

MEDIA RELEASE

STARBURST REPORTS RECORD REVENUE AND PROFIT FOR FY2021, NET PROFIT INCREASES 39.1% Y-O-Y TO S\$12.7 MILLION

- Revenue increased by 90.6% y-o-y to S\$41.5 million for FY2021, mainly due to commencement of projects in Southeast Asia and the Middle East
- Gross profit increased 90.1% y-o-y to S\$22.8 million while gross profit margin remained consistent at 55%
- Global military actions highlight the continued need for modern military training equipment and facilities

Singapore, 28 February 2022 – Starburst Holdings Limited (“**Starburst**”, or the “**Company**” and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities, has reported a 90.6% year-on-year (“**y-o-y**”) increase in revenue to S\$41.5 million for the full year ended 31 December 2021 (“**FY2021**”), as compared to S\$21.8 million in the previous corresponding period (“**FY2020**”). This increase was mainly attributed to, the commencement of fabrication and installation works for a tactical training mock-up project and the commencement of design and fabrication works for a firearm shooting range project in South East Asia, and the installation works for a firearm shooting range project in the Middle East.

Financial Highlights

(S\$'million)	FY2021	FY2020	Change
Revenue	41.5	21.8	+90.6%
Gross Profit	22.8	12.0	+90.1%
Gross Profit Margin (%)	54.9%	55.0%	-0.1 pts
Net Profit	12.7	9.1	+39.1%
Net Profit Margin (%)	30.6%	41.7%	-11.1 pts
EPS (cents)	5.12	3.48	+46.8%

With project and production costs increasing in line with the revenue, gross profit increased 90.1% y-o-y to S\$22.8 million. A gross profit margin of 55% was maintained in FY2021.

Other operating income increased 52.3%, from S\$151,000 in FY2021 to S\$230,000 in FY2021, mainly attributable to the increase in foreign exchange gain.

On a whole, total expenses increased 73.3% to S\$26.3 million in FY2021 compared to FY2020. Employee benefits expenses increased 82.6% from S\$2.5 million in FY2020 to S\$4.5 million in FY2021, mainly due to the increased headcount in line with increased business activities and a reduced Jobs Support Scheme received from the government. Depreciation expense decreased 22.4% y-o-y to S\$0.8 million in FY2021, mainly due to the increase of fully depreciated assets. Other operating expenses increased 26.0% y-o-y to S\$1.9 million in FY2021, mainly due to the increase in business activities and the increase foreign workers' dormitory rental which was previously borne by the Singapore government in the year 2020.

Consequently, the Group recorded a net profit of S\$12.7 million in FY2021, a 39.1% y-o-y increase from S\$9.1 million net profit recorded in the prior corresponding period. The Group has not declared dividends for 2H2021 in favour of retaining cash for working capital and business expansion in future.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, "In 2021, we have pushed beyond our geography of South East Asia and Middle East through a contract in North Africa. Such contracts are recognition of our technical know-how and experience in the defence industry, displaying the trust in our facilities and their position in providing proper training in a safe and controlled environment.

Despite the pandemic, defence is an industry that has a public involvement in the sovereignty of nations and private security in higher-risk areas. It is not easily replaced and as such, our contracts with our clientele have continued to grow in 2021.

In light of the international engagements, defence forces are constantly reminded of the need to maintain relevancy of their firearms handling. I believe Starburst will continue to provide these environments for our customers for years to come."

Outlook

As the pandemic challenges the world economic outlook with global growth rate moderating from 5.9% in 2021 to 4.4 % in 2022¹, which is a markdown from the forecast before 2022, global spending on military has increased nominally. The global defence expenditure reached a US\$1.92 trillion in 2021, however with high inflation across the world, the real growth rate is -1.8%.²

In spite of inflation reducing real growth for defence budgets, Asia's spending has achieved 2.8% in real growth highlighting the geopolitical concerns in the region and the subsequent spending.

The Covid-19 situation continues to change and evolve, organizations are hesitant to commit to predications and expectations. The Group does not expect a material impact on its current operations and performance given the nature of the business as an essential service. The Group is closely monitoring the shifting situation and will continue to provide updates to the stakeholders.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

² <https://iiss.org/blogs/analysis/2022/02/military-balance-2022-further-assessments>

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, “With new variants and restrictions of Covid-19 arising in 2021, many countries in the world have employed various measures that affect industries broadly. Each nation becomes more inwardly focused at the security and self-reliance of their own resources.

As a Group, our service to the sector has recorded financial results surpassing the previous year. Despite the results, we will continue to move ourselves forward by providing customized training solutions for existing and potential customers through innovative design and engineering. We aim to share our experience with new customers and keep ourselves at the forefront of the growing situation to further improve our methodology of providing quality training and facilities for our customers.”

– The End –

ABOUT STARBURST HOLDINGS LIMITED

Starburst is an engineering specialist which designs, fabricates, installs and maintains anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. The Group's firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East. In addition, Starburst offers complete service and maintenance programmes to ensure that the completed firearm shooting ranges and tactical training mock-ups are kept in optimal operating conditions.

Starburst is one of the few companies operating primarily in Southeast Asia and the Middle East, which provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms training facilities and tactical training mock-ups. With its established track record in the niche business of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups, Starburst is able to meet the requirements of government agencies in its key markets. Starburst maintains close business relationships with key global players in the military training software and equipment markets, which also enables the Group to secure contracts in Southeast Asia and the Middle East.

In addition, Starburst has developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under its "Searls" trademark. By using and supplying its proprietary line of anti-ricochet ballistic protection materials, Starburst is able to better manage and control costs and offer customised solutions to its customers.

For more information, please visit www.starburst.net.sg

*This media release has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This media release has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.*

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