commitment will help ISDN to scale operations and earnings better, growing productivity in the coming years.

The Group continues to strengthen 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.

Financial results

Overall revenue for the Group grew +29.9% YoY to S\$217.2 million for 1H2021, on the back of continued broad-based demand across the Group's industries and geographies.

ISDN's focus on growing productivity together with revenue helped Group's profit grow in tandem with the revenue as follows:

- Net profit attributable to shareholders grew +27.1% to S\$12.2 million for 1H2021 compared to S\$9.6 million in 1H2020;
- Gross margins expanded by +2.1% YoY to 26.8%, driving a +40.8% YoY increase in gross profit to S\$58.2 million in 1H2021;
- Profit before tax increased by 56.7% YoY to S\$26.1 million for 1H2021 compared to S\$16.6 million for 1H2020; and
- Net profit increased by 50.5% YoY to S\$19.4 million for 1H2021 compared to S\$12.9 million for 1H2020.

The Group maintained a healthy balance sheet with cash and bank balances of S\$63.1 million as at 30 June 2021.

Reflecting on ISDN's performance in 1H2021, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that "uncertainty is the only constant in the current business environment. We are proud that our employees have responded to uncertainty with great agility, allowing us to build strength and growth despite the turbulent economy.

Even as we confronted the first, second and now third COVID-19 waves across Asia, we were able continue expanding our business offerings and serving our customers faithfully. We're pleased to have delivered record results in 1H2021, but more proud to have emerged from the last 18 months with a broader and more advanced portfolio of solutions, and better operational infrastructure for long-term strategic growth. We're seeing already the results of our expanded portfolio and productivity in the Group's revenue and profits

Today, we continue to deliver solutions for Asia's industrial future: our industrial automation and clean industry solutions are helping to build more advanced and safer working environments for our customers.

Through our diversified business model and planning agility, we've continued to grow amidst the global semiconductor shortage, as we remain committed to partnering closely with customers to help them advance their industrial capabilities.

ISDN continues to stay connected to global technology growth drivers in 5G, IoT, semiconductors, cloud computing and Industry 4.0 digitalisation. Our strategic investments and portfolio growth reflect our commitment to capitalising on these megatrends, and we're pleased to be already delivering solutions today that help power each of these long-term growth industries.

As always, we thankful to our shareholders for your continued support of the Group. "

— 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 74 offices spanning key Asian growth markets, and has a 35-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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