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## ISOTeam’s gross profit margin rebounds in FY2022; Sustains healthy order book in line with COVID-19 recovery

- *Gross profit margin improves 7.3 percentage points to 7.8% in FY2022 due to the mix of pre- and post-COVID-19 projects executed during the period.*
- *Narrows net attributable loss from S\$14.5 million in FY2021 to S\$10.0 million in FY2022.*
- *Performance reflects second consecutive financial year of improvement.*
- *Order book stands healthy at S\$160.2 million as at 30 June 2022, with projects expected to support the Group’s activities through FY2024.*

*Financial Highlights for the six months and 12 months ended 30 June<sup>i</sup>*

S\$'m	2H2022	2H2021	Change (%)	FY2022	FY2021	Change (%)
Segment revenue:						
- R&R	16.3	15.8	3.5	29.5	29.5	0.1
- A&A	22.1	25.9	(14.7)	39.8	38.8	2.6
- C&P	5.7	5.0	13.6	9.5	7.1	32.3
- Others <sup>ii</sup>	10.7	15.6	(31.3)	21.1	23.6	(10.4)
<b>Total revenue</b>	<b>54.8</b>	62.3	(12.0)	<b>99.9</b>	99.0	0.9
<b>Gross profit</b>	<b>4.6</b>	0.3	N.M.	<b>7.8</b>	0.5	N.M.
<b>Gross profit margin (%)</b>	<b>8.4</b>	0.5	7.9 % pts	<b>7.8</b>	0.5	7.3% pts
<b>Loss attributable to equity holders</b>	<b>(6.6)</b>	(8.6)	(23.3)	<b>(10.0)</b>	(14.5)	(31.6)
<b>Loss per share (cents)<sup>iii</sup></b>	<b>(1.88)</b>	(2.47)	(23.9)	<b>(2.86)</b>	(4.21)	(32.1)

- Figures in this table have been rounded.*
- Includes revenue from home retrofitting business, landscaping works, interior design, leasing, green solutions business, mechanical & electrical engineering works, vector control services and handyman services.*
- Based on 348,072,641 weighted average number of ordinary shares as at 2H2022 and FY2022 and 345,836,785 weighted average number of ordinary shares as at 2H2021 and FY2021.*

**SINGAPORE, 26 August 2022 – ISOTeam Ltd. (“ISOTeam”** or together with its subsidiaries, the “**Group**”), an established and leading player in Singapore’s building maintenance and estate upgrading industry, has achieved a modest year-on-year (“**YoY**”) uptick of 0.9% to S\$99.9 million in revenue for the 12 months ended 30 June 2022 (“**FY2022**”) with a much improved gross profit for the period of S\$7.8 million compared to S\$0.5 million achieved in the previous corresponding period (“**FY2021**”).



ISOTeam's performance reflected an increase in the amount of work performed by the Group in FY2022 as the building industry continued its slow recovery from the impact of the COVID-19 pandemic. During the period under review, the best performance came from the Group's Coating & Painting ("C&P") segment, which contributed YoY revenue growth of 32.3% to S\$9.5 million. Its main Addition & Alteration ("A&A") segment achieved a 2.6% YoY increase in revenue to S\$39.8 million while its second biggest revenue contributor – the Repairs & Redecoration ("R&R") segment – managed a modest 0.1% uptick to S\$29.5 million. However, the growth achieved by these three segments was partially offset by lower revenue from the Others segment, which declined 10.4% to S\$21.1 million in FY2022.

Along with the improvement in business conditions, the Group's gross profit margin enjoyed a significant rebound from 0.5% in FY2021 to 7.8% in FY2022. This was largely due to the mix of pre- and post-COVID-19 projects executed, the latter which factor in the higher cost environment and hence have better margins. In tandem, the Group made steady progress to further narrow its loss attributable to shareholders of the company for the second consecutive financial year to S\$10.0 million in FY2022 (FY2021: S\$14.5 million; FY2020: S\$21.6 million).

**Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)** said: *"FY2022 continued to be a tough year for our industry. Although the gradual lifting of COVID-19 measures had led to an increase in the amount of work that was available, we were still hampered by the slow inward trickle of migrant workers needed to do the work while grappling with higher raw material and operational costs due to inflationary pressures. On the bright side, our gross margin has been improving steadily, rising from 7.1% in 1H FY2022 to 8.5% in 2H FY2022 compared to 0.5% for both halves of FY2021.*

*"Looking ahead, we have a strong order book to sustain us through the next two years, a good proportion of which comprise projects that were secured post-COVID-19 at an appropriate pricing strategy."*

As at 30 June 2022, the Group's order book stood at S\$160.2 million with projects to be delivered over the next two financial years until 30 June 2024. In addition, the Group further lifted its order book with additional contracts totalling S\$49.8 million that it announced on 22 August 2022. ISOTeam



remains on healthy financial footing with cash and bank balances at S\$18.6 million as at 30 June 2022 (S\$15.5 million as at 30 June 2021).

### **Outlook**

The Group expects its operating environment to remain challenging. The latest statistics released by the Ministry of Trade and Industry in July 2022 indicated that the construction industry is still 23.7% below pre-pandemic levels mainly due to ongoing labour shortage issues.<sup>1</sup> In addition, the Singapore government also expects rising cost of materials and operations to be a continuing concern.<sup>2</sup>

Commenting on the industry challenges, **Mr Koh** said: *“We will take these prevailing market conditions into consideration when we tender for projects. While we want to win as many contracts as possible, we have to be sure that we have the resources to deliver the projects on time and at the highest standards in safety and quality that our customers have come to expect of us. To enhance cost and operational efficiency, ISOTeam will continue to embrace technology and digitalisation that can also enable us to be more productive and less labour reliant. We will also continue to prioritise cash conservation and cost control to overcome the current situation.”*

In FY2022, the Group had embarked on the usage of drones for façade inspection with H3 Dynamics Pte Ltd, and collaborated with Acclivis Technologies and Solutions Pte Ltd and Nippon Paint (Singapore) Co. Pte Ltd to develop a drone that can be used for painting. Looking ahead, it intends to focus on exploring more opportunities in the renewable energy installation space.

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<sup>1</sup> Ministry of Trade & Industry press release dated 14 July 2022: Singapore’s GDP Grew by 4.8 Per Cent in the Second Quarter of 2022.

<sup>2</sup> Business Times article dated 21 August 2022: The era of low prices is over with global economic conditions ‘fundamentally changed’: PM Lee



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### **About ISOTeAM Ltd.**

Founded in 1998 and listed on Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) Ticker: 5WF) on 12 July 2013, ISOTeAM Ltd. is an established player in Singapore's building maintenance and estate upgrading industry with 20 years of Repairs & Redecoration (R&R) and Addition & Alteration (A&A) experience. We have successfully undertaken more than 550 refurbishment and upgrading projects for over 6,000 buildings and counting since inception. ISOTeAM also offers specialist Coating & Painting (C&P) services as well as complementary niche services (Others) through its specialist waterproofing, commercial interior design and home retrofitting ("ID"), landscaping, access equipment leasing, green solutions and mechanical and electrical works ("M&E"), and pest management services subsidiaries. An eco-conscious company, we integrate green methodologies in our projects, and actively work with strategic partners and technology companies to develop and commercialise green solutions / products. ISOTeAM's major customers include town councils, government bodies, and private sector building owners. For more information, please visit [www.isoteam.com.sg](http://www.isoteam.com.sg).

### **Issued by and on behalf of ISOTeAM Ltd. by**

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*ISOTeAM Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 July 2013. The initial public offering of the Company was sponsored by Hong Leong Finance Limited (the "Sponsor").*

*This press release has been prepared by the Company and its contents have been reviewed by the Sponsor.*

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