

MEDIA RELEASE



ISDN Holdings reports continued growth as profits reach all-time highs

- ISDN's long-term growth strategy continues to yield positive results, with well-diversified revenue growth and growing productivity driving record profits.
- ISDN's clean energy business also reported solid progress with the commissioning of 2 of its 3 hydropower plants in September.
- Revenue growth to new year-to-date ("YTD") high on diversified industry strength including aerospace, medical and semiconductors.
- Profit before tax, profit after tax and profit to shareholders also recorded new all-time highs YTD. On a quarterly basis, ISDN delivered the most profitable quarter in its history.
- ISDN continues to stay focused on growing capabilities and scale economies to supply Asia's multi-year shift to Industry 4.0.

Singapore, 12 November 2021 – ISDN Holdings Limited ("ISDN", together its subsidiaries the "Group"), a leading industrial automation firm, today announced a voluntary update of its financial results for the third quarter ("3Q2021") and nine months ("9M2021") ended 30 September 2021.

Financial summary

S\$'000	3Q2021	3Q2020	YoY % Change	9M2021	9M2020	YoY % Change
Revenue	106,660	96,830	+10.2	323,818	264,015	+22.7
Gross Profit	30,518	26,777	+14.0	88,711	68,112	+30.2
Gross Profit Margin (%)	28.6	27.7	+0.9 ppt	27.4	25.8	+1.6 ppt
Operating Expenses ^a	17,462	15,164	+15.2	50,891	42,026	+21.1
Profit Before Tax	15,756	9,632	+63.6	41,822	26,265	+59.2
Profit After Tax	12,059	6,869	+75.6	31,447	19,751	+59.2
Profit Attributable to Shareholders	8,604	5,486	+56.8	20,771	15,058	+37.9
Net Profit Margin ^b (%)	11.3	7.1	+4.2	9.7	7.5	+2.2 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

Solid results from long-term growth strategy

ISDN continues to see positive results from its comprehensive long term growth strategy:

► Diversified revenue growth

ISDN continues to target *diversified growth industries* such as advance medical, semiconductors, aerospace, infrastructure and precision manufacturing where industrial automation is a disruptive long-term growth opportunity.

ISDN looks to build *diversified technology capability* to grow alongside customer needs. The Group has already expanded from components to modules and systems, and is now also delivering Industry 4.0 software and cloud solutions.

ISDN continues to operate in *diversified geographies*, providing the Group with a very large addressable market opportunity across the Asian continent.

► Operational cost discipline

ISDN has seen benefits from its upgrade of internal IT systems and the consolidation of corporate functions to improve efficiency. As a result, operating costs for the Group have risen much slower than revenues, creating earnings lift as ISDN grows.

The Group has additional opportunities to partner more deeply with customers and leverage its large geographical presence of over 54 offices to continue creating efficiency as it grows.

► Growing technology capability pillars

ISDN restructured its business into five capability pillars since 2019. By creating growing centres of excellence in motion control, software, precision manufacturing, systems and clean energy, the Group brings together the best technical expertise across its 350+ engineers and over 10,000 customers to push the leading edge of capabilities for the market.

► Sustainable industry

ISDN has been an early and visionary believer in sustainable industry, and today offers a range of commercial solutions in its emerging clean industry portfolio. From hydropower plants to solar and energy storage, clean disinfectant technologies and agriculture, ISDN's commitment to Asia's sustainable future provides benefits to the Group's many stakeholders as the world moves towards a more sustainable industrial future.

The Group's comprehensive strategy has strengthened the long-term growth foundations for ISDN and driven the Group's financial results to reach new revenue and profit levels.

In 3Q2021, 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 strategic initiatives help ensure that ISDN keeps growing its capabilities and market opportunity as Asia progresses towards Industry 4.0.

Well-positioned for post-COVID shifts

The Group reaffirmed that it continues 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. ISDN should benefit from Asia's growth momentum 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 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.

Financial results

The 3Q2021 results benefited from diversified growth across multiple industries including semiconductors, medical, automotive and aerospace as customers continue pressing forward towards greater industrial automation and more advanced products with ISDN components.

Innovative solutions that ISDN has delivered this year include applications in semiconductor manufacturing, OLED display, medical ventilator, intelligent robotic repair, and automation for welding and logistics.

Overall revenue for the Group grew +22.7% YoY to S\$323.8 million for 9M2021, representing strong demand across the Group's key geographies in the PRC and Southeast Asia, including Hong Kong, Malaysia and Vietnam.

ISDN's clean energy industries group continues to progress favourably. Two of ISDN's three hydropower plants were successfully commissioned in early September and are already delivering electricity to their regional grids, with commercial operations to commence in the coming months.

ISDN's focus on growing productivity together with revenue helped Group's profits reach several new highs:

- Net profit attributable to shareholders grew +37.9% to S\$20.8 million for 9M2021 compared to S\$15.1 million in 9M2020;
- Gross margins expanded by +1.6% YoY to 27.4%, driving a +30.2% YoY increase in gross profit to S\$88.7 million in 9M2021;
- Profit before tax increased by 59.2% YoY to S\$41.8 million for 9M2021 compared to S\$26.3 million for 9M2020; and
- Net profit increased by 59.2% YoY to S\$31.4 million for 9M2021 compared to S\$19.8 million for 9M2020.

ISDN maintained a healthy balance sheet with cash and bank balances of S\$59.8 million as at 30 September 2021.

CEO remarks

Reflecting on ISDN's strategic position and performance in 9M2021, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that "we are grateful to our investors, customers and employees for their continued support of our long-term approach to growth.

We're pleased with the financial results of our diversified growth strategy, and remain very focused on continuing to grow our capabilities so that we can keep serving Asia's massive and growing shift to Industry 4.0.

With the world increasingly embracing responsibilities for a cleaner industrial future, we're proud that ISDN is ready, with our dedicated clean industry portfolio of solutions. Our approach has already helped improve our standing with customers and investors who are increasingly looking for companies that represent long-term alignment with a sustainable future, and we believe this will continue to grow in importance in the years to come.

We remain optimistic about ISDN's comprehensive strategic position, and are clearly seeing increasing benefits of our scale and strategic focus as we grow our results and capabilities over time."

— 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 54 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.

For media enquiries, please contact:

Romil Singh

Email: romil@financialpr.com.sg

Shivam Saraf

Email: shivam@financialpr.com.sg

Tel: +65 6438 2990

ISDN Holdings Limited

101 Defu Lane 10 Singapore 539222

Tel: +65 6844 0288

Fax: +65 6844 0070

Web: www.isdnholdings.com