

Full year 2023 results presentation



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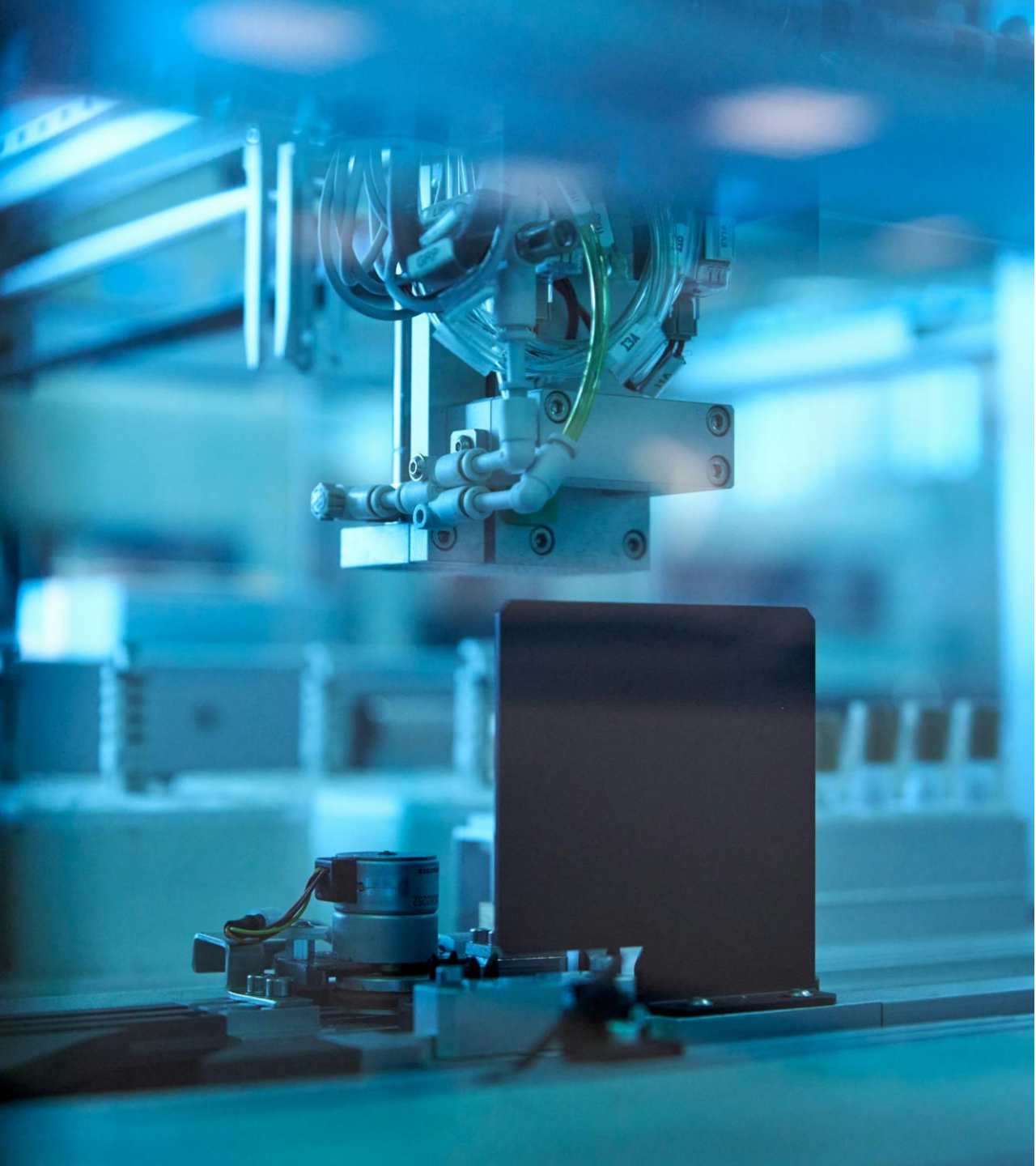
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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified



1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

5 Case study

6 Clean energy update

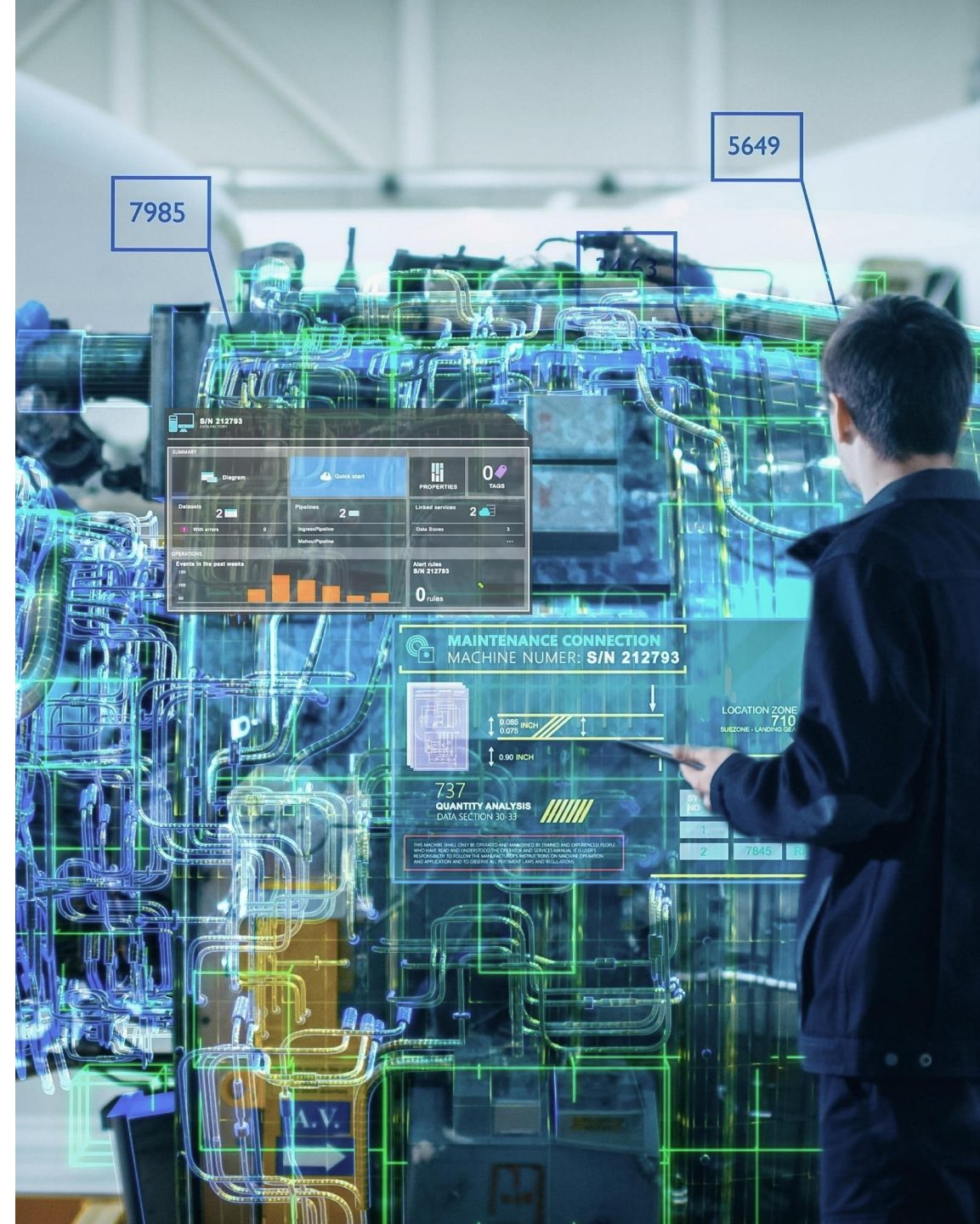
7 FY2024 outlook



ISDN powers Asia's industrial future

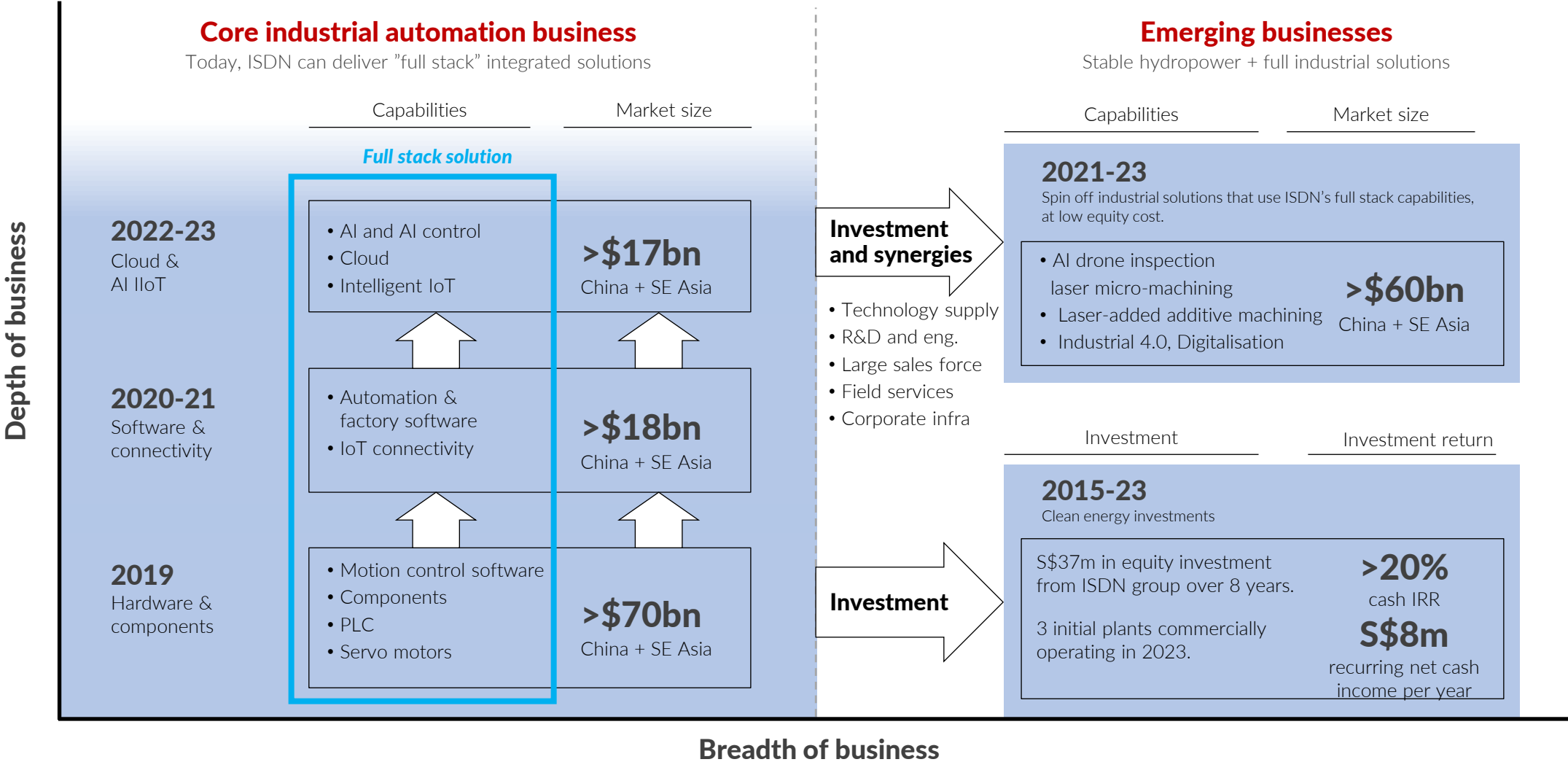
Our automation and sustainability solutions help thousands of companies build a more productive and sustainable future for Asia

- We have the right **technology** { Cloud
Software
Hardware
Components
- We have the right **customers** { 10,000+ customers
All industrial verticals
China + SE Asia
- We have the right **experience** { 20+ years of automation
Best-of-breed approach
76 locations
- We have the right **strategy** { Growing market share
Growing market size
Competitive moats
Diversified growth



We've built clear strategic growth over the last 5 years

Despite disruptions from COVID-19, supply shortages, semiconductor downcycle and China's slow recovery, we've grown our capabilities, expanded our markets, and gained share over the past 5 years. We are well positioned for growth.



We are well-positioned to capitalised on clear, long-term market growth

The market drivers for automation and sustainability are clear, we're gaining share, and we're well positioned for cycle recovery.

Market growth opportunity is clear

1

Asia's technology industry growth

- Semiconductor & electronics cycle must recover
- Growing technology production
- Growing technology consumption

2

Labour shifts drive automation

- Youth & greying populations don't want to work in factories
- Wages growing faster than economy
- Automation increasingly produces superior results

3

High national priority

- Industrial advancement is a #1 economic priority in China
- Advanced production is a strategic sector for Southeast Asia

4

Shift to sustainable industry

- Sustainable inputs (energy, materials)
- Sustainable production (less waste, higher yield)
- Sustainable products

5

Cycle recovery

Increasing evidence of cycle recovery in:

- Semiconductors
- Electronics
- China industrial growth

We're well positioned

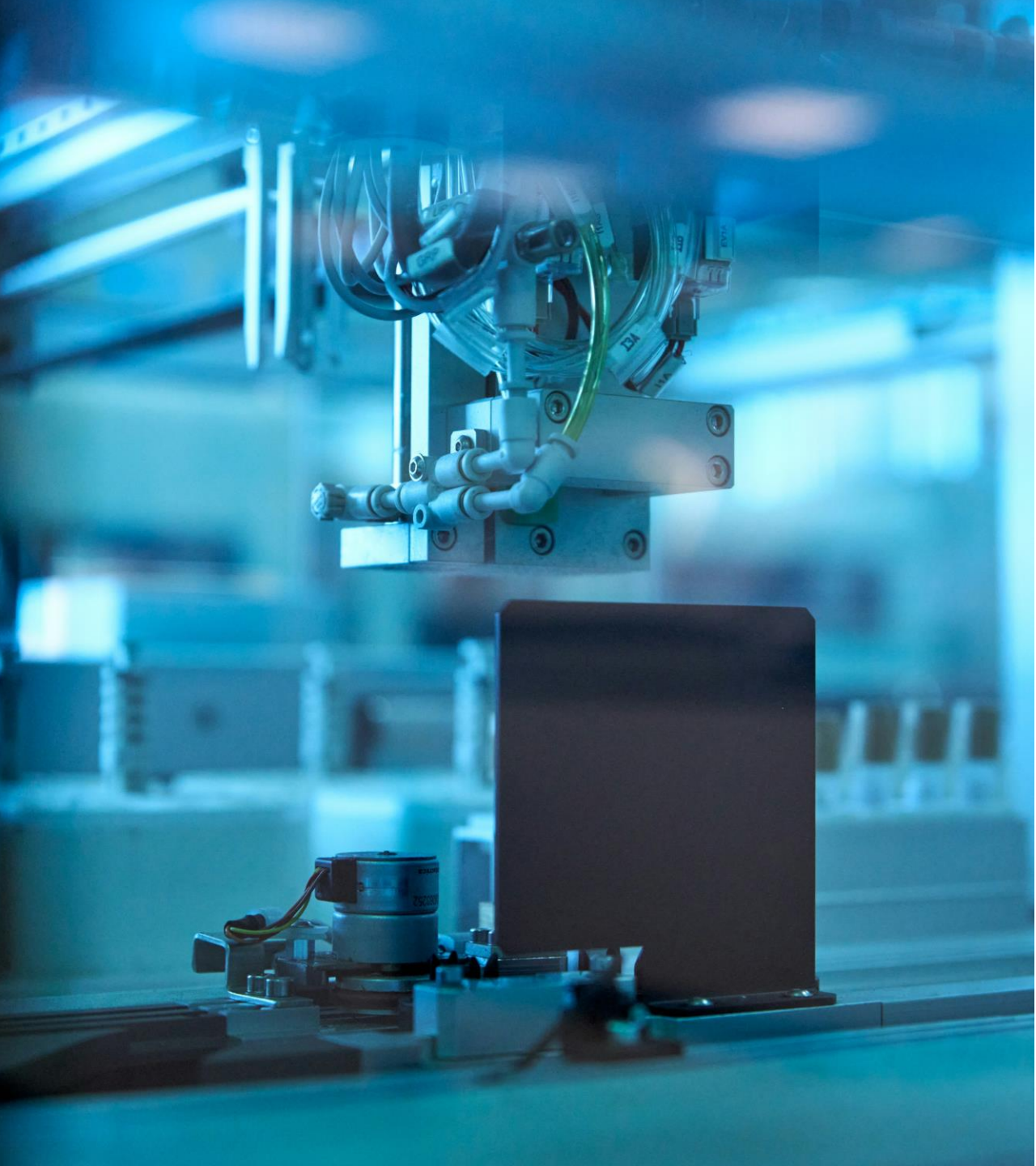


We have the right **technology**

We have the right **customers**

We have the right **experience**

We have the right **strategy**



1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

5 Case study

6 Clean energy update

7 FY2024 outlook

FY2023 financial performance

Cautious emergence from cyclical headwinds

S\$'000	FY2022	FY2023	YoY change
Revenue	370,779	341,766	-7.8%
Gross Profit	105,888	91,134	-13.9%
Gross margin (%)	28.6%	26.7%	-1.9ppt
Operating expenses	67,839	66,714	-1.7%
Profit before tax	32,027	18,873	-41.1%
Profit after tax	23,079	11,172	-51.6%
Profit attributable to shareholders	14,620	4,952	-66.1%

1 Revenue

- Revenue troughed in 1H23 → grew +2% sequentially in 2H23
- ISDN grew +2.4% in China, gained share (market down 4-7%)
- Heavy cyclical impact in Southeast Asia (semiconductor), but ISDN has not lost customers and this sector should recover

2 Gross Margin

- 1.9ppt decline is primarily cyclical (impacting higher-margin semi/electronics business).
- We are not seeing excess inflationary or pricing pressure.

3 Operating expenses

- Managed down slightly to reflect lower revenues but maintained investment in capabilities to position for cycle recovery.

4 Profits

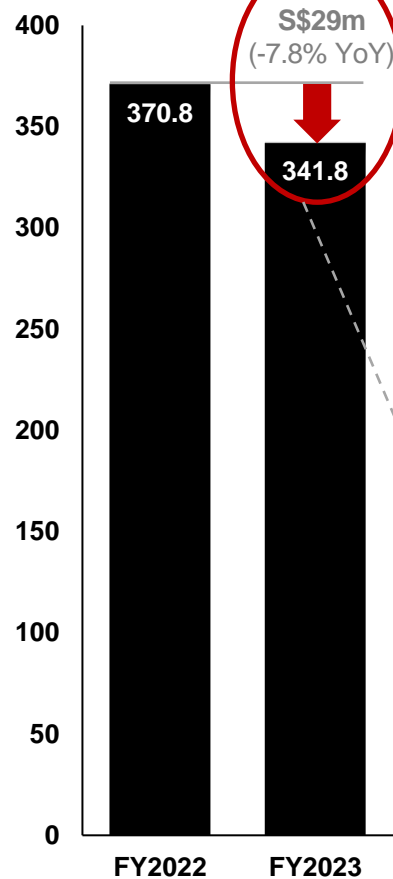
- Clear cyclical impact on profitability (gross margins)
- Management decision to maintain investment levels, since the impact to revenues is cyclical and not structural/long-term
- Long term growth and profit outlook remains intact: ISDN is gaining share, growing capability, and automation is a long-term growth sector in Asia.

Revenue performance

100% of revenue impact in 2024 was in cyclical sectors. ISDN continue to hold or gain share across sectors in 2023.

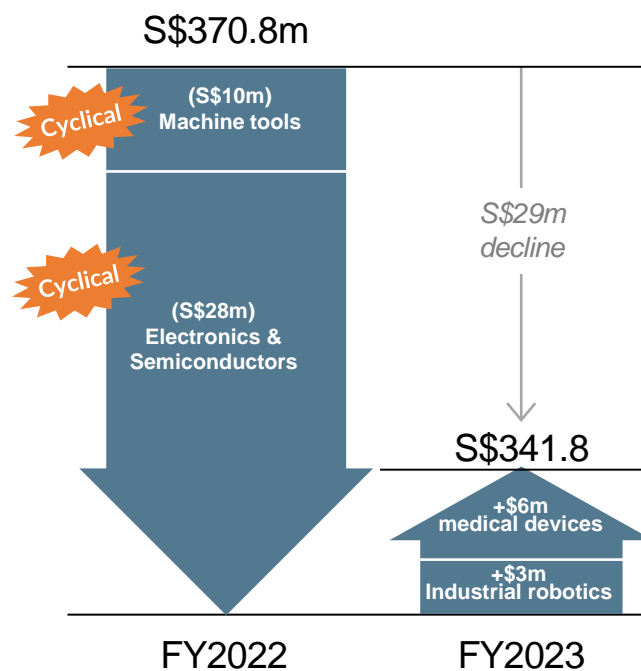
What drove the decline?

In SGD millions



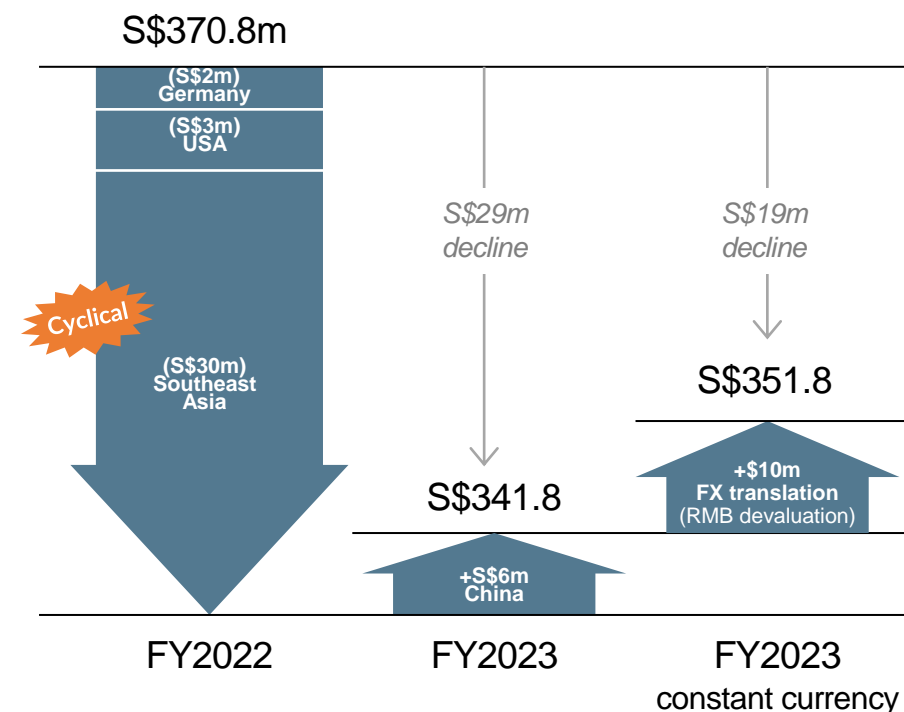
**110% of decline from cyclicals:
Non-cyclicals continued to grow**

Revenue by industry



China grew +6.6% on a constant currency basis; decline driven by cyclicals in SE Asia

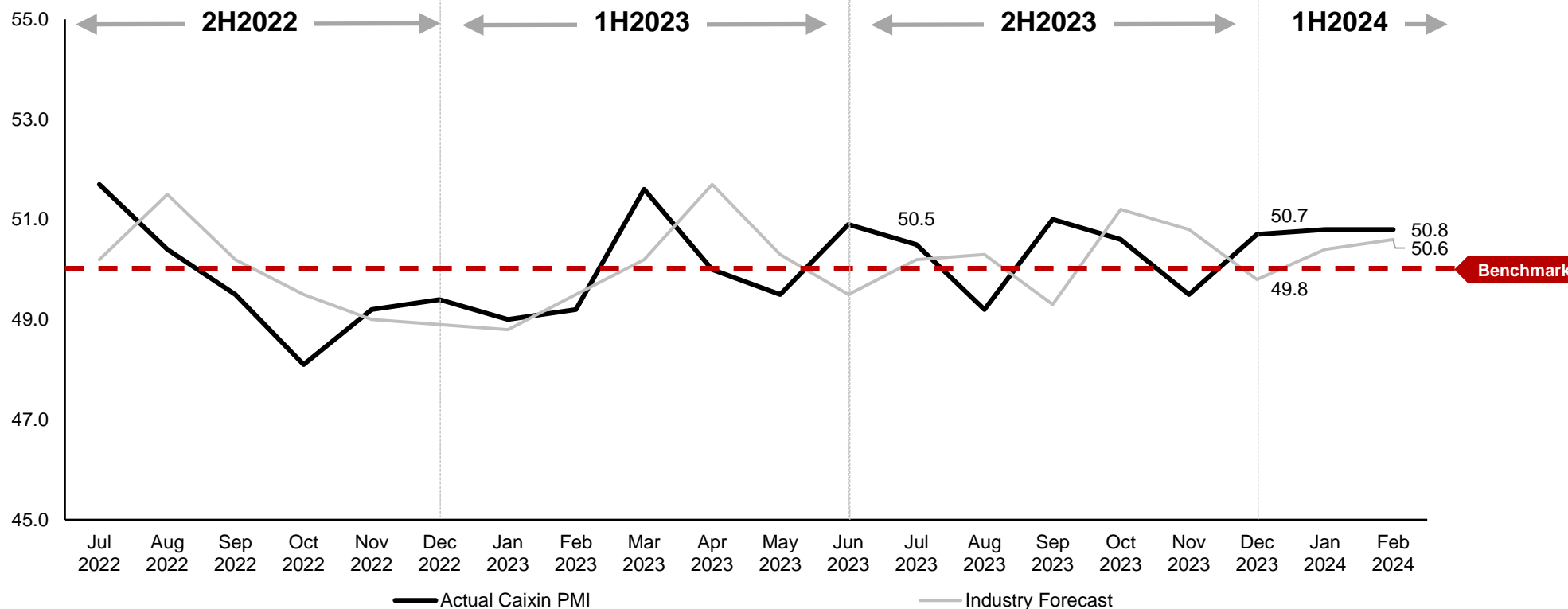
Revenue by geography



Signs of recovery, but we remain cautious

Manufacturing PMI threads above benchmark for third consecutive month

China Caixin Manufacturing PMI Index



China Caixin Manufacturing PMI surpassed industry forecasts for a third consecutive month. Early indications of a potential bottoming out of the downcycle, but we remain cautious.

2

3

Gross margins and operating expenses

Gross margins primarily driven by cyclical mix shift.

Operating expenses at disciplined levels to maintain investment in growth

S\$'000	FY2022	FY2023	YoY change
Revenue	370,779	341,766	-7.8%
Gross Profit	105,888	91,134	-13.9%
Gross margin (%)	28.6%	26.7%	-1.9ppt
Operating expenses	67,839	66,714	-1.7%

Gross Margin

- 1.9ppt decline is primarily cyclical, as higher-margin revenue segments were cyclically impacted in 2023 (semiconductors, electronics, machines, robotics)
- ISDN is not seeing excess pressure from inflation in cost of goods
- ISDN is not seeing excess pricing pressure in its markets

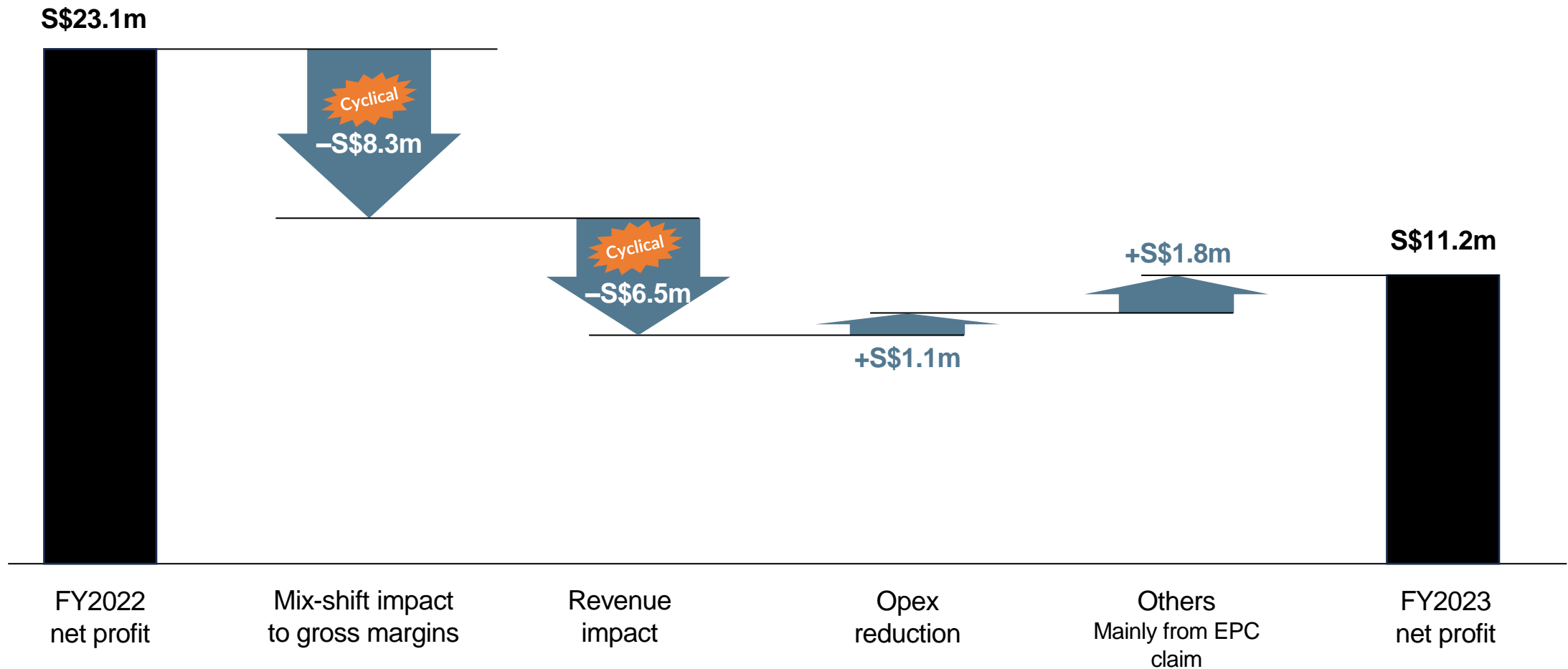
Operating expenses

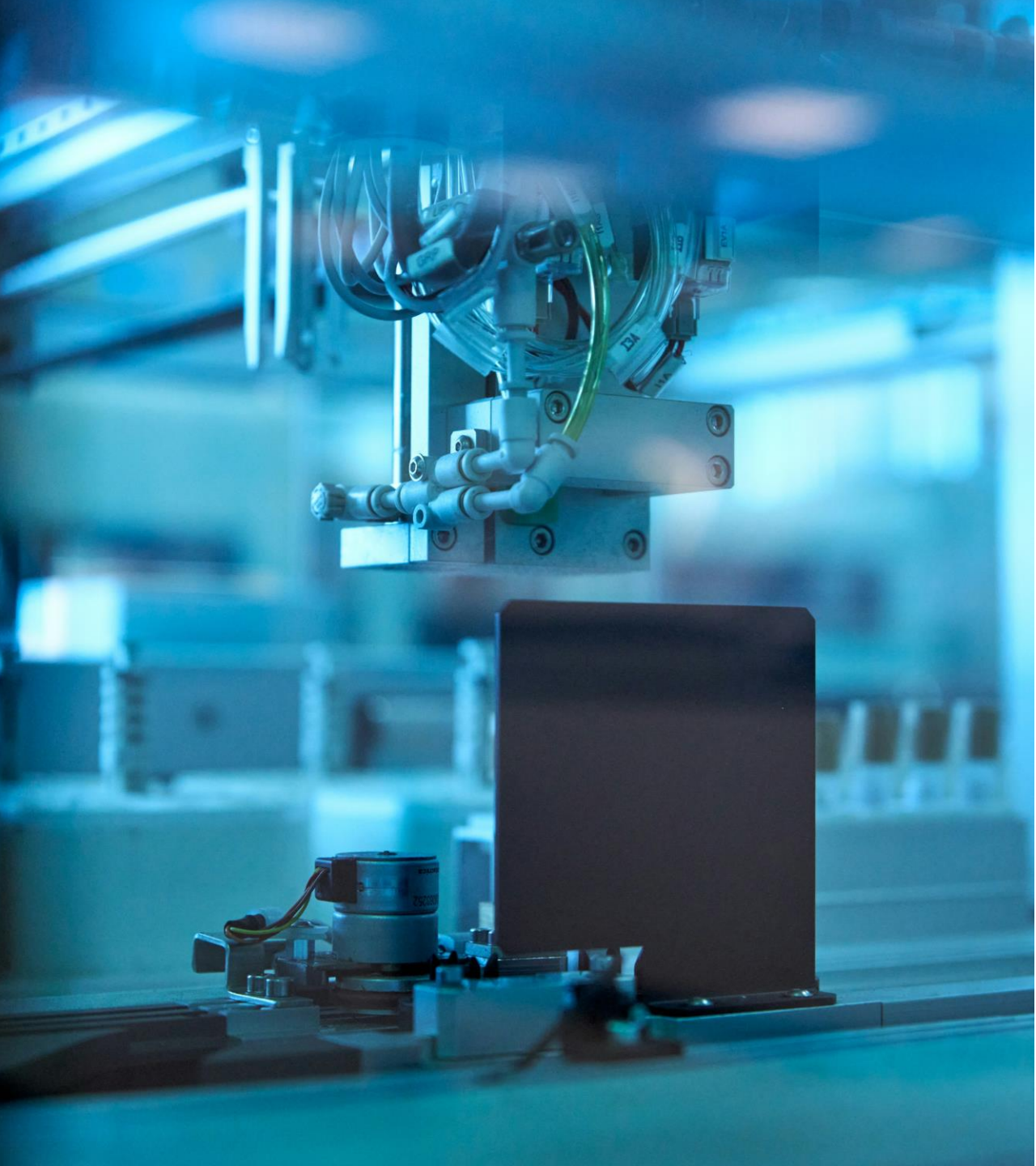
- Managed down slightly to reflect lower revenues but maintained investment in capabilities to position for cycle recovery.

Profitability

It's clear from our analysis that 2023 earnings were impacted by cyclical factors. We expect profitability to recover with the cycle and grow faster than our markets.

Net profit bridge: FY2022 to FY2023





1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

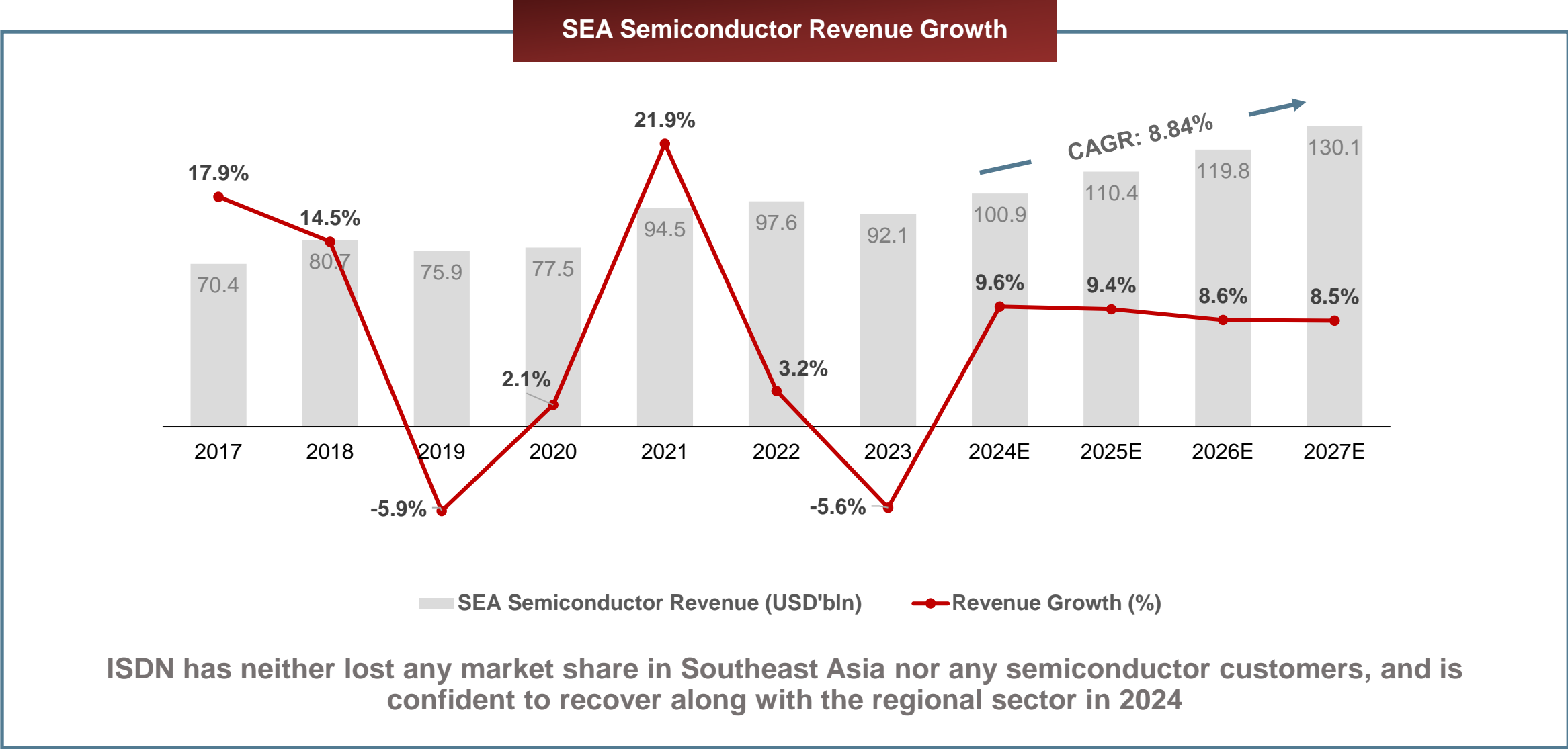
5 Case study

6 Clean energy update

7 FY2024 outlook

Strong growth forecasted for the SEA semiconductor industry

SEA business to recover alongside semiconductor industry in FY2024



Structural growth drivers in China

Demographic, self-reliance, and policies contributing to the high-paced growth

Demographics and labour costs

- **Ageing population and low fertility rates:** China's population is on a declining trend with an ageing population, thereby leading to a shrinking labor force
- **Relocation to lower labour costs countries:** Manufacturing set-ups are increasingly shifting to Southeast Asia countries due to lower labour costs

The need for self-reliance

- **US-China tensions:** Strengthened the determination of China's policymakers to advance domestic manufacturing.
- **Skilled labour shortage:** Attracting and retaining skilled workers has become more challenging as some jobs remain unfilled and high turnover rates persist

Strengthening of policy guidance

- **Industrial support ranked 1st on Beijing's priority list for 2024:** Finance ministry to allocate 10.4 billion yuan (\$1.45 billion) to rebuild industrial foundations and promote high-quality development of the manufacturing sector as it
- **Smart Factory Strategy:** Expect 70% of China's major manufacturing firms to be digitalized and networked by 2025, alongside building more than 500 industry-leading smart-manufacturing demonstration plants. Furthermore, all of China's manufacturing firms above a designated size will be digitalized and networked by 2035.

Sources:

SCMP: China steels itself for labour shortfalls, demographic decline with industrial robots

UOB KayHian "Sector update: Industrial Automation - China"

CNBC: China doubles down on manufacturing, leaving real estate behind

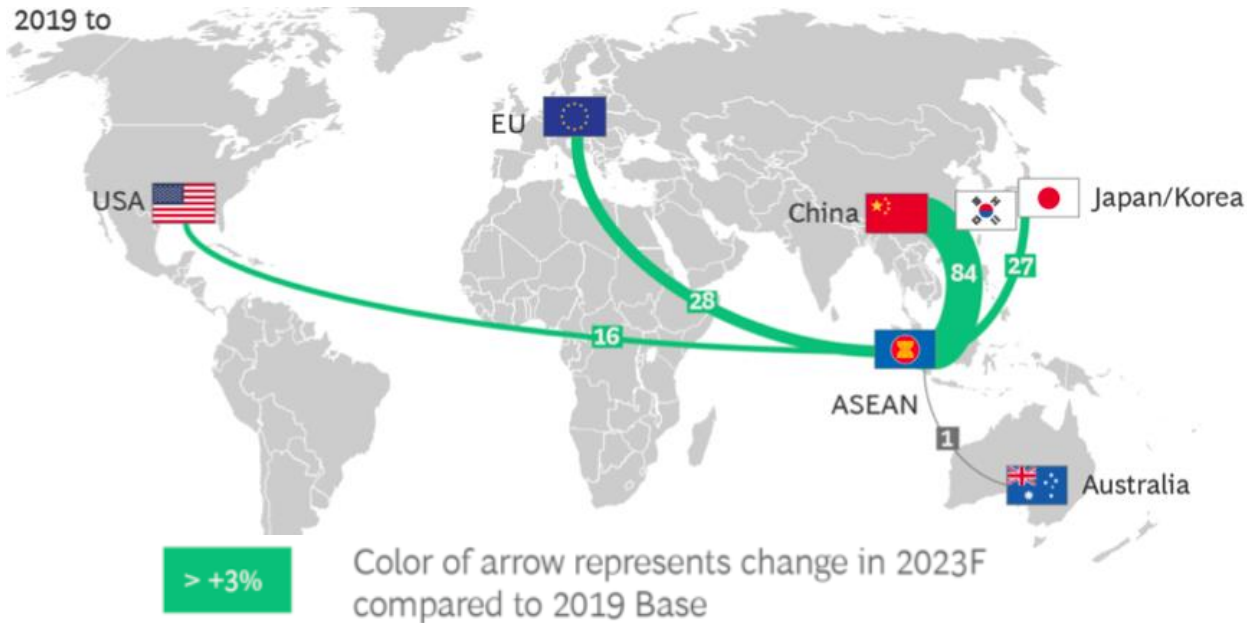
Attractive growth from Industry 4.0 in ASEAN

ISDN is at the right place at the right time with the right capabilities

Industry 4.0 opportunity

- “Next-generation Industry 4.0 technologies and mounting pressures on companies to lower their greenhouse gas emissions, are creating new opportunities for ASEAN
- If ASEAN can take full advantage of these trends, we estimate that by 2030 the region can generate up to \$600 billion a year in additional manufacturing output

Evident shift in trade flows



The ISDN advantage

Right locations

Singapore, Malaysia, and Vietnam

We have strong presence in the key ASEAN nations where manufacturing capabilities are growing

Right capabilities

30+ years of experience

We have a long-standing history and proven capabilities in PRC (largest manufacturing economy in the world)

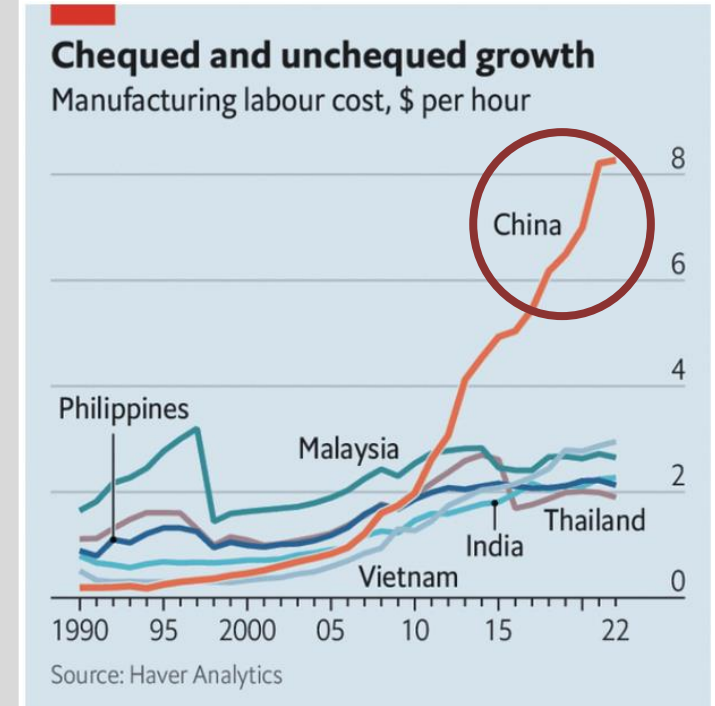
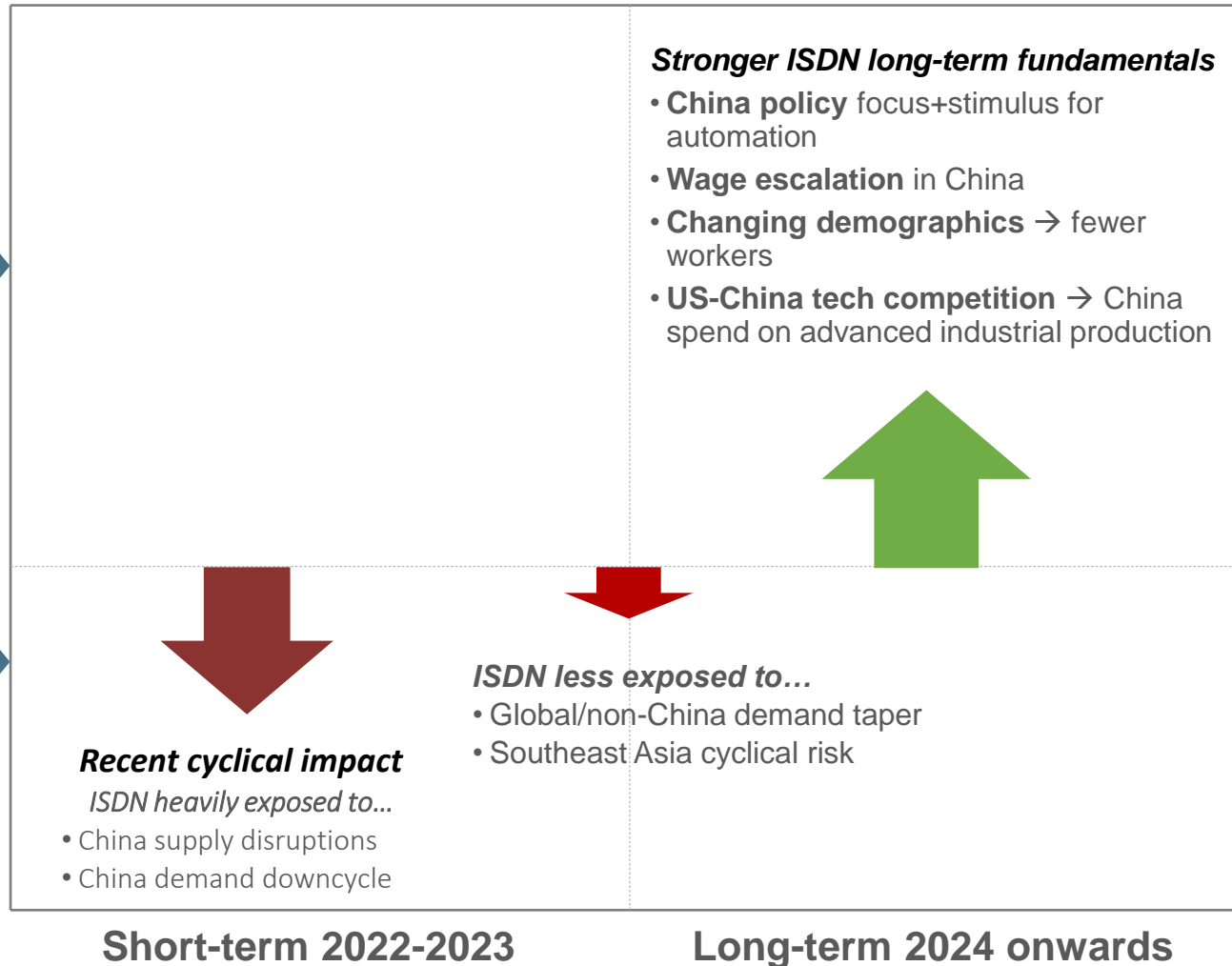
Right shifts

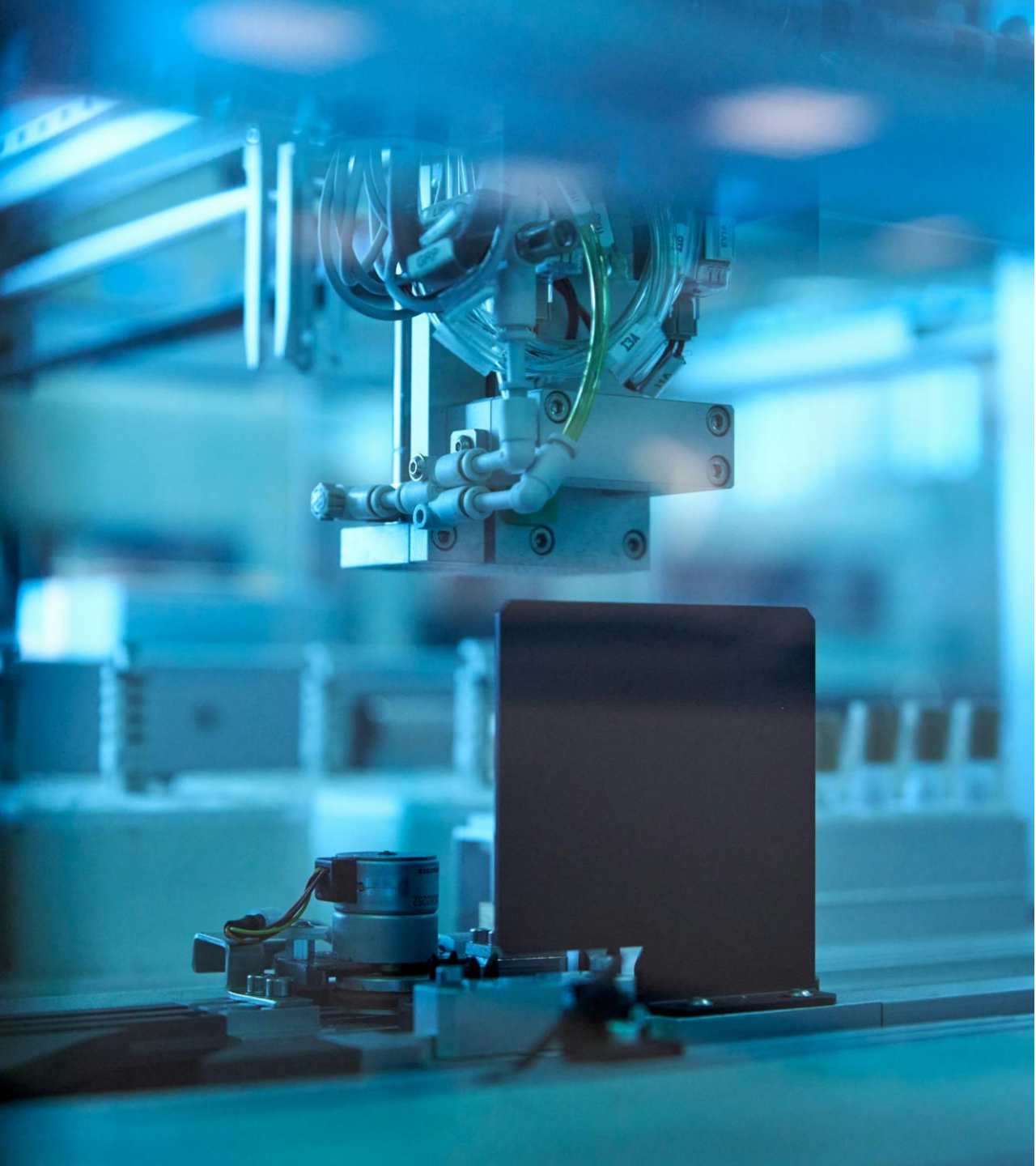
Shift in manufacturing to other ASEAN nations

Shift in manufacturing towards Vietnam, Malaysia, and Singapore as an advanced manufacturing and design hub

Long-term growth drivers have strengthened during downcycle

China policy, wages, economic development all require automation growth





1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

5 Case study

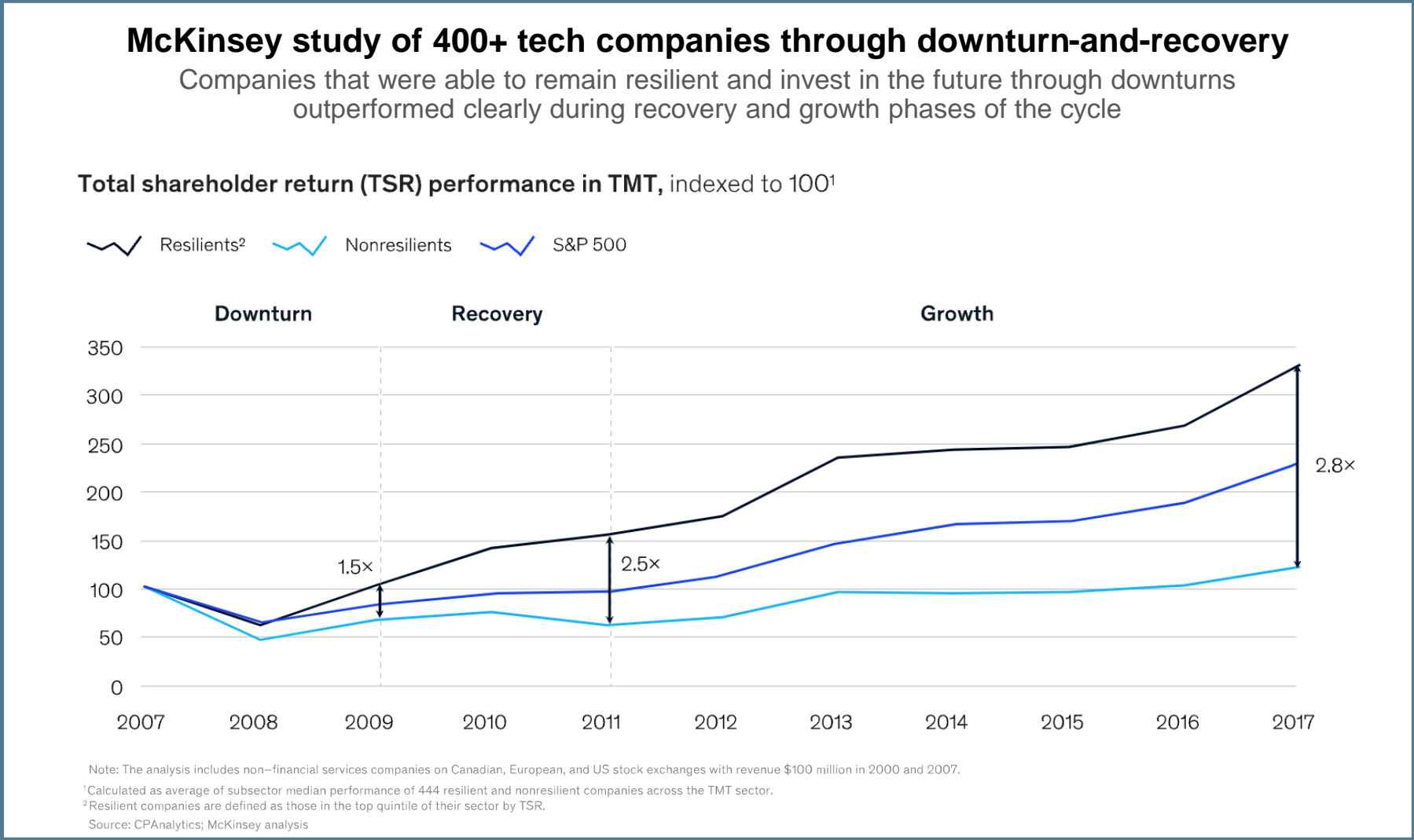
6 Clean energy update

7 FY2024 outlook

Why we've kept building through the downturn

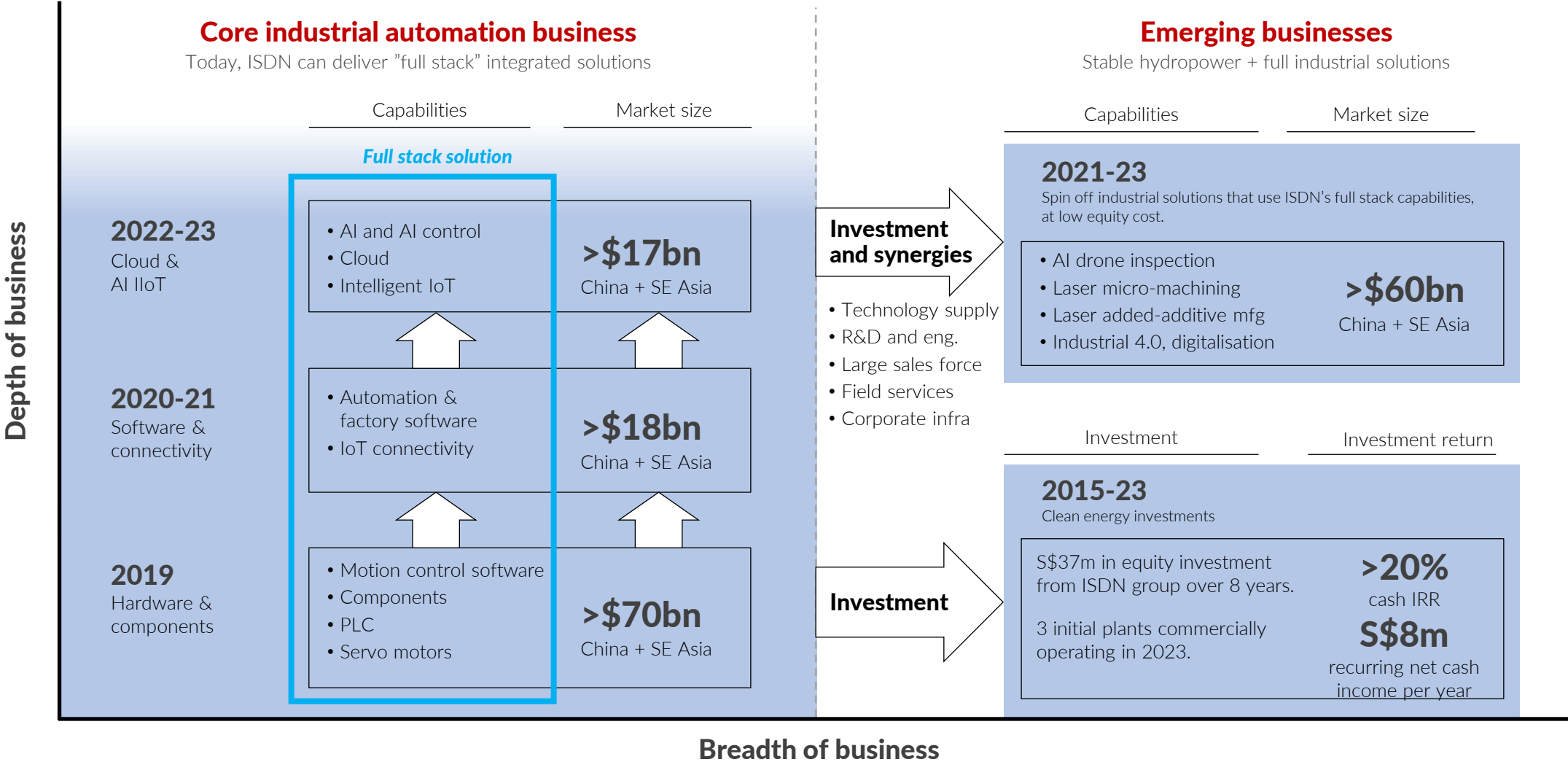
Companies that drive hard through downturns emerge with significantly stronger growth.

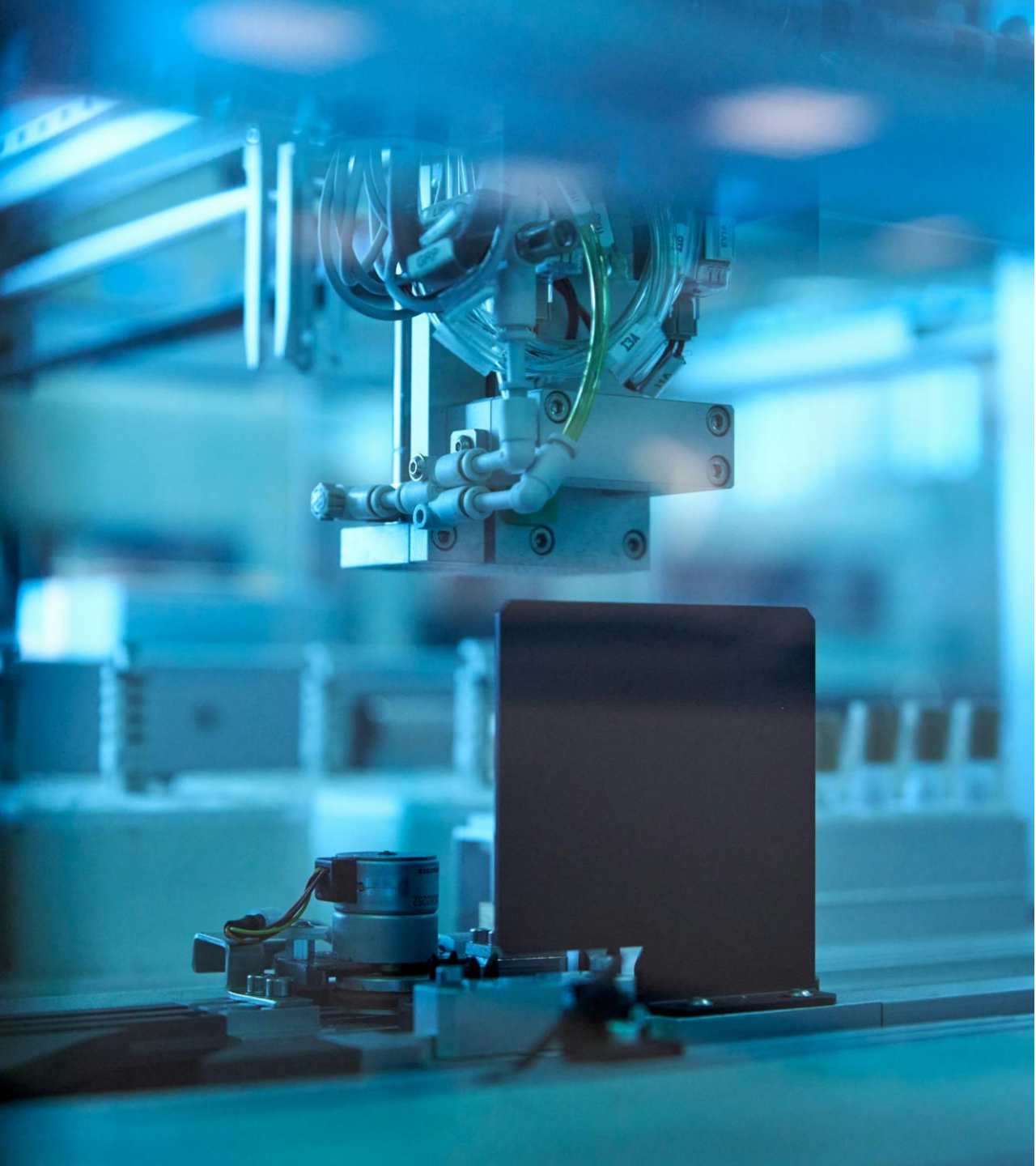
=> We believe sustained investment will position us well for growth, and we are taking market share as a result



We have grown the depth × breadth of our capability through the downturn

Our investment in capabilities has opened up significant addressable market space for ISDN's growth, and we have good commercial traction building in our new capabilities.





1 Our vision and strategy

2 FY2023 results

3 Market update

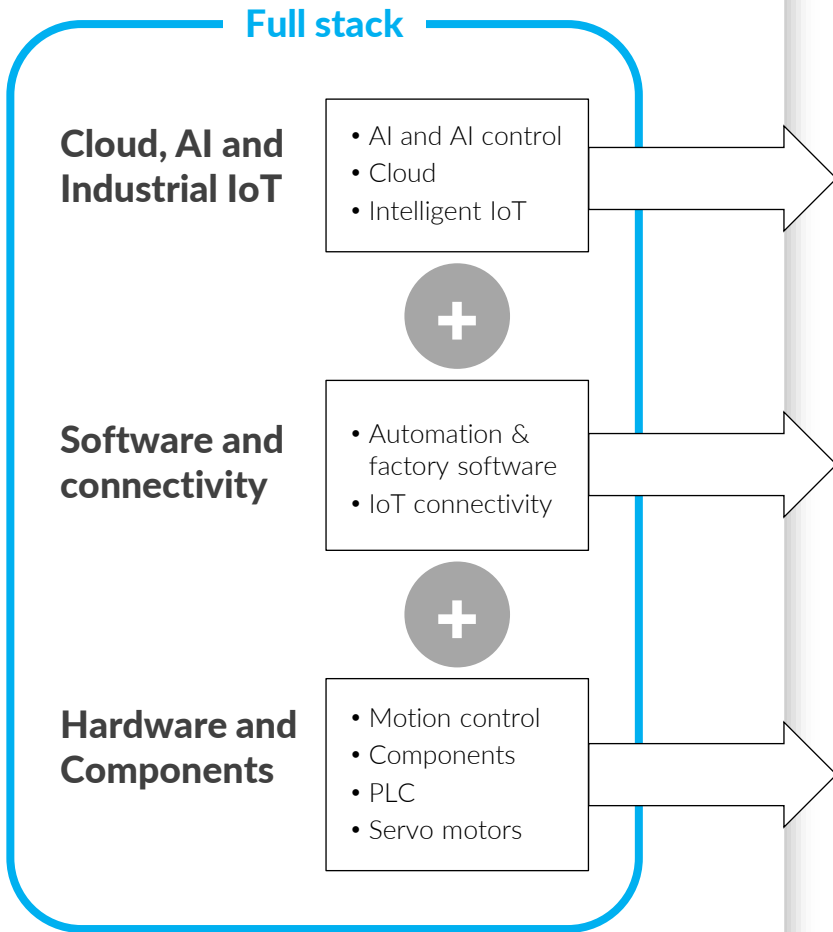
4 Building ISDN

5 Case study

6 Clean energy update

7 FY2024 outlook

NOVAPEAK is a full stack solution provider



Hardware, software, IoT, cloud, AI are all integrated into next-gen solution that is operating today



AI-based advanced optical inspection for defects
Cloud-based analytics and reporting
Connectivity to agencies for reporting



Building digital twin, remote operations, report automation and more



Drone-based regulatory building inspection

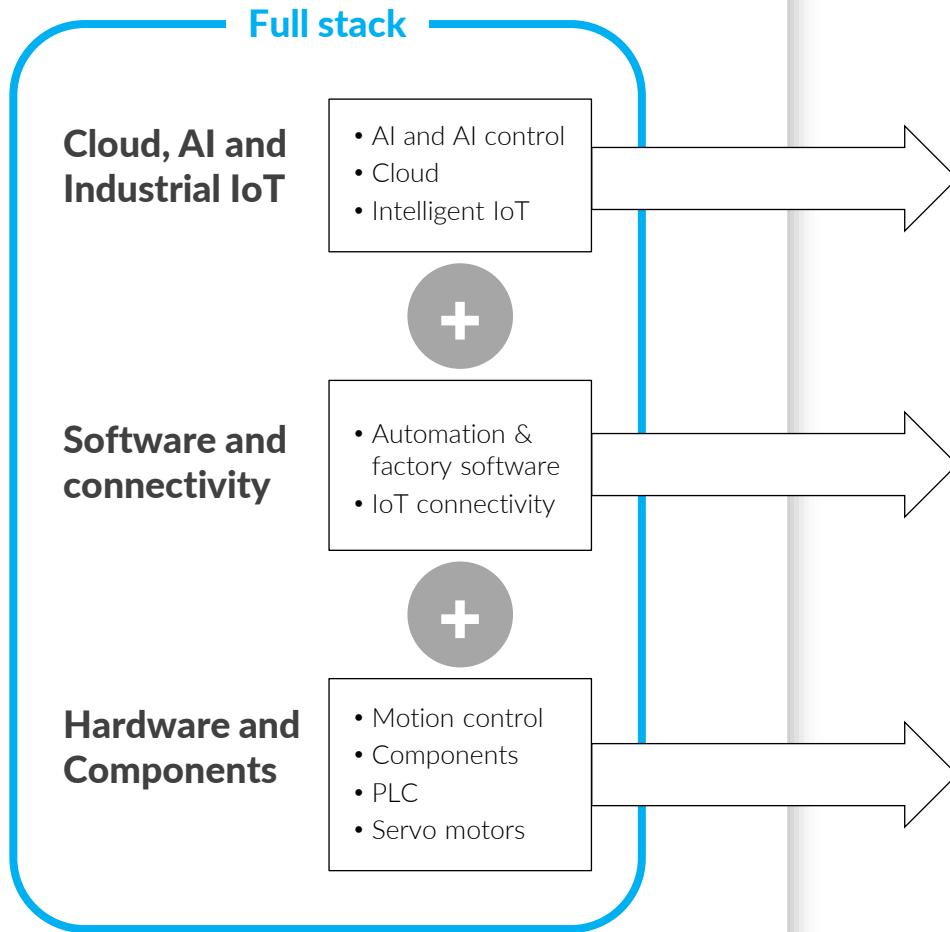
Novapeak automates human-based building inspection in a safer, faster, 100% attentive full stack solution.



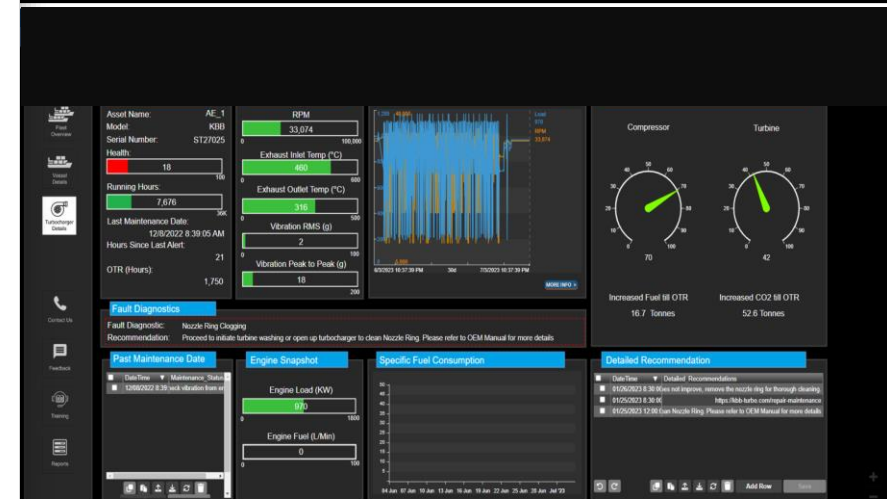
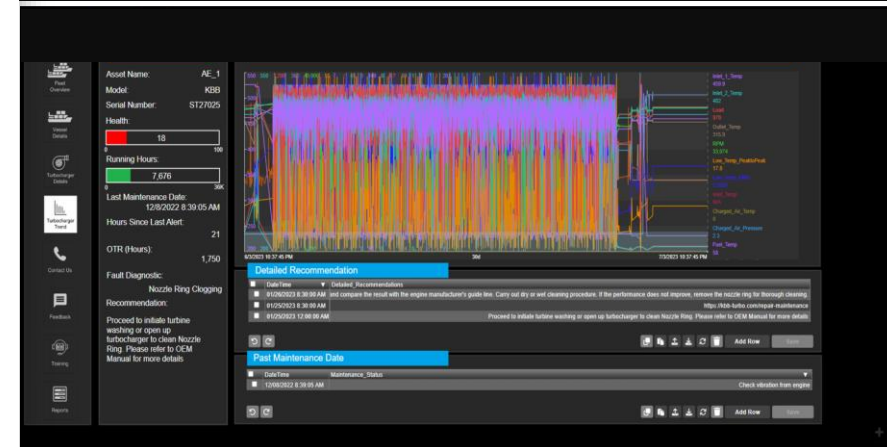
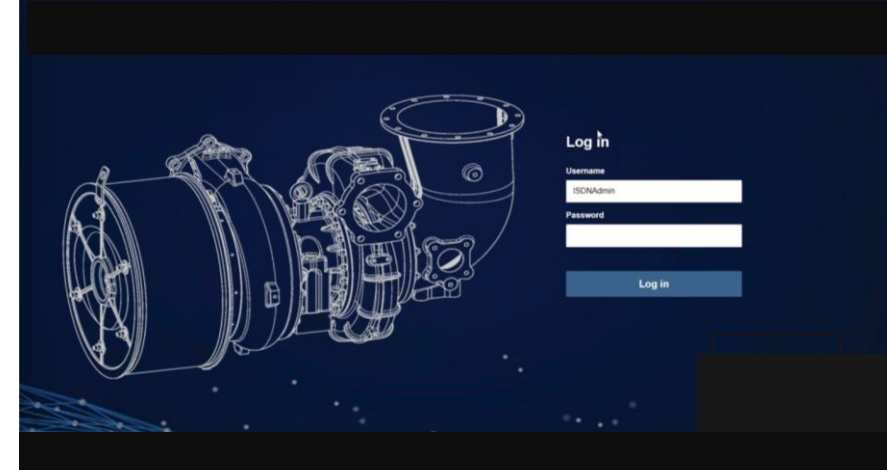
- No limit to building height
- Able to inspect hard-to-reach areas
- Dependable, auditable coverage
- Consistency (significantly less human variance)
- **AI means the system gets better and better over time as it learns!**

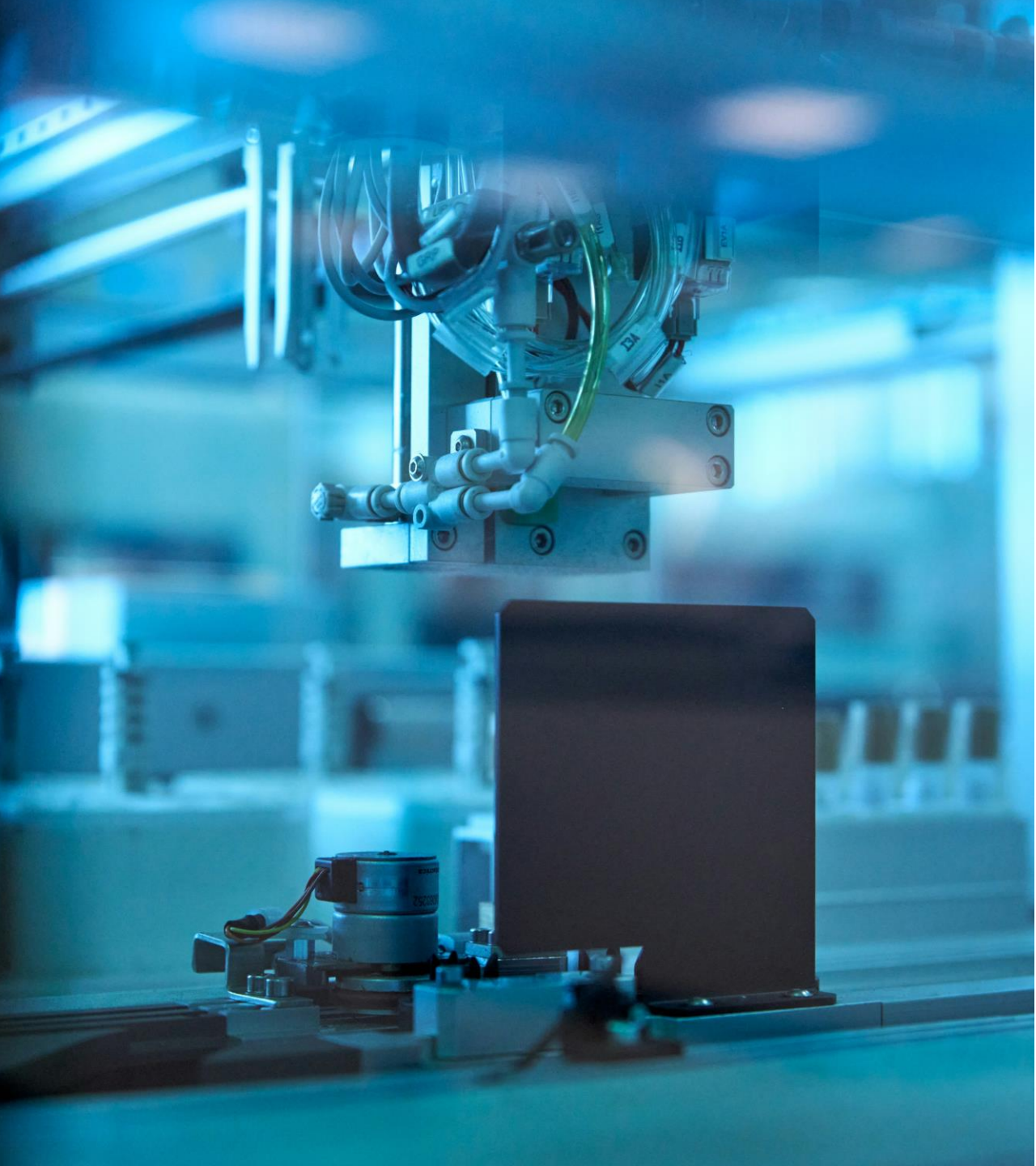
Apply machine learning to monitor and maintain turbochargers

ISDN software and solutions worked to integrate IoT sensors, real time data analytics, and machine learning to optimise the performance of a critical industrial system



- Machine learning based on turbocharger digital twin, including full maintenance history and operational track record
- Satellite backhaul of data into the cloud
- Data aggregation at the edge (ship-side)
- IoT sensors on turbocharger aboard vessel





1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

5 Case study

6 Clean energy update

7 FY2024 outlook

Powering Asia's sustainable future

Early vision will result in impressive long-term results



Our portfolio of mini-hydropower plants



LAU BIANG 10MW
Commercialised since
31 December 2022



SISIRA 4.6MW
Commercialised since
15 June 2023



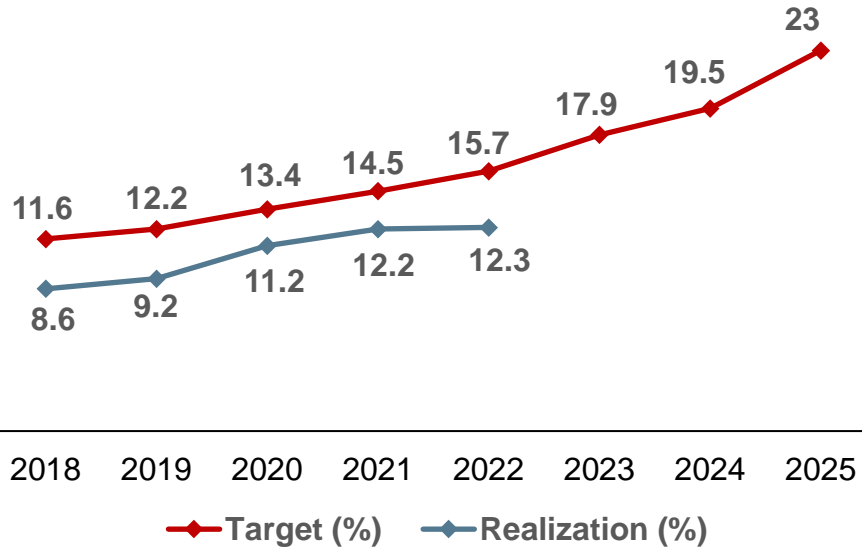
ANGOCICI 10MW
Commercialised since
15 June 2023

Multi-year growth prospects in clean energy

Servicing a massive and growing market opportunity

RE¹ realisation short of target indicates need for acceleration

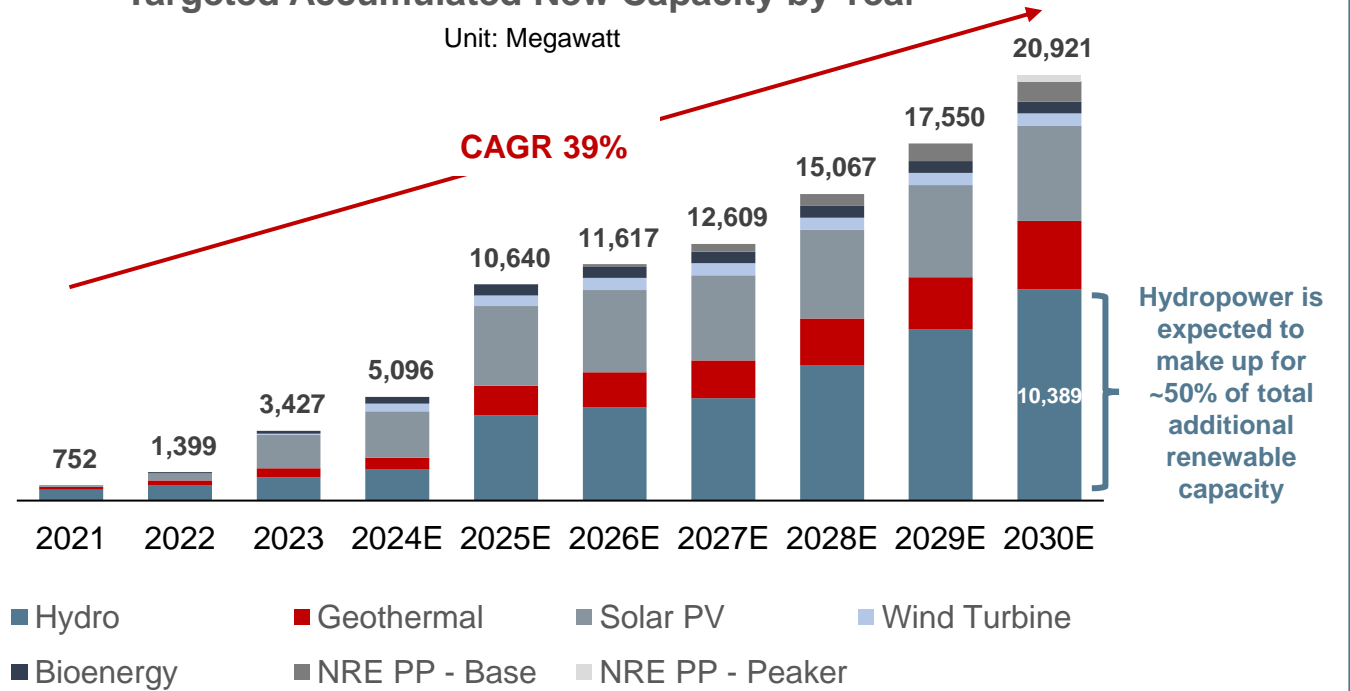
Development of RE share realization over the years



\$2bn to \$5bn in investment per year needed for Indonesia's 2030 renewables target

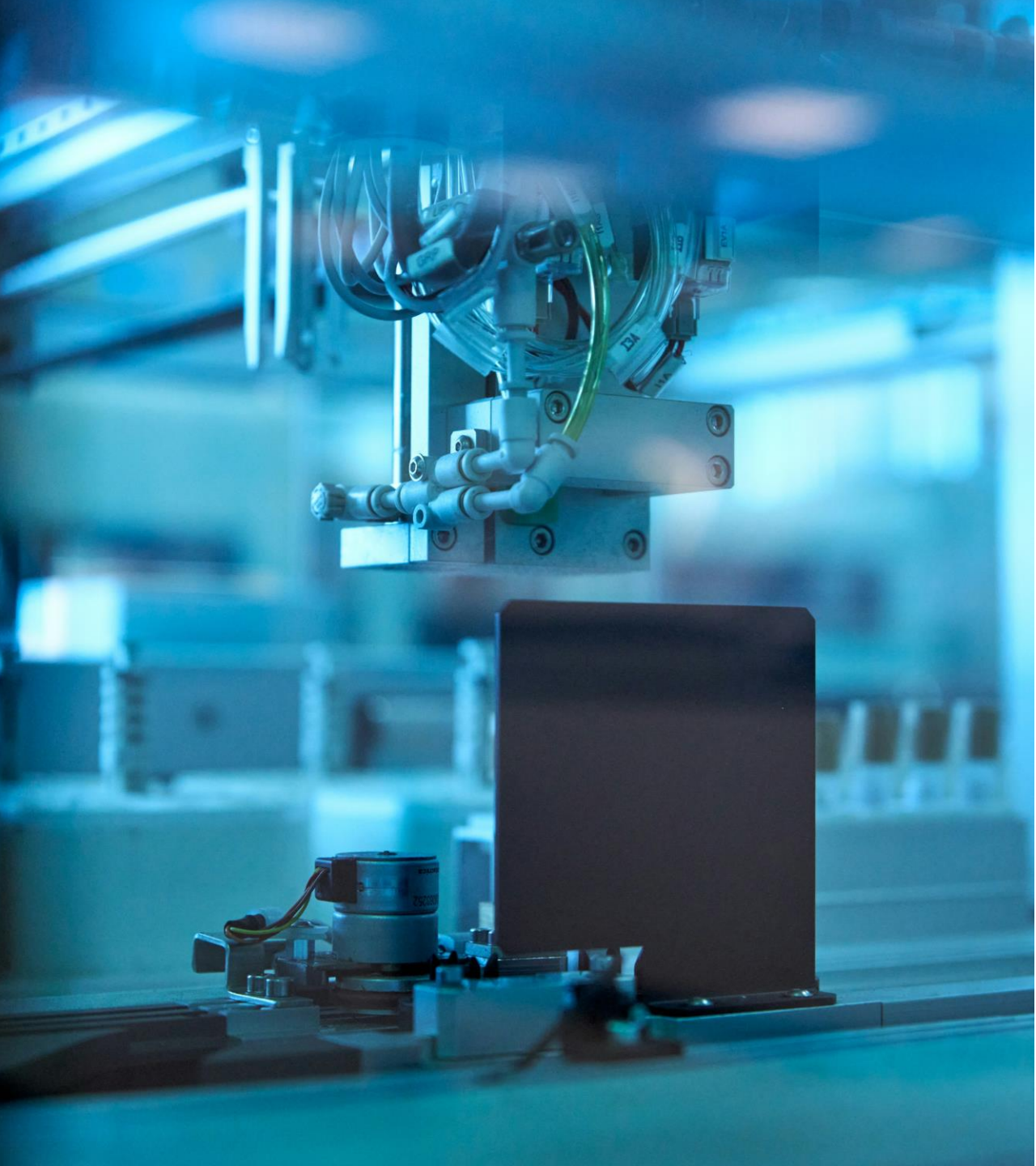
Targeted Accumulated New Capacity by Year

Unit: Megawatt



Early in a clear growth market has strategically positioned ISDN to build value through strong recurring income

¹RE – Renewable Energy
Sources: Ministry of Energy And Mineral Resources (3 March 2023); IESR (January 2024)



1 Our vision and strategy

2 FY2023 results

3 Market update

4 Building ISDN

5 Case study

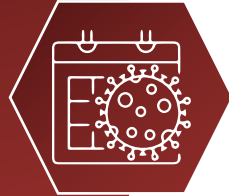
6 Clean energy update

7 FY2024 outlook

ISDN's focus for FY2024

Capitalise on strong business model to drive incremental growth

**EMERGE STRONGER
from China and
semiconductor downcycle**



- Keep building capability and customer relationships in downturn
- Protect market share, position well for recovery

**CAPITALISE
on Industry 4.0 and AI-driven growth**



- Drive continued growth in core automation
- Continue investing to grow capability, including M&A opportunities

**DRIVE
commercial progress in clean industry**



- Generate strong recurring earnings from hydropower plants
- Complete construction work for hydropower plants 4 & 5

**CONTINUOUS
improvement in operations**



- Continue pushing up the technology stack in automation
- Deepen position in Southeast Asia to benefit from China+1 shifts



Investor Q&A