ISDNHoldings LIMITED

MEDIA RELEASE

ISDN Holdings reports +22% growth in revenue, +35% growth in core shareholder profits[1], and growth across all major business segments and regions in 1H2025

- **Group revenue** grew by +22.0% YoY to S$212.9 million in 1H2025, with growth in across all major segments and geographies. Revenue was impacted by the strengthening of the Singapore dollar during 1H2025, and on a constant currency basis, revenue grew by +27.0% YoY in 1H2025.
- **Industrial Automation** delivered 6.4% YoY growth (+3.7% YoY in China, +15.1% YoY in Southeast Asia) as ISDN's "Asia-for-Asia" regional strategy capitalises on the increasing localisation of the global supply chain.
- **Gross profit** grew +13.8% YoY to S$50.5 million with gross profit margin standing at 23.7% in 1H2025.
- **Net profit attributable to equity holders** declined by S$2.5 million to S$1.3 million. However, this result includes S$3.2 million of non-cash, unrealised foreign exchange losses from long-term receivables and payables primarily from ISDN's renewable energy business.
- **ISDN's core shareholder profits,** excluding unrealised foreign exchange losses, grew by **+35.1% YoY**, reflecting business growth across all major segments as well as positive operating leverage as utilisation increased.
- **ISDN's renewable energy business** continues to generate high-quality stable income for the Group, with revenue from the three operational mini-hydropower plants accounting for 2.5% of total revenue and 9.8% of gross profit.
    - With two additional plants targeted to commence operations in 2026, boosting total capacity by 81.3% to 44.6 megawatts ("**MW**"), the Group expects this segment to contribute more meaningful to its bottom-line moving forward.

Singapore, 11 August 2025 – ISDN Holdings Limited ("**ISDN**" or together with its subsidiaries, the "**Group**"), a leading industrial automation firm in Asia, today announced its financial results for the six months ended 30 June 2025 ("**1H2025**").

Financial summary

The Group's reported growth across all key business segments and geographies. ISDN's revenue grew by +22.0% year-on-year ("**YoY**") in 1H2025, driven by solid performance across all five strategic business segments, in both China and Southeast Asia.

Gross profit grew by +13.8% YoY in 1H2025, reflecting overall business growth for the Group. Gross profit margin declined slightly by 1.7% ppts YoY, mainly due to recognition of construction income in ISDN's renewable energy business during the construction phase,

[1] Core attributable profit, or core profit attributable to equity holders, excluded the impact from unrealised foreign exchange losses/gains.

which carries lower margins. Excluding the gross profit from such construction income, the gross profit margin of the Group was 26.1% in 1H2025, representing an increase of 0.7 ppts YoY, representing stable core gross margins.

S$'000	1H2024	1H2025	YoY change
Revenue	174,573	212,895	**+22.0%**
Gross profit	44,393	50,528	**+13.8%**
Gross profit margin (%)	25.4%	23.7	**-1.7ppts**
Operating expenses[a]	34,156	34,558	**+1.2%**
Profit before tax	8,515	7,475	**-12.2%**
Profit after tax	5,806	3,847	**-33.7%**
Profit attributable to shareholders	3,781	1,286	**-66.0%**
Net profit margin[b] (%)	3.3%	1.8%	**-1.5ppts**
Adjustments for unrealised and non-recurring items:			
Unrealised foreign exchange (loss)/gain	266	(4,959)	**n.m.**
Core profit attributable to shareholders[c]	3,334	4,505	**+35.1%**

ppts percentage points
n.m. not meaningful
[a] Operating expenses comprise distribution costs and administrative expenses
[b] Net profit margin = profit after tax/revenue
[c] Core profit attributable to shareholders excluded the impact from unrealised foreign exchange losses/gains

The Group's net profit to shareholders declined by 66.0% YoY in 1H2025, primarily due to unrealised foreign exchange losses in its energy business:

- ISDN incurred S$5.0 million of unrealised, non-cash foreign exchange revaluation losses in 1H2025 (compared to S$0.3 million gain in 1H2024) as the US Dollar weakened during the period. ISDN's renewable energy business generates attractive recurring revenue and profits from long-term contracts (up to 25 years). However, a consequence of this long-term business model is the need to revalue the long-term receivables and payables each period, resulting in non-cash, unrealised gains and losses as foreign exchange rates fluctuate.

Excluding the foreign exchange revaluation and construction profit, ISDN's core profit attributable to shareholders[1] grew by 35.1% YoY in 1H2025, reflecting the growth in revenue and profits across segments and regions, as well as positive operating leverage from operating expenses.

Review of 1H2025 performance

ISDN reported growth across all major business segments and geographies in 1H2025 as China's industrial activity continued to recover and Southeast Asia continued to benefit from long-term automation growth.

- **ISDN's China industrial automation business** (64.3% of revenue) grew by +3.7% YoY in 1H2025, as demand for automation solutions in China continued to recover. Reported revenue was dampened by the strengthening Singapore Dollar during 1H2025, and on a constant currency basis, ISDN's revenue in China grew by +9.7% YoY in 1H2025.

The Group notes that ISDN's +9.7% YoY growth in China compares favourably with China's +5.3%[2] YoY growth during the same period and on a consistent RMB basis. This faster-than-GDP growth is consistent with the Group's long-established view that industrial automation remains strategically important to the economic future of China. While ISDN remains appropriately cautious about the cyclical recovery in China, the Group maintains its conviction in long-term automation growth.

- **ISDN's Southeast Asia industrial automation business** (20.4% of revenue) rose by +15.1% YoY in 1H2025. The Group believes ISDN is gaining market share in Southeast Asia as the global supply chain diversifies outside of China, and Southeast Asia continues to upgrade its industrial and manufacturing capabilities. ISDN's emerging geographies posted attractive growth, with Malaysia recording a threefold increase, with Thailand and Taiwan growing over 40% YoY. These results represent positive early returns from ISDN's strategic expansion in key industrial markets in Asia.
- **ISDN's hydropower business** (15.3% of revenue) increased by S$27.5 million to S$32.5 million in 1H2025. The growth was primarily attributable to the recognition of construction revenue from the fourth and the fifth mini-hydropower plant, Lau Biang 2 and Lau Biang 3, with the three operational plants continuing to generate high-quality and stable earnings for the Group.

Gross profit increased by 13.8% YoY while margin edging down by 1.7 ppts, mainly due to the recognition of construction revenue from the two mini-hydropower plants currently under development, which typically carry a relatively lower margin profile.

Other operating expenses increased by S$6.4 million to S$7.1 million in 1H2025, mainly due to an increase of S$5.3 million in unrealised foreign exchange losses from the revaluation of receivables and payables amid currency fluctuations. These non-cash adjustments are expected to have limited impact on the Group's profitability over the long-term.

Consequently, the Group closed the reporting period with a profit attributable to equity holders of S$1.3 million, compared to S$3.8 million in the preceding year. Excluding all unrealised foreign exchange losses/gains and non-recurring items, the Group would have achieved a 35.1% YoY growth in core profit attributable to shareholders in 1H2025.

Business outlook

ISDN believes the growth results in 1H2025 are representative of its overall strategy of:

- **Growing its business model** by broadening its industrial automation capabilities, and expanding its renewable energy business; and
- **Diversifying geographically** in strategic markets throughout Asia as the global supply chain continues to diversify geographically.

While the Group remains cautious regarding the strength of cyclical recovery in China, it continues to grow its capabilities, reach, and addressable markets to create lasting growth.

[2] Source: China National Bureau of Statistics (15 July 2025), via China Briefing by Dezan Shira and Associates (16 July 2025).

- **ISDN's core industrial automation business** should continue to grow in China and throughout Asia as industry advances throughout the continent. The Group is encouraged by the strong early progress in its strategic market entries in Thailand, Malaysia and Taiwan, adding to its core geographies in China, Singapore and Vietnam.
- **ISDN's renewable energy business** continues to deliver recurring profits and revenue, with further growth under development as two new hydropower plants progress under construction. The Group remains confident of scaling its renewable energy business.

With multiple growth engines, long-term market growth, and growing capabilities and strategic market access, ISDN remains confident of its strategic growth.

CEO remarks

Reflecting on ISDN's performance in 1H2025, **Mr Teo Cher Koon, ISDN's Managing Director and President** remarked that, *"ISDN's strong performance in 1H2025 reflects continued results from our disciplined strategic investments during the cyclical downturn in the last 24 months.*

We continued to grow our capabilities in Industrial Automation, and ISDN's growth in our largest market in China is a good validation of the importance of this segment in China's future. We have also invested to enter new Asian markets in Malaysia, Thailand, and Taiwan. We're encouraged to see early returns to these investments, and we will continue to develop these new market segments. We are seeing continued gradual cyclical recovery throughout Asia in our core business, but we are also focused on building growth "alpha" by expanding our market share through geographical and capability growth so that we can continue to drive growth faster than economic cycles and faster than GDP growth.

The buildout of our renewable energy business remains on track. The three operational mini-hydropower plants currently contribute 2.5% of total revenue and 9.8% of gross profit. With two additional plants targeted to commence operations in 2026, the total installed capacity will increase by 81.3% to 44.6 MW. This is expected to contribute more meaningfully to our bottom-line growth, further strengthening the Group's long-term business resilience."

—— 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 55 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:

Kamal Samuel
Email: kamal@financialpr.com.sg

Vicki Zhou
Email: zhouyan@financialpr.com.sg

Louise Lim
Email: louise@financialpr.com.sg

Tevinder Singh
Email: tevinder@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

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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2025	2024	Change
	S$'000	S$'000	%
Revenue	**212,895**	174,573	22.0%
Gross profit	**50,528**	44,393	13.8%
Profit after tax	**3,847**	5,806	-33.7%
Profit for the period and attributable to equity holders of the Company	**1,286**	3,781	-66.0%
Basic earnings per share (Singapore cents)	**0.29**	0.85	

The Board has resolved not to declare interim dividend for the current period (2024 interim: nil).

Table of Contents

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of ISDN Holdings Limited (the "**Company**") hereby announces the condensed interim consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2025 (the "**1H2025**"), together with the relevant comparative audited or unaudited figures. The Group's interim results for 1H2025 are unaudited but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		GROUP		
		Six months ended 30 June		
	Note	2025 S$'000	2024 S$'000	% change +/(-)
		(unaudited)	*(unaudited)*	
Revenue	5	212,895	174,573	22.0%
Cost of sales		(162,367)	(130,180)	24.7%
Gross profit		50,528	44,393	13.8%
Other operating income	6	1,488	1,959	-24.0%
Distribution costs		(15,099)	(14,381)	5.0%
Administrative expenses		(19,459)	(19,775)	-1.6%
Net impairment gains/(losses) on financial assets		13	(77)	n.m.
Other operating expenses		(7,069)	(690)	n.m.
Finance costs	7	(2,536)	(2,767)	-8.3%
Share of loss of associates, net		(391)	(147)	n.m.
Profit before income tax	8	7,475	8,515	-12.2%
Income tax	9	(3,628)	(2,709)	33.9%
Profit for the period		3,847	5,806	-33.7%
Other comprehensive (loss)/income, net of tax:				
Items that may be subsequently reclassified to profit or loss				
- net fair value changes on cash flow hedge		2	55	-96.4%
- fair value loss recognised on financial asset at fair value through other comprehensive income		-	(345)	-100.0%
- exchange differences on translation		(5,662)	437	n.m.
		(5,660)	147	n.m.
Total comprehensive (loss)/income for the period		(1,813)	5,953	n.m.
Profit for the period attributable to:				
Equity holders of the Company		1,286	3,781	-66.0%
Non-controlling interests		2,561	2,025	26.5%
		3,847	5,806	-33.7%
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company		(3,321)	4,124	n.m.
Non-controlling interests		1,508	1,829	-17.6%
		(1,813)	5,953	n.m.
Earnings per share for profit for the period attributable to the owners of the Company:				
Basic and diluted (Singapore cents)	10	0.29	0.85	-65.9%

n.m.: Not meaningful

B. Condensed Interim Consolidated Statements of Financial Position

	Note	GROUP As at 30 June 2025 S$'000 (unaudited)	GROUP As at 31 December 2024 S$'000 (audited)	COMPANY As at 30 June 2025 S$'000 (unaudited)	COMPANY As at 31 December 2024 S$'000 (audited)
ASSETS					
Non-current Assets					
Property, plant and equipment	13	63,486	65,758	576	585
Investment properties		371	381	-	-
Land use rights		1,819	1,009	-	-
Goodwill	14	14,904	12,911	-	-
Subsidiaries		-	-	87,304	87,304
Associates		6,231	6,746	-	-
Service concession receivables	15	102,144	81,654	-	-
Other financial assets		555	555	-	-
Deferred tax assets		255	513	7	6
Total non-current assets		189,765	169,527	87,887	87,895
Current Assets					
Inventories		67,608	67,411	-	-
Trade and other receivables and contract assets	15	106,929	119,455	735	766
Service concession receivables	15	2,993	2,993	-	-
Amounts owing by subsidiaries		-	-	45,835	43,211
Dividend receivables		-	-	-	3,600
Cash and bank balances		56,071	56,519	436	978
Total current assets		233,601	246,378	47,006	48,555
Total Assets		423,366	415,905	134,893	136,450
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	85,467	85,467	85,467	85,467
Reserves		117,941	121,264	46,061	44,312
		203,408	206,731	131,528	129,779
Non-controlling interests		41,784	40,481	-	-
Total Equity		245,192	247,212	131,528	129,779
Non-current Liabilities					
Bank borrowings	17	40,852	48,884	-	-
Leases liabilities		5,832	5,915	595	595
Deferred tax liabilities		569	720	-	-
Total non-current liabilities		47,253	55,519	595	595
Current Liabilities					
Bank borrowings	17	29,731	21,227	-	-
Leases liabilities		2,137	1,886	12	23
Trade and other payables	18	81,380	74,709	2,758	6,053
Contract liabilities		15,666	13,776	-	-
Current tax liabilities		2,007	1,576	-	-
Total current liabilities		130,921	113,174	2,770	6,076
Total Liabilities		178,174	168,693	3,365	6,671
Total Equity and Liabilities		423,366	415,905	134,893	136,450

C. Condensed Interim Consolidated Statements of Changes in Equity

	Share capital	Merger reserve	Exchange translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	← Attributable to equity holders of the Group →							
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group								
2025								
Balance at 1 January 2025 *(audited)*	85,467	(436)	(9,181)	6,175	124,706	206,731	40,481	247,212
Profit for the period	-	-	-	-	1,286	1,286	2,561	3,847
Other comprehensive (loss)/income for the period	-	-	(4,609)	2	-	(4,607)	(1,053)	(5,660)
Total comprehensive (loss)/income for the period	-	-	(4,609)	2	1,286	(3,321)	1,508	(1,813)
Dividends to non-controlling interests ("NCI")	-	-	-	-	-	-	(694)	(694)
Transfer to other reserves	-	-	-	-	(2)	(2)	1	(1)
Acquisition of NCI	-	-	-	-	-	-	488	488
Balance at 30 June 2025 *(unaudited)*	85,467	(436)	(13,790)	6,177	125,990	203,408	41,784	245,192
2024								
Balance at 1 January 2024 *(audited)*	84,755	(436)	(9,576)	6,495	117,384	198,622	42,043	240,665
Profit for the period	-	-	-	-	3,781	3,781	2,025	5,806
Other comprehensive income/(loss) for the period	-	-	633	(290)	-	343	(196)	147
Total comprehensive income/(loss) for the period	-	-	633	(290)	3,781	4,124	1,829	5,953
Dividends to NCI	-	-	-	-	-	-	(739)	(739)
Balance at 30 June 2024 *(unaudited)*	84,755	(436)	(8,943)	6,205	121,165	202,746	43,133	245,879

C. Condensed Interim Consolidated Statements of Changes in Equity (Cont'd)

	Share capital S$'000	Other reserves S$'000	Retained earnings S$'000	Total equity S$'000
Company				
2025				
Balance at 1 January 2025 *(audited)*	85,467	(178)	44,490	129,779
Profit for the period	-	-	1,749	1,749
Total comprehensive income for the period	-	-	1,749	1,749
Balance at 30 June 2025 *(unaudited)*	85,467	(178)	46,239	131,528
2024				
Balance at 1 January 2024 *(audited)*	84,755	(178)	40,062	124,639
Profit for the period	-	-	758	758
Total comprehensive income for the period	-	-	758	758
Balance at 30 June 2024 *(unaudited)*	84,755	(178)	40,820	125,397

D. Condensed Interim Consolidated Statement of Cash Flows

	GROUP	
	Six months ended 30 June	
	2025	**2024**
	S$'000	**S$'000**
	(unaudited)	*(unaudited)*
Cash Flows from Operating Activities:		
Profit before income tax	7,475	8,515
Adjustments for:		
Allowance for impairment of trade and other receivables	132	110
Allowance for inventories obsolescence	1,623	495
Amortisation of land use rights	18	16
Depreciation of investment properties	9	9
Depreciation of property, plant and equipment	3,508	3,134
Loss/(Gain) on disposal of property, plant and equipment, net	6	(221)
Interest expenses	2,536	2,767
Interest income	(94)	(219)
Inventories written off	2	7
Property, plant and equipment written off	3	-
Share of loss of associates, net	391	147
Trade and other receivables written off	-	5
Write back of allowance for impairment loss on trade and other receivables	(145)	(33)
Foreign currency loss/(gain) on translation of foreign operations	4,958	(266)
Operating cash flow before working capital changes	20,422	14,466
Changes in working capital:		
Inventories	(1,823)	3,013
Trade and other receivables	8,621	(2,990)
Trade and other payables	5,679	7,180
Cash from operating activities before service concession arrangements	32,899	21,669
Change in receivables from service concession arrangements	(20,489)	(700)
Cash generated from operations after service concession arrangements	12,410	20,969
Interest paid	(2,097)	(2,646)
Interest received	94	219
Income tax paid	(3,189)	(2,996)
Net cash generated from operating activities	7,218	15,546

D. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

	GROUP	
	Six months ended 30 June	
	2025 S$'000	2024 S$'000
	(unaudited)	*(unaudited)*
Cash Flows from Investing Activities:		
Net cash outflow on acquisition of a subsidiary	(1,939)	-
Dividends from associates	69	47
Proceeds from disposal of property, plant and equipment	159	839
Purchase of property, plant and equipment	(2,705)	(4,529)
Acquisition of land use rights	(861)	-
Net cash used in investing activities	(5,277)	(3,643)
Cash Flows from Financing Activities:		
Decrease in bank deposits pledged	390	-
Dividends to NCI	(1,929)	(1,910)
Interest expense on lease liabilities	(131)	(121)
Investment in associates	-	(2,203)
Proceeds from bank borrowings	9,297	3,802
Proceeds from trust receipts, net	1,122	1,800
Repayment of bank borrowings	(9,948)	(10,491)
Repayment of lease liabilities, net	(1,578)	(1,200)
Net cash used in financing activities	(2,777)	(10,323)
Net (decrease)/increase in cash and cash equivalents	(836)	1,580
Cash and cash equivalents at the beginning of financial period	56,131	59,262
Effect of currency translation on cash and cash equivalents	776	(771)
Cash and cash equivalents at the end of financial period	56,071	60,071
Additional information:		
Cash and bank balances	54,191	56,982
Fixed deposits	1,880	3,843
Cash and bank balances	56,071	60,825
Less: bank deposits pledged	-	(754)
Total cash and cash equivalents	56,071	60,071

E. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate Information

The Company is a public limited liability company incorporated and domiciled in Singapore and is dual listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office and principal place of business is at 101 Defu Lane 10, Singapore 539222.

The Company's principal activities included the provision of technical consultancy, training services, and management services. The principal activities of its subsidiaries and associates are principally focusing on motion control, industrial computing, other specialised engineering solutions and construction of hydropower plants.

2 Basis of Preparation

The interim results set out in the announcement do not constitute the Group's interim report for the six months ended 30 June 2025 but are extracted from that report.

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Singapore Financial Reporting Standard (International) ("**SFRS(I)**") 1-34 "*Interim Financial Reporting*" ("**SFRS(I) 1-34**") issued by the Accounting Standards Council Singapore ("**ASC**") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**SEHK Listing Rules**"). The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2024.

The unaudited condensed interim consolidated financial information has been prepared on the historical basis, except certain financial assets and liabilities which are carried at fair value. The unaudited condensed interim consolidated financial information is presented in Singapore dollars ("**S$**") and all values are rounded to the nearest thousand ("**S$000**"), except otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.

3 Adoption of New or Amended Standards

The Group has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual period beginning on 1 January 2025. The application of the new and revised standards and interpretations has no material effect on the interim consolidated financial statements.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

3 Adoption of New or Amended Standards (Cont'd)

(i) *Adoption of SFRS(I)s which are effective*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2025.

The adoption of these amendments to SFRS(I)s did not result in substantial changes to the Group's accounting policies and had no material effect on the Group's financial performance or financial position.

(ii) *Use of judgements and estimates*

In preparing the unaudited condensed interim consolidated financial statements, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Note 14 – Impairment test of goodwill
Note 15 – Measurement of expected credit loss ("**ECL**") allowance for trade and other receivables.

4 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

5 Segment Information

The business of the Group is organised into the following main business segments:

- Provision of Engineering Solutions - Motion Control
- Other Specialised Engineering Solutions
- Industrial Computing Solutions
- Renewable Energy

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. Segment results represent the profit earned by each segment without allocation of corporate expenses, rental income, share of profit of associates, interest income and finance costs, and income tax expense. Segment assets/liabilities are all operating assets/liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. This is the measure reported to the management for the purposes of resource allocation and assessment of segment performance. Segment revenue includes transfer between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. The transfers are eliminated on consolidation. No operating segments have been aggregated to form the reportable segments above.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Other		Elimination		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
1 January to 30 June	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Revenue														
External sales	**131,788**	131,098	**44,541**	34,805	**3,166**	3,101	**32,479**	4,961	**921**	608	**-**	-	**212,895**	174,573
Inter-segment sales	**1,307**	2,140	**2,242**	867	**33**	201	**-**	-	**-**	5	**(3,582)**	(3,213)	**-**	-
	133,095	133,238	**46,783**	35,672	**3,199**	3,302	**32,479**	4,961	**921**	613	**(3,582)**	(3,213)	**212,895**	174,573
Results														
Segment results	**6,008**	6,488	**3,299**	1,589	**616**	173	**(455)**	2,308	**1,281**	(317)	**-**	-	**10,749**	10,241
Share of loss of associates, net	**(391)**	(147)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(391)**	(147)
Corporate (expenses)/ income													**(785)**	710
Rental income													**344**	259
Interest income													**94**	219
Finance costs													**(2,536)**	(2,767)
Profit before income tax													**7,475**	8,515
Income tax													**(3,628)**	(2,709)
Profit for the six months ended 30 June													**3,847**	5,806
Assets														
Segment assets	**154,531**	159,818	**62,971**	57,860	**1,552**	1,519	**128,045**	121,856	**4,557**	4,011	**(5,867)**	(5,716)	**345,789**	339,348
Goodwill	**2,862**	2,862	**11,501**	9,508	**-**	-	**541**	541	**-**	-	**-**	-	**14,904**	12,911
Associates	**6,231**	6,746	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**6,231**	6,746
Investment properties													**371**	381
Cash and bank balances													**56,071**	56,519
Consolidated total assets as at 30 June/31 December													**423,366**	415,905
Liabilities														
Segment liabilities	**54,049**	52,617	**28,369**	26,419	**867**	1,050	**17,341**	11,102	**905**	1,793	**(5,867)**	(5,716)	**95,664**	87,265
Bank borrowings and lease liabilities													**78,552**	77,912
Income tax liabilities													**2,007**	1,576
Others unallocated corporate liabilities													**1,951**	1,940
Consolidated total liabilities as at 30 June/31 December													**178,174**	168,693

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(a) Reportable Operating Segments (Cont'd)

	Engineering Solutions - Motion Control		Other Specialised Engineering Solutions		Industrial Computing Solutions		Renewable Energy		Other		Elimination		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
1 January to 30 June	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Other information														
Cost of goods sold	**99,283**	103,055	**35,455**	24,750	**1,514**	1,581	**25,526**	429	**589**	365	**-**	-	**162,367**	130,180
Capital expenditure on														
-Property, plant and equipment	**1,384**	1,917	**1,287**	2,878	**9**	7	**421**	-	**69**	2	**-**	-	**3,170**	4,804
Other non-cash expenses:														
- Allowance for inventories obsolescence	**1,302**	234	**263**	200	**-**	-	**-**	-	**58**	61	**-**	-	**1,623**	495
- Allowance for impairment loss on trade and other receivables	**43**	50	**9**	2	**-**	2	**-**	-	**80**	56	**-**	-	**132**	110
- Amortisation of land use rights	**15**	16	**-**	-	**-**	-	**-**	-	**3**	-	**-**	-	**18**	16
- Depreciation of investment properties	**9**	9	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**9**	9
- Depreciation of property, plant and equipment	**1,961**	1,353	**1,048**	1,184	**37**	76	**456**	488	**6**	33	**-**	-	**3,508**	3,134
- Inventories written off	**1**	6	**1**	1	**-**	-	**-**	-	**-**	-	**-**	-	**2**	7
- Property, plant and equipment written off	**-**	-	**3**	-	**-**	-	**-**	-	**-**	-	**-**	-	**3**	-
- Trade and other receivables written off	**-**	1	**-**	4	**-**	-	**-**	-	**-**	-	**-**	-	**-**	5
- Write back of allowance for impairment loss on trade and other receivables	**(17)**	(26)	**(14)**	(7)	**-**	-	**-**	-	**(114)**	-	**-**	-	**(145)**	(33)

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(b) Disaggregation of Revenue

The Group's revenue is disaggregated by the type of goods or services provided to customers, geographical markets, and timing of goods or services transferred. The Group operates in six principal geographical areas — Singapore (country of domicile), the People's Republic of China ("**China**"), Hong Kong, Malaysia, the Republic of Indonesia ("**Indonesia**") and Vietnam.

	Group Six months ended 30 June 2025					
Segments	**Engineering Solutions - Motion control** S$'000	**Other Specialised Engineering Solutions** S$'000	**Industrial Computing Solutions** S$'000	**Renewable Energy** S$'000	**Others** S$'000	**Total** S$'000
Geographical markets						
Singapore	12,480	1,702	2,601	-	919	17,702
China	97,297	34,669	313	-	-	132,279
Hong Kong	4,420	35	63	-	-	4,518
Malaysia	6,082	691	-	-	2	6,775
Indonesia	153	50	75	32,479	-	32,757
Vietnam	5,878	314	-	-	-	6,192
Others	5,478	7,080	114	-	-	12,672
Total revenue from contracts with customers	131,788	44,541	3,166	32,479	921	212,895
Goods or services transferred at a point in time	130,315	43,721	2,940	-	921	177,897
Services transferred over time	1,473	820	226	29,998	-	32,517
Finance income from service concession arrangements	-	-	-	2,481	-	2,481

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(b) Disaggregation of Revenue (Cont'd)

	Group Six months ended 30 June 2024					
Segments	**Engineering Solutions - Motion Control** S$'000	**Other Specialised Engineering Solutions** S$'000	**Industrial Computing Solutions** S$'000	**Renewable Energy Solutions** S$'000	**Others** S$'000	**Total** S$'000
Geographical markets						
Singapore	10,964	1,514	2,724	-	605	15,807
China	100,054	27,608	9	-	-	127,671
Hong Kong	4,260	8	-	-	-	4,268
Malaysia	4,401	454	-	-	3	4,858
Indonesia	202	27	-	4,961	-	5,190
Vietnam	7,841	25	-	-	-	7,866
Others	3,376	5,169	368	-	-	8,913
Total revenue from contracts with customers	131,098	34,805	3,101	4,961	608	174,573
Goods or services transferred at a point in time	130,723	34,325	2,942	-	608	168,598
Services transferred over time	375	480	159	2,285	-	3,299
Finance income from service concession arrangements	-	-	-	2,676	-	2,676

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5 Segment Information (Cont'd)

(c) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Revenue from external customers		Non-current assets as at	
	Six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	S$'000	S$'000	S$'000	S$'000
Singapore	17,702	15,807	25,436	23,054
China	132,279	127,671	32,134	33,115
Hong Kong	4,518	4,268	124	105
Malaysia	6,775	4,858	3,992	4,078
Indonesia	32,757	5,190	125,146	106,413
Vietnam	6,192	7,866	543	825
Others	12,672	8,913	2,390	1,937
Total	212,895	174,573	189,765	169,527

(d) Information about Major Customers

The Group's revenue from any single external customer is less than 10%.

6 Other Operating Income

	Group	
	Six months ended 30 June	
	2025	2024
	S$'000	S$'000
Interest income	94	219
Commission income	11	134
Gain on disposal of property, plant and equipment, net	-	221
Government grants	112	176
Operating lease rental income:		
- investment properties	33	33
- sub-let of office/warehouse premises	311	226
Property management income	282	244
Technical service income	146	269
Miscellaneous income	499	437
	1,488	1,959

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

7 Finance Costs

	Group	
	Six months ended 30 June	
	2025	2024
	S$'000	S$'000
Interest expense on:		
- bank loans	1,909	2,166
- trust receipts	96	87
- leases liabilities	131	121
- others	400	393
	2,536	2,767

8 Profit before Income Tax

(a) Significant items

	Group	
	Six months ended 30 June	
	2025	2024
	S$'000	S$'000
Profit before income tax has been arrived at after charging:		
Amortisation of land use rights	18	16
Depreciation of property, plant and equipment		
- recognised in cost of sales	1,067	900
- recognised in distribution costs	160	176
- recognised in administrative expenses	2,281	2,058
	3,508	3,134
Depreciation of investment properties	9	9
Other operating expenses included:		
- trade and other receivables written off	-	5
- allowance for inventories obsolescence	1,623	495
- inventories written off	2	7
- foreign exchange losses, net	5,371	95
- property, plant and equipment written off	3	-
- loss on disposal of property, plant and equipment, net	6	-
Operating lease rental expenses	143	110

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

8 Profit before Income Tax (Cont'd)

(b) Related party transactions

In addition to the related party information disclosed elsewhere in this results announcement, the following are significant transactions of the Group with their related parties at mutually agreed amounts for 1H2025 and the first half year of 2024 ("**1H2024**"):

	Group	
	Six months ended 30 June	
	2025 S$'000	2024 S$'000
Sales to associates	(48)	(83)
Sales to related parties	(7,962)	(4,884)
Purchases from associates	28	7
Purchases from related parties	30,655	30,909
Administrative income charged to an associate	(13)	(18)
Administrative income charged to related parties	(68)	(141)
Rental charged to a related party	(413)	(255)
Rental charged to associates	-	(1)
Interest charged to related party	(4)	(4)
Other expenses charged by related parties	202	212
Other income charged to related parties	(153)	(77)
Service income charged to an associate	-	(64)

9 Income Tax

The Group calculates income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six months ended 30 June	
	2025	2024
	S$'000	S$'000
Current income tax		
- Singapore	82	140
- China	2,823	2,242
- Outside Singapore and China	172	219
- Under provision in respect of prior year	455	162
	3,532	2,763
Deferred taxation		
- Current year	61	(28)
- Under/(over) provision in respect of prior year	35	(26)
	3,628	2,709

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

9 Income Tax (Cont'd)

The corporate tax rate applicable to the Company and those entities of the Group incorporated in Singapore for the financial periods ended 30 June 2025 and 2024 is 17%. The corporate tax rate applicable to those entities of the Group incorporated in Malaysia for the financial periods ended 30 June 2025 and 2024 is 24%.

The statutory tax rate for Hong Kong profit is 16.5% on the assessable profits arising during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first Hong Kong Dollar ("**HK$**") 2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits at 16.5%. The Inland Revenue (Amendment) (No. 3) Ordinance 2018 is effective from the year of assessment 2018/2019.

For those entities of the Group operating in China, China income tax is calculated at the applicable tax rate in accordance with the Corporate Income Tax Law. The income tax rate for both domestic and foreign-investment enterprises is at 25%.

The remaining entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

10 Earnings Per Share

The calculation of the basic earnings per share attributable to equity holders of the Company is based on the following data:

	Group	
	Six months ended 30 June	
	2025	**2024**
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to equity holders of the Company (S$'000)	1,286	3,781
Weighted average number of ordinary shares for the purpose of basic earnings per share	448,590,125	446,000,209
Basic and fully diluted earnings per share (Singapore cents)	0.29	0.85

The basic and diluted earnings per share are the same as there were no potential dilutive ordinary share in issue during the financial periods ended 30 June 2025 and 2024.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

11 Dividends

	Group	
	Six months ended 30 June	
	2025	2024
	S$'000	S$'000
Ordinary dividends paid:		
Tax exempt (one-tier) final dividend of 0.47 Singapore cents per ordinary share (2024: 0.28 Singapore cents) in respect of the previous year	-	-

The Board recommended a final tax-exempt dividend of 0.47 Singapore cents (the "**Final Dividend**") (2024: 0.28 Singapore cents) per ordinary share (the "**Shares**"), amounting to S$2,108,000 (2024: S$1,251,000) under the exempt one-tier system.

The Final Dividend has been approved by the Shareholders at the annual general meeting of the Company held on 30 April 2025 and will be paid on 25 August 2025 to the eligible Shareholders whose names appeared on the register of members of the Company on 7 July 2025.

12 Net Asset Value

	Group		Company	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Net assets (S$'000)	203,408	206,731	131,528	129,779
Number of issued shares at the end of the period/year (excluding treasury shares)	448,590,125	448,590,125	448,590,125	448,590,125
Net assets value per ordinary share based on number of issued share as at respective period/year (Singapore cents)	45.34	46.08	29.32	28.93

13 Property, Plant and Equipment

During the six months ended 30 June 2025, the Group acquired property, plant and equipment with an aggregate cost amounting to S$4,429,000 (30 June 2024: S$5,841,000), of which S$1,260,000 (30 June 2024: S$1,037,000) relates to right-of-use assets and S$464,000 (30 June 2024: S$275,000) were acquired by means of finance lease. Cash payments of S$2,705,000 (30 June 2024: S$4,529,000) were made for purchase of property, plant and equipment.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13 Property, Plant and Equipment (Cont'd)

As at 30 June 2025, the Group's carrying amount of pledged property, plant and equipment to secure the bank borrowings in Note 17 was S$22,358,000 (31 December 2024: S$23,583,000); and the Group's carrying amount of property, plant and equipment held under lease liabilities was S$1,090,000 (31 December 2024: S$419,000).

14 Goodwill

	Group	
	30 June 2025 S$'000	31 December 2024 S$'000
Balance at 1 January and 30 June/31 December	14,904	12,911

Impairment testing of goodwill

The goodwill arising on consolidation relates to the excess of the cost of acquisitions over the fair value of the Group's share of the net identifiable assets acquired in the following subsidiaries ("**cash-generating units**" or "**CGUs**") under the respective operating segments as set out below.

	Group	
	30 June 2025 S$'000	31 December 2024 S$'000
Engineering Solutions – Motion Control		
- Servo Dynamics (Thailand) Co., Ltd	75	75
- TDS Technology (S) Pte Ltd	2,103	2,103
- IDI Laser Services Pte. Ltd. ("**IDI Laser**")	684	684
Other Specialised Engineering Solution		
- Dirak Asia Pte Ltd	9,508	9,508
- IFME Works Pte. Ltd. ("**IFME Works**")	1,993	-
Renewable Energy		
- Aenergy Holdings Company Limited	541	541
	14,904	12,911

The Group assessed the recoverable amount of each CGU based on value in use calculations, which uses cash flow projections based on financial budgets approved by management covering a five-year period.

As at the end of the current period and previous financial years, the recoverable amount of the CGUs was determined to be higher than the carrying amount and thus, no impairment loss needs to be recognised.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

15 Trade and Other Receivables and Contract Assets

	Group		Company	
	30 June 2025 S$'000	31 December 2024 S$'000	30 June 2025 S$'000	31 December 2024 S$'000
Non-current:				
Service concession receivables	102,144	81,654	-	-
Current:				
Service concession receivables	2,993	2,993	-	-
Current:				
Trade receivables, net of impairment:				
- note receivables	12,646	19,443	-	-
- trade receivables	73,925	69,160	-	-
- associates	127	126	-	-
- related parties	6,189	5,069	-	-
	92,887	93,798	-	-
Other receivables, net of impairment:				
Advances to associates	70	55	3	3
Advances to related parties	184	126	-	-
Deposits	1,314	719	2	1
Loan to associates	26	27	-	-
Sundry debtors	3,025	4,879	700	700
Amounts owing from NCI	1,574	1,695	-	-
	6,193	7,501	705	704
Contract assets	-	453	-	-
Advances paid to suppliers	5,189	14,624	-	-
Prepayment	2,660	3,079	30	62
	106,929	119,455	735	766

The aging analysis of trade receivables of the Group based on invoice date is as follows:

	Group	
	30 June 2025 S$'000	31 December 2024 S$'000
Within 30 days	38,624	40,337
31 - 90 days	32,078	29,197
Over 90 days	22,185	24,264
	92,887	93,798

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

15 Trade and Other Receivables and Contract Assets (Cont'd)

ECL assessment

The Group has applied the simplified approach in SFRS(I) 9 to measure the ECL either at lifetime ECL or 12-month ECL for trade and other receivables. The Group determined the ECLs on trade and other receivables by taking into account the historical default experience and the financial position of the counterparties, including their credit characteristics, geographical location, and adjusted for factors that are specific to the receivables and general economic conditions of the industry in which the receivables operate.

The Group continues to monitor its trade and other receivables closely and prudently. The carrying amount of trade and other receivables were measured at fair value by taking into consideration of the above credit risk assessment.

16 Share Capital

	Group and Company			
	30 June 2025		31 December 2024	
	No. of shares	S$'000	No. of shares	S$'000
Issued and fully paid:				
At the beginning of period/year	448,590,125	85,467	446,000,209	84,755
Shares issued-in-lieu of cash for dividend	-	-	2,589,916	712
At the end of period/year	448,590,125	85,467	448,590,125	85,467

Shares do not have any par value. The holders of Shares are entitled to receive dividends as and when declared by the Company. All Shares carry one vote per Share without restrictions and rank equally with respect to the Company's residual assets.

There are no changes in the Company's share capital arising from right issue, bonus issue, subdivision of the issues of equity securities, issue of shares or as consideration for acquisition or for any other purpose during 1H2025.

The number of ordinary shares excluding treasury shares as at 30 June 2025 is 448,590,125 (30 June 2024: 446,000,209). No treasury shares were held as at 30 June 2025 (30 June 2024: nil). The number of shares held as subsidiary holdings as at 30 June 2025 is nil (30 June 2024: nil).

The Company does not have any existing warrants or convertibles as at the date of this announcement.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares during the 1H2025.

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

17 Bank Borrowings

	Group		Company	
	30 June 2025 S$'000	31 December 2024 S$'000	30 June 2025 S$'000	31 December 2024 S$'000
Amount repayable within one year or on demand				
- secured	9,700	10,376	-	-
- unsecured	20,031	10,851	-	-
	29,731	21,227	-	-
Amount repayable after one year				
- secured	38,881	46,749	-	-
- unsecured	1,971	2,135	-	-
	40,852	48,884	-	-

The bank loans of the Group are secured over leasehold properties, service concession receivables and land use rights. These facilities are also secured by corporate guarantees provided by the Company and other subsidiaries as well as personal guarantees by the directors of the subsidiaries.

18 Trade and Other Payables

	Group		Company	
	30 June 2025 S$'000	31 December 2024 S$'000	30 June 2025 S$'000	31 December 2024 S$'000
Trade payables:				
- trade payables	37,737	32,703	-	-
- associates	50	119	-	-
- related parties	7,988	9,644	-	-
	45,775	42,466	-	-
Accrued operating expenses	2,063	2,170	96	417
Accrued salaries and bonuses	7,614	8,916	1,746	1,385
Amount owing to NCI	11,187	11,264	-	-
Amounts owing to subsidiaries	-	-	807	4,114
Other payables	14,741	9,893	109	137
	81,380	74,709	2,758	6,053

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

18 Trade and Other Payables (Cont'd)

The aging analysis of trade payables of the Group based on invoice date is as follows:

	Group	
	30 June 2025 S$'000	31 December 2024 S$'000
Within 30 days	26,065	26,613
31 - 90 days	12,670	11,490
Over 90 days	7,040	4,363
	45,775	42,466

Trade payables are non-interest bearing and are usually settled within 30 – 90 days term.

19 Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2025 and 31 December 2024:

	Group		Company	
	30 June 2025 S$'000	31 December 2024 S$'000	30 June 2025 S$'000	31 December 2024 S$'000
Financial Assets				
Other financial assets at fair value through other comprehensive income	555	555	-	-
Cash and bank balances, service concession receivables and trade and other receivables (Amortised cost) *	260,288	242,465	46,976	48,493
	260,843	243,020	46,976	48,493
Financial Liabilities				
Trade and other payables, bank borrowings and leases liabilities (Amortised cost)	159,932	152,621	3,365	6,671

*: Excluded prepayments, advances to suppliers and contract assets

E. Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

20 Subsequent Events

On 3 July 2025, the Company's indirect wholly-owned subsidiary, ISDN (Zhejiang) Precision Technology Co., Ltd,. ("**ISDN ZJ**"), effected a reduction in its registered share capital from United States Dollar ("**USD**") 20,000,000 to USD 1,500,000 (the "**Decrease in Share Capital**"). Following the Decrease in Share Capital, the Group's effective interest in ISDN ZJ remains unchanged at 100.0%.

On 7 July 2025, the Company's direct wholly-owned subsidiary, Motion Control Group Pte. Ltd. ("**MCG**") made a further capital injection into its 75.5% effective-owned subsidiary, Fuji Master (Penang) Sdn. Bhd. ("**FM Penang**"), by increasing FM Penang's paid-up share capital from Malaysian Ringgit ("**MYR**") 650,000 to MYR975,000 (equivalent to approximately S$198,221 to S$296,606) through the subscribing of an additional 325,000 ordinary shares at the subscription price of MYR1 per share (the "**July 2025 Additional Subscription**"). Following the July 2025 Additional Subscription, the Group's effective interest in FM Penang remains unchanged at 75.5%.

On 18 July 2025, the Company's indirect 70.0% owned subsidiary, IDI Laser entered a joint venture with Accelerate Technologies Pte. Ltd. ("**Accelerate**") to subscribe additional shares in the capital of IDI Dynamics Pte. Ltd. ("**IDI Dynamics**"). IDI Laser has agreed to subscribe for an additional 189,999 ordinary shares in IDI Dynamics (representing 95.0% of the total issued shares capital of IDI Dynamics) for a total consideration of S$189,999 (the "**Subscription**") and Accelerate agreed to subscribe for 10,000 ordinary shares in IDI Dynamics for a total consideration of S$10,000. Following the Subscription, the Group's effective interest in IDI Dynamics is 95.0%.

Other than the above, no major subsequent event has occurred since the end of the financial period ended 30 June 2025 up to the date of this announcement.

F. Management Discussion and Analysis

BUSINESS REVIEW

ISDN reported 22.0% year-on-year ("**YoY**") revenue growth to S$212.9 million in 1H2025, with growth across all major business segments (industrial automation and renewable energy), and major regions (China, Southeast Asia, and Taiwan). Revenue was impacted by the strengthening of the S$ during 1H2025, and on a constant currency basis revenue grew +27.0% YoY in 1H2025.

The overall YoY growth was driven by:

- **Broad-based growth in the Group's core industrial automation business (84.7% of total revenue)**. The Group delivered +6.4% YoY revenue growth in industrial automation, with growth across all major geographies and business groups. Reported revenue growth was impacted by the strengthening S$ during the 1H2025, and on a constant-currency basis revenue growth in industrial automation would have been +10.4% YoY in 1H2025.
- **Growing contribution from the Group's renewable energy business (15.3% of total revenue):** +7.9% YoY organic increase in revenue to S$5.4 million from the three operational mini-hydropower plants in Indonesia. The Group also recorded construction revenue of S$27.1 million in 1H2025 from the ongoing construction of two additional mini-hydropower plants which are expected to commence operations in 2026. Once operational, these two plants will boost the Group's total installed capacity by +81.3% to 44.6 megawatts ("**MW**"). Profit attributable to equity holders was S$1.3 million in 1H2025, down from S$3.8 million from the 1H2024. The decline was mainly attributable to S$3.2 million unrealised foreign exchange losses from the revaluation of receivables and payables primarily from ISDN's renewable energy business.

  ISDN's renewable energy business generates attractive recurring revenue and profits from long-term contracts (up to 25 years). However, this long-term business model requires the revaluation of the long-term receivables and payables in each reporting period, resulting in non-cash, unrealised gains and losses as foreign exchange rates fluctuate over time.

Excluding unrealised foreign exchange losses, the Group's core shareholder profits[1] grew +35.1% YoY in 1H2025 compared to 1H2024, reflecting overall growth in revenues and gross profits, with positive operating leverage from operating expenses.

The Group believes that its overall core growth in 1H2025 represents positive results from its multi-year strategy of:

- Growing ISDN's business model by broadening its industrial automation capabilities, and expanding its renewable energy business; and
- Diversifying ISDN geographically in strategic markets throughout Asia as the global supply chain continues to diversify geographically

Review of Group Revenue in 1H2025

China Industrial Automation Business (64.3% of revenue)

Revenue from China grew +3.7% YoY in 1H2025, as demand for automation solutions in China continued to recover. Reported revenue growth in China was dampened by the strengthening S$ during 1H2025. On a constant China Renminbi ("**RMB**") currency basis, ISDN revenue in China grew +9.7% YoY in 1H2025, significantly faster than China's 5.3% YoY GDP growth during the same period. This faster-than-GDP growth is consistent with the Group's long-established view that industrial automation remains strategically important to the economic future of China. ISDN remains cautious about the emerging cyclical recovery in China, but it maintains conviction in long-term automation growth as China's economy advances.

[1] Group's core shareholder profits means: Group profit attributable to equity holders excluding non-cash, unrealised gains and losses from foreign exchange revaluation.

F. Management Discussion and Analysis (cont'd)

BUSINESS REVIEW (cont'd)

Southeast Asia Industrial Automation Business (20.4% of revenue)

Revenue from Southeast Asia industrial automation business rose by +15.1% YoY in 1H2025. The Group believes ISDN is gaining market share in Southeast Asia as the global supply chain diversifies outside of China, and Southeast Asia continues to upgrade its industrial and manufacturing capabilities. ISDN's emerging geographies posted attractive growth, with Malaysia recording a threefold increase, with Thailand and Taiwan growing over 40% YoY. These results represent positive early returns from ISDN's strategic expansion in key industrial markets in Asia.

Renewable Energy Business (15.3% of revenue)

Renewable energy revenue grew by S$27.5 million to S$32.5 million in 1H2025. The growth was primarily attributable to the recognition of construction revenue from the fourth and the fifth mini-hydropower plant, Lau Biang 2 and Lau Biang 3, with the three operational plants continuing to generate high-quality and stable earnings for the Group.

ISDN's Group Profitability in 1H2025

Gross profit of S$50.5 million in 1H2025 was S$6.1 million higher, representing a +13.8% YoY increase compared to 1H2024.

- **Stable, growing profitability in the industrial automation solutions segment:** Gross profit increased by +9.3% YoY and margin improved by 0.7 percentage points ("**ppts**") YoY in 1H2025, this growth was supported by a favourable product mix and improved project execution efficiencies.
- **Growing profits from the renewable energy business:** Gross profit rose 53.4% YoY, though margin declined by 70 ppts due to revenue recognition of construction revenue from Lau Biang 2 and Lau Biang 3. Such construction revenue carries lower margins as the plants are not operating during construction. Excluding construction revenue, the three operational mini-hydropower plants would have delivered a gross profit margin of 92.4% in 1H2025, representing a 1 ppt expansion of profit margins compared to 1H2024.

Other operating expenses increased by S$6.4 million to S$7.1 million in 1H2025, mainly due to an increase of S$5.3 million in unrealised foreign exchange losses from the revaluation of receivables and payables amid currency fluctuations. These non-cash adjustments, which are likely to be offset by ongoing foreign exchange fluctuations, are expected to have limited impact on the Group's profitability over the long-term. Additional provisions for aged inventories held for over three to four years also contributed to the increase.

Finance costs decreased by 8.3% YoY to S$2.5 million in 1H2025, mainly due to lower interest rates during the period. Income tax expense increased by S$0.9 million to S$3.6 million in 1H2025, reflecting higher taxable profits.

Consequently, the Group delivered a profit attributable to equity holders of S$1.3 million, compared to S$3.8 million in the preceding year. Excluding the unrealised foreign exchange losses primarily from ISDN's renewable energy business, the Group delivered +35.1% YoY growth in core shareholder profit in 1H2025.

F. Management Discussion and Analysis (cont'd)

BUSINESS OUTLOOK

While the Group is encouraged by growing industrial activity in China and Southeast Asia, it remains cautious of pronouncing a clear cyclical recovery. Instead, ISDN is focused on continuing to grow its capabilities, reach, and addressable markets to drive sustained "alpha" growth (that is, sustained growth at levels that are higher than GDP and/or cycle growth). ISDN believes the growth results in 1H2025 are representative of this overall strategy of:

- **Growing its business model** by broadening its industrial automation capabilities, and expanding its renewable energy business; and
- **Diversifying geographically** in strategic markets throughout Asia as the global supply chain continues to diversify geographically

The Group believes this disciplined strategy of growing both the scope and the scale of its business across Asia should continue to deliver long-term growth for shareholders and customers.

Industrial Automation Business

ISDN's industrial automation business should continue to grow in China and throughout Asia as industry advances throughout the continent. The Group is encouraged by the strong early progress in its strategic market entries in Thailand, Malaysia and Taiwan, adding to its core geographies in China, Singapore and Vietnam.

China market outlook

The Group believes that both the private sector and the administration in China remain committed to advancing industrial automation, creating good conditions for long-term growth in the Group's products and services. For example:

- Earlier in 2025, the National Development and Reform Commission set up a state-backed venture capital fund focused on robotics, AI and cutting-edge innovation. The fund is expected to attract nearly 1 trillion RMB (US$138 billion) in capital from local governments and the private sector over 20 years[2].
- China is stepping up development of AI-powered robots aimed at transforming manufacturing as it seeks long-term solutions to a declining population, maturing economic growth[3], and long-term geopolitical 'decoupling' from the USA.
- 2025 represents the final year of China's 14th Five-Year Plan, and attention now turns to the 15th Five-Year Plan, which will cover the period from 2026 to 2030. The upcoming plan is expected to prioritise economic resilience, technology, and innovation capabilities[4].

The Group believes that the continued prioritisation of advanced industry, as well as private sector demand for increasing automation, establishes good conditions for long-term growth of ISDN's products and services in China.

[2] China to Invest 1 Trillion Yuan in Robotics and High-Tech Industries
[3] China's AI-powered humanoid robots aim to transform manufacturing
[4] China's 15th Five-Year Plan: What We Know So Far

F. Management Discussion and Analysis (cont'd)

BUSINESS OUTLOOK (cont'd)

Non-China market outlook

The Group has made strategic investments in recent years to expand its addressable markets outside China. In recent years, ISDN has successfully expanded its business into Malaysia, Thailand, Taiwan and Vietnam.

The Group reported good growth from its Southeast Asia business in 1H2025, reflecting positive early momentum from its geographical expansion. Malaysia delivered a threefold increase in revenue YoY, with Thailand and Taiwan growing revenue over 40% YoY in 1H2025.

The Group believes it is positioned for continued growth in its non-China regions as Southeast and East Asia continue to advance their industrial and manufacturing capabilities.

Renewable energy business outlook

ISDN's three operational mini-hydropower plants contributed approximately 2.5% of total revenue but accounted for around 9.8% of total gross profit in 1H2025. With the two additional mini-hydropower plants targeted to commence operations in 2026, the Group's total installed capacity is expected to increase by 81.3% to 44.6 MW. The expanding high-quality recurring income is expected to further optimise the Group's earnings structure, complement the cyclical nature of its core industrial automation segment, and strengthen long-term business resilience.

In the recently released Electricity Supply Business Plan 2025 – 2034 ("**RUPTL**"), the Indonesian government announced an ambitious move to double its renewable energy capacity target compared to the previous plan. In the new RUPTL, Indonesia aims to add 42.6 gigawatts ("**GW**") of renewables and 10.3 GW of storage capacity by 2034, increasing the share of renewables (excluding battery storage) to 74% of the national energy mix from 52% previously. Among these, hydropower is projected to account for 27.5% of the planned additional capacity, making it the second largest source of expansion under this new plan.[5]

Consequently, the Group continues to believe that its renewable energy business is poised to delivered continued growth and a recurring long-term revenue and profits in the future.

[5] The risks of fossil fuel dependence in Indonesia's Electricity Supply Business Plan (RUPTL) 2025–2034

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

Revenue and gross profit margin

	Group		
	Six months ended 30 June		
	2025 S$'000	2024 S$'000	% change +/(-)
Revenue			
Industrial Automation Solutions	180,416	169,612	6.4%
Renewable Energy	32,479	4,961	n.m.
- Operating and finance income	5,352	4,961	7.9%
- Construction income	27,127	-	n.m.
Total Revenue	**212,895**	**174,573**	**22.0%**
Gross profit			
Industrial Automation Solutions	43,574	39,861	9.3%
Renewable Energy	6,954	4,532	53.4%
- Operating and finance income	4,944	4,532	9.1%
- Construction income	2,010	-	n.m.
Total Gross Profit	**50,528**	**44,393**	**13.8%**
Gross Profit Margin			
Industrial Automation Solutions	24.2%	23.5%	0.7 ppt
Renewable Energy	21.4%	91.4%	-70 ppt
- Operating and finance income	92.4%	91.4%	1 ppt
- Construction income	7.4%	n.m.	n.m.
Total Gross Profit Margin	23.7%	25.4%	-1.7 ppt

n.m.: Not meaningful

The Group's revenue of S$212.9 million for 1H2025 was higher by 22.0% as compared to 1H2024 of S$174.6 million. Revenue from our industrial automation solutions segment increased by S$10.8 million or 6.4% in 1H2025. China continues to be the dominant market, contributing approximately 74% to the segment's revenue. The robust demand for automation solutions in China continues to drive revenue, underscoring its importance to the overall business.

Indonesia's renewable energy revenue increased by S$27.5 million to S$32.5 million in 1H2025. This was driven by construction revenue and income from three operating plants. In 1H2025, the Group recognised approximately S$27.1 million in construction revenue from the construction of two mini-hydropower plants in Indonesia, Lau Biang 2 and Lau Biang 3. The Group three operating plants' operating and finance income increased by S$0.4 million to S$5.4 million. A total of S$6.8 million was billed to PT PLN (Persero) ("**PLN**") for 1H2025 and was received as of July 2025.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

Gross profit of S$50.5 million was S$6.1 million, or 13.8% higher in 1H2025 as compared to 1H2024. Overall, the gross profit margins of the Group declined in 1H2025 as compared to 1H2024 by 1.7 percentage points from 25.4% to 23.7%. In 1H2025, the gross profit and gross profit margin for the industrial automation solutions segment rose by S$3.7 million and 0.7 percentage points, respectively. This was primarily driven by a higher proportion of sales from higher-margin products and solutions, as well as better project execution efficiencies. The growth reflects the continued expansion of the industrial automation market, supported by rising demand for efficiency, productivity, and precision across various production and business processes. As a result, the Group experienced an increase in its gross profit margin. The gross profit margin for renewable energy declined from 91.4% to 21.4% in 1H2025. Excluding the gross profit arising from the construction revenue of mini-hydropower plants under the service concession arrangement, gross profit margin would have been at 92.4% in 1H2025.

Other operating income

Other operating income decreased by S$0.5 million, or 24.0% to S$1.5 million for 1H2025. This decline was primarily due to the absence of gain on disposal of property, plant and equipment of S$0.2 million, lower interest income of S$0.1 million, decrease in commission income of S$0.1 million and decrease in technical service income of S$0.1 million.

Distribution costs

Distribution costs increased by S$0.7 million, or 5.0% to S$15.1 million for 1H2025. The increase was mainly due to increase in staff and related costs of S$0.6 million, arising from the consolidation of new subsidiaries acquired and incorporated in 2H2024 and 1H2025 and increase in office and other expenses of S$0.1 million.

Administrative expenses

Administrative expenses decreased by S$0.3 million, or 1.6% to S$19.5 million in 1H2025 mainly due to by the performance bonus for the executive director was lower by S$0.2 million, and decrease in staff and related costs of S$0.1 million.

Other operating expenses

Other operating expenses increased by S$6.4 million in 1H2025 primally due to an increase in net foreign exchange losses of S$5.3 million. These losses arose mainly from unrealised foreign exchange loss from the weakening of the USD against the S$, which resulted in revaluation losses on accounts receivables, and the strengthening of the USD against the Indonesian Rupiah ("**IDR**"), which led to additional foreign exchange losses upon the revaluation of accounts payable balances. In addition, an increase in allowance for inventories obsolescence of S$1.1 million was recorded, attributed to a higher volume of aged inventories held for over 3 to 4 years.

Finance costs

Finance costs decreased by S$0.2 million, or 8.3% to S$2.5 million for 1H2025, primarily due to lower interest rates during the 1H2025.

Share of loss of associates, net

Share of loss of associates increased by S$0.3 million to S$0.4 million was primarily due to the decline in business activity of our associated companies.

Income tax

Income tax expense increased by S$0.9 million, or 33.9% to S$3.6 million for 1H2025, mainly due to higher taxable profits in 1H2025.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Property, plant and equipment decreased by S$2.3 million, or 3.5% as at 30 June 2025. The decrease was mainly due to depreciation charge of S$3.5 million, and translation loss of S$3.1 million arising from the weakening of the IDR and RMB against the S$ in 1H2025. This was partially offset by purchase of plant and equipment of S$1.7 million, recognition of right-of-use assets of S$1.3 million, purchase of furniture and fittings of S$0.5 million, renovation of leasehold properties of S$0.5 million, and purchase of motor vehicles of S$0.2 million.

Associates

Interests in associates decreased by S$0.5 million, or 7.6% as at 30 June 2025 due to share of loss of associates of S$0.4 million and dividend from associates of S$0.1 million.

Service concession receivables (current and non-current)

Service concession receivables increased by S$20.5 million, or 24.2% as at 30 June 2025. Service concession receivables are classified as long-term assets which will be collected across the tenure of the various operational concessions in tandem with agreed power supply agreements. In 1H2025, the Group recognised construction income of S$8.9 million and S$18.2 million from the construction of mini-hydropower plant, Lau Biang 2 and Lau Biang 3, respectively. Additionally, a foreign exchange revaluation gain of S$0.9 million was recognised due to the appreciation of the USD against the IDR. This was partially offset by derecognition of S$1.5 million in service concession receivables upon invoicing to PLN for Lau Biang 1 and Anggoci, as well as a translation loss of S$6.0 million arising from the weakening of IDR against the S$.

Inventories

Inventories increased by S$0.2 million or 0.3% to S$67.6 million as at 30 June 2025 primarily due to an increase in revenue in 1H2025.

Trade and other receivables and contract assets

Trade and other receivables and contract assets decreased by S$12.5 million or 10.5% to S$106.9 million as at 30 June 2025. The decrease was mainly attributable to a decrease in advances to trade suppliers of S$9.4 million, loan repayment of S$1.4 million from the Engineering, Procurement, and Construction of Lau Biang 3 and decrease in other receivables of S$0.5 million, decrease in trade receivables of S$0.9 million, absence of contract assets of S$0.5 million, and decrease in prepayment of S$0.4 million, partially offset by increase in deposits of S$0.6 million.

Subsequent receipt of about S$24.9 million was received from customers as at 31 July 2025. The collection represented approximately 26.8% of trade receivables as at 30 June 2025.

Trade and other payables

Trade and other payables increased by S$6.7 million or 8.9% to S$81.4 million as at 30 June 2025. The increase was mainly due to increase in trade payables of S$3.3 million and increase in accrued construction cost of S$6.7 million. These were partially offset by decrease in accrued salaries and bonuses of S$1.3 million, the repayment of dividend payable to non-controlling interests amounting to S$1.2 million, decrease in other payables of S$0.6 million, and decrease in accrued operating expenses of S$0.1 million and decline in amount owing to non-controlling interest of S$0.1 million.

F. Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW (Cont'd)

STATEMENT OF FINANCIAL POSITION ITEMS (Cont'd)

Contract liabilities

Contract liabilities increased by S$1.9 million or 13.7% to S$15.7 million was mainly due to an increase in advances received from customers for sales of goods largely from our China subsidiaries to mitigate credit risk exposure on sales. Contract liabilities are recognised as revenue when the performance obligation of transferring the goods is satisfied at a point in time.

Bank borrowings (current and non-current)

Bank borrowings increased by S$0.5 million or 0.7% to S$70.6 million as at 30 June 2025. The increase was primarily due to proceeds from bank borrowings (inclusive of trust receipts) of S$10.4 million offset by repayment of bank borrowings of S$9.9 million.

CASH FLOW STATEMENT

Changes in Cash Flow from Operating Activities

For 1H2025, net cash generated from operating activities before changes in working capital amounted to S$20.4 million. Cash used from working capital of S$8.0 million mainly due to increase in receivables from service concession arrangements of S$20.5 million and increase in inventories of S$1.8 million; partially offset by decrease in trade and other receivables of S$8.6 million and increase in trade and other payables of S$5.7 million. This was partially offset by net interest payment of S$2.0 million and income tax paid of S$3.2 million. As a result of the above, the net cash flow generated from operating activities amounted to S$7.2 million.

Changes in Cash Flow from Investing Activities

For 1H2025, net cash used in investing activities of S$5.3 million was primarily attributed to purchase of property, plant and equipment of S$2.7 million, net cash outflow of S$1.9 million from the acquisition of a subsidiary and acquisition of land use rights amounting to S$0.9 million for the construction of a plant in Jiangxi, China; partially offset by proceeds from disposal of property, plant and equipment of S$0.2 million.

Changes in Cash Flow from Financing Activities

For 1H2025, net cash used in financing activities amounted to S$2.8 million mainly due to dividend paid to non-controlling interest of S$1.9 million and repayment of lease liabilities (inclusive of interest) of S$1.7 million; partially offset by the net proceed of bank borrowings (inclusive of trust receipts) of S$0.4 million and decrease in bank deposits pledged of S$0.4 million.

As at 30 June 2025, the Group maintained a healthy cash and cash equivalents balance of S$56.1 million.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Please refer to Note 9 of Section G - Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2.

F. Management Discussion and Analysis (cont'd)

LIQUIDITY AND FINANCIAL RESOURCES

During the financial period ended 30 June 2025, the Group's working capital was financed by both internal resources and bank borrowings. As at 30 June 2025, cash and bank balances amounted to approximately S$56.1 million, which decreased by approximately 0.8% as compared to S$56.5 million as at 31 December 2024. The quick ratio of the Group was approximately 1.3 times (31 December 2024: 1.6 times).

As at 30 June 2025, the Group has long and short-term bank borrowings of approximately S$70.6 million. Among the borrowings, the bank borrowings due within one year amounted to approximately S$29.7 million (31 December 2024: S$21.2 million) while the bank borrowings due after one year amounted to approximately S$40.9 million (31 December 2024: S$48.9 million).

As at 30 June 2025, the weighted average effective interest rates on bank borrowings is 4.5% (31 December 2024: 4.8%) per annum. The Group obtained the Temporary Bridge Loan (the "**TBL**") of S$5.0 million in financial year ended 2021 which was initiated by the Singapore government to help local companies' working capital needs. The term of the TBL is 5 years with fixed interest rate at 2.65% per annum. In addition, the Group obtained a loan from a financial institution of S$0.4 million with fixed interest rate of 4.25% per annum in financial year ended 2023, which the loan has been fully repaid during the 1H2025. Other than the above, the Group does not have fixed rate bank borrowings as at 30 June 2025 and 31 December 2024. Together with the obligation under finance leases of approximately S$0.4 million (31 December 2024: S$0.2 million), the Group's total borrowings amounted to S$70.6 million (31 December 2024: S$70.1 million).

GEARING RATIO

As at 30 June 2025, the gearing ratio of the Group was about 34.9% (31 December 2024: 34.0%) which was calculated on the Group's total borrowings (including total borrowings and finance lease but excluding trade and other payables) to total shareholders' equity (excluding non-controlling interests).

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 June 2025. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. In the event of capital need, the Group may borrow funds from banks in the currency that coincide with the functional currency of the subsidiary as a natural hedge against foreign exchange fluctuation. During the six months ended 30 June 2025, the Group did not enter into any hedges in respect of the interest rate risk we are exposed to.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and USD. The Group has currency exposure as certain sourced parts and components incurred in the Mainland China were denominated in RMB. Certain of the subsidiaries of the Company have their assets and liabilities denominated in RMB and other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the financial period ended 30 June 2025, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

F. Management Discussion and Analysis (cont'd)

CAPITAL EXPENDITURES

During the financial period ended 30 June 2025, the Group's capital expenditure consists of additions to property, plant and equipment and construction in progress amounting to approximately S$2,705,000 (30 June 2024: S$4,529,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, there were 1,330 (31 December 2024: 1,283) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance.

On 31 January 2023, the Company adopted a new share incentive scheme, namely, the ISDN PSP 2022. The purpose of the ISDN PSP 2022 is to (a) foster a culture of ownership within the Group to align the interests of Group Employees and Group Non-executive Directors with the interests of Shareholders; (b) motivate participants to strive towards excellence and to maintain high level of performance to contribute to the Group and to achieve key financial and operational goals of the Company and/or their respective business units; and (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of the Group.

On 13 March 2023, an aggregate of 2,830,000 New Shares were granted and vested under ISDN PSP 2022 to selected employees of the Group who are not related to any Directors, chief executives and substantial Shareholders (and each of their associates). The awards were granted without any performance or vesting conditions attached, but subject to a selling moratorium of six (6) months.

There are no outstanding share awards issued under the ISDN PSP 2022.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other company during the financial period ended 30 June 2025.

RISK MANAGEMENT

Contingent Liabilities

The Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties as at 30 June 2025.

Charge on the Group's Assets

As at 30 June 2025, the Group's bank deposits, service concession receivables, net book value of property, plant and equipment and land use rights of approximately Snil, S105.1 million, S$22.4 million and S$1.8 million, respectively (31 December 2024: S$0.4 million, S$84.6 million, S$23.6 million and S$1.0 million) were pledged to banks to secure banking facilities granted to the Group.

F. Management Discussion and Analysis (cont'd)

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES AND CANCELLATION OF TREASURY SHARES

During the financial period ended 30 June 2025 and up to the date of this announcement, the Company did not redeem any of its securities listed on the Main Board of the Stock Exchange and SGX-ST, neither did the Company nor any of its subsidiaries purchase or sell any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2025, the Company did not hold any treasury shares.

PROPOSED INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the financial period ended 30 June 2025 (30 June 2024: Nil).

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2

1. Review

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2025 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-months ended 30 June 2025 and certain explanatory notes have not been audited or reviewed by the auditor of the Company, but have been reviewed by the Audit Committee.

2. Review of performance of the Group

Please refer to section F. Management Discussion and Analysis – Financial Review.

3. Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results.

No specific forecast statement was previously disclosed to Shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Please refer to section F. Management Discussion and Analysis – Business Review and Business Outlook.

5. Dividend Information

(a) <u>Current Financial Period Reported On</u>

Any dividend recommended for the current financial period reported on?

In view of the current economic outlook and business environment uncertainty, no dividend has been declared/recommended by the Board of Directors for the 1H2025 as the Group intends to conserve funds for business development purposes and deems it prudent to defer any decision on dividend until the financial year ending 31 December 2025.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2 (Cont'd)

5. Dividend Information

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

6. Interested Person Transactions ("IPTs")

The Group has not obtained a general mandate from Shareholders of the Company for IPTs.

7. Use of proceeds

(a) Use of Net Proceeds from the Second Placement

The Company has re-allocated the unutilised net proceeds from the Second Placement, which was originally allocated for working capital requirements of the mining-related business of the Group, in particular for coal trading to funding for construction and working capital requirement of the renewal energy business of the Group. For more information, please refer to Company's announcement entitled "Change in Use of Proceeds" dated 7 July 2023.

There has been no material usage till the date of this announcement after the last announcement made on 15 January 2024. The Company will make further announcements when the remaining net proceeds from Second Placements are materially disbursed.

(b) Use of Net Proceeds from the issuance of new shares under general mandate

There has been no material usage till the date of this announcement after the last announcement made on 8 November 2023. The Company will make further announcements on the utilisation of proceeds from the subscription as and when the funds are materially disbursed.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2 (Cont'd)

9. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A (Cont'd)

On 28 February 2025, the Company's direct wholly-owned subsidiary, ISDN Energy Pte. Ltd. ("**ISDN Energy**") intended to acquire an aggregate amount of 25,500 common shares at a nominal value of IDR 1,000,000 (equivalent to S$84) from the following shareholders: (a) 250 common shares from Zhang Jitao, (b) 10,500 common shares from Chen Dong, and (c) 14,750 common shares from Wu Lei (collectively, the "**Acquisition from ISDN Energy Shareholders**") . Following the Acquisition from the ISDN Energy Shareholders, ISDN Energy will hold 25,500 common shares in PT Funda Konstruksi Engineering ("**PT Funda**") and its effective shareholding in PT Funda will be 51.0%. PT Funda is principally engaged in the construction and installation of electrical power installations, power generation, and hydroelectric power plants. As at date of announcement, the Acquisition has not been completed.

On 20 March 2025, the Company's direct wholly-owned subsidiary, ISDN Investments Pte. Ltd. ("**ISDN Investments**") incorporated a wholly owned subsidiary, ISDN Jiangxi Management Co Ltd. ("**ISDN Jiangxi Management**"), with a total registered capital of USD15 million. ISDN Jiangxi Management is wholly owned by ISDN Investments and will be principally engaged in the business of management services and properties holding.

On 24 March 2025, the Company's direct wholly-owned subsidiary, MCG made a further capital injection into its 75.5% effective-owned subsidiary, FM Penang, by increasing FM Penang's paid-up share capital from MYR455,000 to MYR650,000 (equivalent to approximately S$138,279 to S$198,221) through the subscribing for an additional 195,000 ordinary shares at the subscription price of MYR1 per share in the capital of FM Penang ("**March 2025 Additional Subscription**"). Following the March 2025 Additional Subscription, the Group's effective interest in FM Penang remains unchanged at 75.5%.

On 29 April 2025, the Company's direct wholly-owned subsidiary, MCG capitalised a dividend payment of USD290,000 (equivalent to S$374,586) declared by its wholly-owned subsidiary, Gateway Motion (Shanghai) Co., Ltd ("**Gateway**"). Following the capitalisation of the dividend, the total paid-up share capital of Gateway increased from USD210,000 (equivalent to S$293,148) to USD500,000 (equivalent to S$667,735). Upon the completion of capitalisation, the Group's effective interest in Gateway remains unchanged at 100.0%.

On 15 May 2025, the Company's direct wholly-owned subsidiary, MCG acquired 79,102 ordinary shares in IFME Works, representing 51.0% of the entire issued and paid up capital at a consideration of S$2,500,000 (the "**Acquisition**"). Following the Acquisition, IFME Works became subsidiary of MCG and the Group with an effective interest of 51.0%.

10. Compliance with Corporate Governance Codes

The Group has applied the principles and the extent of compliance with the guidelines as set out in the Singapore Revised Code of Corporate Governance 2018 (the "**Code**") and the mandatory disclosure requirements and applicable code provisions of the Corporate Governance Code (the "**HK CG Code**") as set out in Part 2 of Appendix C1 to the SEHK Listing Rules to provide the structure through which the objectives of protection of Shareholders' interest and enhancement of long-term Shareholders' value are met. In the event of any conflict between the Code and the HK CG Code, the Group will comply with the more onerous provisions. Throughout the financial period ended 30 June 2025, the Group has complied with the Code and the HK CG Code.

The Company and its officers are not allowed to deal in the shares during the period commencing 30 days immediately before the announcement of the Company's half-year results and 60 days immediately before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2 (Cont'd)

11. Compliance with Singapore Listing Manual and Hong Kong Model Code

In compliance with Rules 1207(19) of the Listing Manual (the "**Singapore Listing Manual**") of the SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the SEHK Listing Rules (the "**Model Code**"), the Company has adopted its own internal compliance code pursuant to the SGX-ST's and the Model Code's best practices on dealings in securities and these are applicable to all officers in relation to their dealings in the Company's securities. In furtherance, specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Model Code during the financial period ended 30 June 2025.

The Directors, management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information and/or inside information of the Company and they are not to deal in the Company's securities on short-term considerations.

12. Audit Committee

The Audit Committee with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee comprises three independent non-executive Directors, namely Ms. Heng Su-Ling Mae, Mr. Sho Kian Hin and Mr. Tan Soon Liang. Ms. Heng Su-Ling Mae is the chairman of the Audit Committee.

The financial information in this announcement has not been audited or reviewed by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the financial period ended 30 June 2025 and is of the opinion that such results complied with the applicable accounting standards, the requirements under Singapore Listing Manual and the SEHK Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

13. Publication of Financial Information

The interim results announcement for the financial period ended 30 June 2025 is published on the website of the SGX-ST at https://www.sgx.com/securities/company-announcements， website of the Stock Exchange at https://www.hkexnews.hk/ and the website of the Company at https://www.isdnholdings.com/sgx-singapore-exchange. The interim report of the Company for the financial period ended 30 June 2025 containing, among others, the interim financial information of the Group will be published on the above websites in due course.

G. Other information required by SGX-ST Listing Rule Appendix 7.2 and SEHK Listing Rules Appendix D2 (Cont'd)

14. Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months period ended 30 June 2025 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Teo Cher Koon Managing Director and President	Kong Deyang Executive Director

By Order of the Board
ISDN Holdings Limited

Teo Cher Koon
Managing Director and President

Singapore and Hong Kong, 11 August 2025

As at the date of this announcement, the Board comprises Mr. Teo Cher Koon and Mr. Kong Deyang as executive Directors; Mr. Toh Hsiang-Wen Keith as non-executive Director; and Mr. Tan Soon Liang (Chairman), Mr. Sho Kian Hin and Ms. Heng Su-Ling Mae as independent non-executive Directors.