

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED

(Incorporated in Singapore with UEN: 201508913H)

website: www.eindec.com.sg

SGX Stock Code: 42Z

Eindec registers S\$16.8 million revenue for FY21

- COVID-19 induced disruptions, coupled with the slowdown in the real estate sector in China led to delays in order fulfilment, resulting in weaker financial performance
- The Group remains committed to fulfil existing orders and continue to secure new orders amidst uncertainties in the evolving macro environment

Key Financial Highlights:

(S\$'000)	2H FY21	2H FY20	Variance	FY21	FY20	Variance
Revenue	9,148	17,289	- 47.1%	16,835	20,395	- 17.5%
Gross profit	2,027	3,917	- 48.3%	3,890	4,312	- 9.8%
Gross margin	22.2%	22.7%	- 0.5 pp	23.1%	21.1%	+ 2.0 pp
(Loss)/Profit before tax	(41)	1,771	n.m.	(441)	157	n.m.
Net (loss)/profit after tax	(274)	1,496	n.m.	(675)	(118)	n.m.
Net (loss)/profit ⁽¹⁾	(412)	1,007	n.m.	(953)	(607)	+ 57.0%

Notes:

* 2H denotes six months ended 31 December and FY denotes 12 months ended 31 December.

n.m. denotes not meaningful.

(1) Net (loss)/profit attributable to equity holders of the Company.

FOR IMMEDIATE RELEASE

SINGAPORE, 28 February 2022 – Eindec Corporation Limited 英德集团 (“Eindec” or the “Company” and together with its subsidiaries, the **“Group”**), a regional clean environmental air solutions provider with customised proprietary products, registered lower revenue and higher net loss of S\$16.8 million and S\$1.0 million, respectively, for the financial year ended 31 December 2021 (**“FY21”**). The weaker financial performance was undermined by (i) COVID-19 induced disruptions which saw an estimated 30% decline in production output at its manufacturing plant in Malaysia that adversely impacted order fulfilment, and (ii) the slowdown in the air purification integrated solutions (**“AP”**) segment which focuses on the real estate sector in China.

The emergence of new coronavirus variants continues to weigh on the Group’s business operations as safe management measures implemented by governments in the countries where the Group operates, are likely to affect the operations and financial performance of the Group. Its manufacturing operations in Johor, Malaysia has gradually resumed full operations following the mandated 60% workforce capacity and shorter working hours from 28 May 2021 to end September 2021. The sales and project

management in its Singapore operations were, in turn, adversely impacted by lower production volumes and the Singapore government's tighter measures to slow down community transmission since early September 2021¹.

Ms. Queenie Foo, Acting CEO and Chief Financial Officer of Eindec said, **“We are appreciative of the patience and support of our stakeholders, primarily our customers, suppliers, employees and shareholders, during these trying times. While we continue to grapple with the shortages in manpower and electrical components for our manufacturing plant as we strive to fulfil our existing orders and to secure new orders, we remain committed in overcoming the challenges amid the evolving uncertainties in the macro environment, and emerging stronger together with our stakeholders.”**

In January 2022, the Group announced that it secured more than S\$15 million worth of orders with a maiden sales order to supply fan filter units under the cleanroom equipment (“**CRE**”) segment to a laboratory under a Japanese University based in Egypt. The Group expects the bulk of the orders to be recognised as revenue in the financial year ending 31 December 2022 (“**FY22**”), if the global chip crisis eases and the supply of electrical components catches up in due course, barring unforeseen circumstances.

“We will continue to exercise prudence in our business operations with the rising uncertainties, as we continue to cultivate demand and sales for our customised environmental air solutions and proprietary products and manage the challenges arising from the supply chain disruptions, shortage in manpower and delays in projects,” Ms Foo added.

The Group transformed itself from an equipment manufacturer to a customised clean environmental air solutions provider, offering a full suite of services including analysis of airflow management for buildings, design and manufacturing of customised equipment, installation, monitoring and maintenance of environmental air systems. The business activities are broadly classified into three segments, namely, (i) heating, ventilation, and air-conditioning (“**HVAC**”), (ii) CRE, and (iii) AP. The marketing and pursuit of projects for the HVAC equipment and CRE in Singapore and overseas markets are carried out by its Singapore operations, Eindec Singapore, and supported by its manufacturing subsidiary in Johor, Malaysia. AP, managed under Eindec China, focuses on providing air purification system solutions to residential property developments in the Chinese market.

source: ¹ <https://www.gov.sg/article/slowing-down-covid-19-community-transmission>.

FINANCIAL REVIEW

The Group recorded a 17.5% decline in revenue from S\$20.4 million in FY20 to S\$16.8 million in FY21, mainly due to the decrease in revenue for AP and CRE segments, and lower contribution from sales of cooling towers, which was affected by the supplier's longer lead time in delivery. The decrease was partially cushioned by the increase in revenue from the HVAC segment, where revenue was recognised in FY21 as a result of a delay in the delivery of secured projects and Additions and Alterations (“A&A”) works in Singapore.

Revenue analysis by product segments

Product Segments (S\$'000)	2H FY21	2H FY20	Variance	FY21	FY20	Variance
CRE	1,763	4,252	- 58.5%	3,587	5,222	- 31.3%
HVAC	2,828	2,591	+ 9.1%	5,874	4,183	+ 40.4%
AP	4,491	10,230	- 56.1%	7,241	10,667	- 32.1%
Others	66	216	- 69.4%	133	323	- 58.8%
Total	9,148	17,289	- 47.1%	16,835	20,395	- 17.5%

In tandem with lower revenue, the gross profit decreased by 9.8% from S\$4.3 million in FY20 to S\$3.9 million in FY21. Correspondingly, gross margin was lifted from 21.1% in FY20 to 23.1% in FY21.

Other income decreased by 57.1% from S\$0.7 million in FY20 to S\$0.3 million in FY21, mainly due to the reduction in government grants, in particular, the Job Support Scheme and foreign worker levy rebate. The decrease was partially offset by (i) an increase in miscellaneous income of S\$51,000, (ii) a reversal of expected credit loss on trade receivables of S\$7,000; and (iii) an increase in foreign exchange gain of S\$24,000 resulting from an appreciation of the Singapore Dollar against Malaysia Ringgit.

Administrative expenses decreased by 4.3% from S\$4.6 million in FY20 to S\$4.4 million in FY21, resulting from cost management measures and lower research and development expenses for air purifier products. Net finance cost increased by 18.0% from S\$189,000 in FY20 to S\$223,000 in FY21 as a result of (i) the increase in right-of-use lease interest expenses on lease liabilities; and (ii) a lower principal amount invested in the short term capital protected investments with banks.

Taking into account the tax expenses, the Group registered a net loss attributable to the equity holders of the Company of S\$1.0 million in FY21, an increase from S\$0.6 million in FY20. The Group's balance sheet remains sound with a positive working capital of S\$2.5 million and a net asset value of S\$5.9 million as at 31 December 2021. Net asset value per share of the Group decreased from 6.49 Singapore cents as at 31 December 2020 to 5.52 Singapore cents as at 31 December 2021, and is aligned with the losses reported in FY21.

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This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 28 February 2022.

ABOUT EINDEC CORPORATION LIMITED 英德集团有限公司

(Stock Codes – SGX: 42Z | Bloomberg: EIN SP | Reuters: EIND.SI)

Eindec Corporation Limited 英德集团 (“**Eindec**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is a regional clean environmental air solutions provider and distributor with customised proprietary products, offering a full suite of services including analysis of airflow management for buildings, design and manufacturing of customised equipment, installation, monitoring and maintenance of environmental air systems for residential, commercial and industrial customers.

Established since 1984, the Group has expertise in design, manufacturing and distribution capabilities in cleanroom equipment (“**CRE**”) as well as heating, ventilation and air-conditioning (“**HVAC**”) equipment for the real estate sector.

Tapping on its technological expertise and customisation capabilities in cleanroom and HVAC equipment and systems, the Group broadened its product range to include air purification integrated solutions (“**AP**”) under its ‘Eindec Kyodo’ proprietary brand. These air purification systems are designed, manufactured and sold in the Southeast Asia region and the People’s Republic of China (the “**PRC**”).

Headquartered in Singapore, the Group operates a manufacturing facility in Malaysia and carries out its product research and development, as well as marketing and distribution in Singapore. The Group has also established offices in the PRC.

Please visit the company’s website at www.eindec.com.sg for more information.

Issued for and on behalf of **Eindec Corporation Limited** by:

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*This media release has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”) in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.