

FOR IMMEDIATE RELEASE

ISOTeam returns to profitability in FY2023 as focus on core construction-related businesses pays off

- Recovery led by R&R, C&P and Others segments and partially offsets by a decrease in revenue from the A&A segment.
- With low-margin legacy contracts from the pandemic era fully completed, gross profit margin more than double to 10.0% in FY2023.
- Order book stands healthy at S\$175.8 million as at 30 June 2023, with projects expected to support the Group's activities until FY2026.

Financial Highlights for the 12 months ended 30 Juneⁱ

S\$'m	FY2023	FY2022 ⁱⁱ	Change (%)
Segment revenue:			
- Repairs & Redecoration ("R&R")	35.3	29.2	20.8
- Additions & Alteration ("A&A")	33.3	37.4	(10.8)
- Coating & Painting ("C&P")	13.5	9.1	48.2
- Others ⁱⁱⁱ	28.3	20.8	36.0
Total revenue	110.4	96.5	14.4
Gross profit	11.1	4.4	149.8
Gross profit margin (%)	10.0	4.6	119.6
Profit/(Loss) attributable to equity holders	1.4	(13.2)	N/M
Earnings/(Loss) per share (cents)^{iv}	0.40	(3.80)	N/M

i. Figures in this table have been rounded.

ii. Restated.

iii. Includes revenue from home retrofitting business, landscaping works, interior design, leasing, green solutions business, mechanical & electrical engineering works, vector control services and handyman services.

iv. Based on 347,170,931 weighted average number of ordinary shares as at FY2023 and 348,072,641 weighted average number of ordinary shares as at FY2022.

N/M denotes "not meaningful".



SINGAPORE, 28 August 2023 – 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 returned to profitability for the 12 months ended 30 June 2023 (“FY2023”) after three financial years of losses. The Group recorded net attributable profit attributable to shareholders of S\$1.4 million as compared to a loss of S\$13.2 million in the previous corresponding 12 months in 2022 (“FY2022”). It attributed its turnaround to a sharpened focus on its core construction-related businesses as well as the positive post-Covid environment.

ISOTeAM’s topline in FY2023 rose 14.4% year-on-year (“yoy”) to S\$110.4 million with three of its four business segments recording high double-digit revenue growth. Lifted by post-pandemic recovery in the construction sector, R&R, which is the largest revenue generator, rose 20.8% yoy to S\$35.3 million, while C&P and Others rose 48.2% and 36.0% to S\$13.5 million and S\$28.3 million respectively. This was partially offset by weaker performance from the A&A segment, which declined 10.8% yoy to S\$33.3 million.

Rising in tandem with higher revenue, gross profit leapt 149.8% to S\$11.1 million in FY2023 with gross profit margin at 10.0%, which is more than double the 4.6% achieved in FY2022. The Group attributed the improvement to the completion of low-margin legacy projects from the pandemic era.

The Group’s other income declined 31.8% yoy to S\$4.6 million in FY2023 due to the absence of a one-off gain from the disposal of other investment as compared to FY2022. In relation to this, marketing and distribution expenses fell 17.4% yoy to S\$0.8 million due to a reduction in staff cost.

In other expenses, general and administrative expenses declined to S\$11.3 million in FY2023 from S\$12.1 million in FY2022 due to a reduction in professional fees incurred, while finance costs rose 33.4% yoy to S\$2.3 million in FY2023 due to the utilisation of trade facilities and higher interest incurred on bank borrowings. In the absence of a one-off impairment loss sustained in relation to a wholly-owned subsidiary in FY2022, the Group’s impairment loss on receivables and contract assets decreased 94.2% from S\$9.8 million in FY2022 to S\$0.6 million in FY2023.



Commenting on the Group's performance, **Executive Director and Chief Executive Officer, Mr Anthony Koh (许统发)**, said: *"I believe that ISOTeam is truly on the rebound. Our performance reflects the positive post-Covid 19 environment with more projects coming on stream. More importantly, our Group had taken several important steps in FY2023 to ensure that we are well-positioned to take advantage of this recovery.*

"Firstly, we disposed of all non-core subsidiaries at the end of 2022. Not only did we gain a profit from the disposal, it also enabled us to fully focus our energies on strengthening our core construction-related businesses in the second half of FY2023, which really boosted our performance for the full financial year. Secondly, we worked doubly hard to complete all the low-margin projects that were secured during the pandemic-era when price competition was intense due to the dearth of work available. This freed up our resources to pursue new higher-margin contracts which are now available due to less competitors as a result of market consolidation."

Added **Mr Koh**: *"Looking ahead, I believe margins will continue to normalise as demand for our services is expected to pick up in tandem with the anticipated increase in public and private sector construction projects over the next few quarters."*

As at 30 June 2023, the Group's order book stood at S\$175.8 million, which is expected to support the its activities until FY2026. Earlier this month, the Group announced an additional S\$21.5 million worth of new contracts to be delivered by July 2025.

Outlook

The Group remains cautiously optimistic about the operating conditions in the construction sector despite rising manpower and material costs, and the current interest rate environment, which may impact the Group's cost of borrowing. But having streamlined its corporate structure and renewed its focus on its construction related businesses, and having successfully raised S\$10.3 million in its recent rights issue¹ to manage the increasing cost of project financing, the Group believes it is in a strong

¹ SGX announcement "ISOTeam Receives Overwhelming Shareholder Support With Applications For Rights Issue Exceeding Available Rights Shares By 59.33%" dated 21 August 2023.



position with the optimum resources to navigate the conditions and achieve improvement in its business activities.

Mr Koh said: *“We are very encouraged by the overwhelming support from our shareholders in our recent rights issue which was completed on 21 August 2023, where the number of applications for rights shares exceeded the number available by 59.3%. The response demonstrated our shareholders’ confidence in ISOTeAM and in the prospects of the construction industry. I believe that they have put their faith in the right place because the construction industry is highly expected to continue its rapid post-pandemic recovery. I am optimistic about our future performance as we continue to pursue business growth in this sector.”*

According to the advanced estimates released by the Ministry of Trade and Industry in July 2023, Singapore’s construction industry had expanded 6.6% yoy in the second quarter of 2023, extending the 6.9% growth in the preceding quarter. This was attributed to higher construction output by both the public and private sectors during the quarter.

Other potential opportunities for the Group include upgrading programmes such as:

- S\$338 million Façade Enhancement Programme involving more than 4,000 HDB blocks islandwide, which will run until March 2029²;
- Upcoming Home Improvement Programme for another 230,000 flats completed between 1987 and 1997²;
- Remaking our Heartland Programme for the next batch of estates including Ang Mo Kio, Bukit Merah, Choa Chu Kang and Queenstown²;
- Ongoing repainting works with a five-year cyclicity.

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² The Straits Times article “Improving your living environment: 4 other HDB upgrading programmes to know” dated 18 April 2023.



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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 and eco-conscious player in Singapore's building maintenance and estate upgrading industry with more than 20 years of Repairs & Redecoration (R&R) and Addition & Alteration (A&A) experience. We have successfully undertaken more than 860 refurbishment and upgrading projects for over 7,200 buildings and counting since inception. ISOTeam also offers specialist Coating & Painting (C&P) services as well as complementary niche services (Others) including specialist waterproofing, commercial interior design and home retrofitting (ID), landscaping, mechanical and electrical works (M&E), vector control services and handyman services. ISOTeam's major customers include town councils, government bodies, and private sector building owners. For more information, please visit www.isoteam.com.sg.

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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.

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

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