

MEDIA RELEASE

STARBURST REPORTS RECORD REVENUE AND PROFIT FOR HY2021, NET PROFIT INCREASES 253.7% Y-O-Y TO S\$7.4 MILLION

- Revenue increased by 110.9% y-o-y to S\$20.5 million for HY2021, mainly due to commencement of projects in Southeast Asia and the Middle East
- Gross profit increased 177.2% to S\$12.4 million while gross profit margin expanded 14.4 percentage points
- Rising geopolitical tensions continue to create strong demand for modern military training equipment and facilities
- The Board of Directors declare an interim dividend of 0.6 Singapore cents per share for HY2021, representing a payout of 20.0%

Singapore, 13 August 2021 – 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 110.9% year-on-year (“**y-o-y**”) increase in revenue to approximately S\$20.5 million for the six months ended 30 June 2021 (“**HY2021**”), as compared to S\$9.7 million in the previous corresponding period (“**HY2020**”). This increase was mainly derived from the commencement of fabrication and installation works for a tactical training mock-up project and design and fabrication works for a firearm shooting range project in Southeast Asia, and installation works for a firearm shooting range project in the Middle East.

Financial Highlights

| (S\$'million) | HY2021 | HY2020 | Change |
|--------------------------------|--------|--------|---------|
| Revenue | 20.5 | 9.7 | +110.9% |
| Gross Profit | 12.4 | 4.5 | +177.2% |
| Gross Profit Margin (%) | 60.3% | 45.9% | +14.4% |
| Net Profit | 7.4 | 2.1 | +253.7% |
| Net Profit Margin (%) | 36.1% | 21.6% | +14.5% |
| EPS (cents) | 2.99 | 0.80 | +273.8% |

Gross profit increased 177.2% to S\$12.4 million while gross profit margin increased 14.4 percentage points to 60.3% in HY2021.

Other operating income increased 19.1%, from S\$115,000 in HY2020 to S\$137,000 in HY2021, mainly attributable to the increase in foreign exchange gain.

On a whole, total expenses increased approximately 50.5% to S\$11.6 million in HY2021 compared to HY2020. Employee benefits expenses increased 84.2% from S\$1.0 million in HY2020 to S\$1.9 million in HY2021, mainly due to the increased headcount and reduced Jobs Support Scheme received from the government. Depreciation expense decreased 26.3% to S\$0.4 million in HY2021, mainly due to the increase of fully depreciated assets. Other operating expenses increased 42.3% to S\$1.0 million in HY2021, primarily due to the decrease in foreign workers' dormitory rental which was borne by the government in HY2020.

Consequently, the Group recorded a net profit of approximately S\$7.4 million in HY2021, a 253.7% y-o-y increase from S\$2.4 million net profit recorded in the prior corresponding period. The Group has also declared an interim dividend of S\$0.6 cents per share for HY2021.

The Group's balance sheet continues to strengthen, with cash and bank balance of S\$10.0 million as at 30 June 2021 and a debt-to-equity ratio of 0.38 time for the period.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, “2020 was a year marred by the pandemic while 2021 brought a fresh outlook for business. However, that was soon dampened as the new Covid-19 wave seemed more impactful. In this uncertain business environment, adaptability and agility proved to be key success parameters for the Group as we delivered record HY2021 profitability. Our technical expertise and know-how in the defence industry continued to ensure a healthy inflow of new contracts despite the pandemic and hence, we managed to emerge victorious in this new normal. Furthermore, we remain committed to not only expanding our portfolio of contracts in our key target markets but also expand our geographical presence. In view thereof, we have secured contracts in North Africa and will continue to explore such expansion opportunities. We will also strive to constantly build a stronger base of maintenance service contracts to achieve earnings sustainability. Moreover, we continue to focus on ensuring effective cost management of our projects and production costs in these uncertain times.”

Bucking all historical trends, Starburst clinched two new contracts for Southeast Asia and one variation order on an existing contract in the Middle East amounting to a total of approximately S\$18.5 million in HY2021. Subsequent to the period ended 30 June 2021, the Group secured another contract worth S\$4.7 million in Southeast Asia, the Middle East and North Africa.

Outlook

Coming out of a year marred by the pandemic causing a 4.4% shrink in global economic output¹, military expenditure continued to increase and gain traction. The total global military expenditure hit US\$2 trillion in 2020, an increase of 2.6% in real terms from 2019. Global defence spending is expected to grow at 2.8% in 2021 to cross US\$2 trillion² as countries still look to modernise their military equipment and training facilities.

¹ Trends in World Military Expenditure, 2020 – Stockholm International Peace Research Institute (SIPRI), April 2021

² 2021 aerospace and defence industry outlook – Deloitte 2021

In Asia, China, India, Japan and South Korea were the largest military spenders in the region. All 4 countries increased their military spending between 2019 and 2020 and over the decade 2011-20, with China's military expenditure rising for the 26th consecutive year and estimated to have totalled \$252 billion in 2020². Terrorists continue to remain a major threat to security forces globally, as does conflict and instability in Africa and the Middle East. Ongoing geopolitical tensions in the Middle East are also creating a strong demand for modern military equipment.

As the COVID-19 situation is still evolving, there is a degree of uncertainty over the length and severity of this pandemic. 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 evolving situation and will continue to provide updates to the stakeholders.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, "Economies around the world have dipped back into a lockdown situation due to the resurgence of the Covid-19 virus. These uncertain and challenging times have continued to create geopolitical tensions globally. As a Group, we are proud to have delivered a record set of results, owing to our record order book to date. However, we will continue to push ourselves forward and pursue opportunities to design and engineer customized training solutions for existing and potential customers. We will constantly be on the lookout for new partners and securing new installation and long-term maintenance contracts to achieve higher profitability as well as enhance the sustainability of our earnings."

– 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 news 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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