

NEWS RELEASE

STARBURST RETURNS TO THE BLACK WITH S\$9.1 MILLION NET PROFIT FOR FY2020

- Revenue increased by 135.5% y-o-y to S\$21.8 million for FY2020, mainly due to contribution from projects in Southeast Asia and the Middle East
- Gross profit increases 178.4% to S\$12.0 million while gross profit margin expanded 8.5 percentage points
- The Group remains optimistic of its ongoing discussions and contract position as law enforcement related customers respond to increasing threats of terrorism and extremism
- The Board of Directors declares a final dividend of 1 Singapore cent per share for FY2020 (FY2019: 0.25 Singapore cents per share), representing a payout of 27.2%

Singapore, 25 February 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 significant 135.5% increase in revenue to approximately S\$21.8 million for the full year ended 31 December 2020 (“**FY2020**”), as compared to S\$9.2 million in the previous corresponding period (“**FY2019**”). This increase was mainly derived from two tactical training mock-up projects and a firearm shooting range project in Southeast Asia, and a firearm shooting range project in the Middle East.

Financial Highlights

(S\$'million)	FY2020	FY2019	Change
Revenue	21.8	9.2	+135.5%
Gross Profit	12.0	4.3	+178.4%
Gross Profit Margin (%)	55.0%	46.5%	+8.5 pts
Net Profit	9.1	(2.4)	n.m.
Net Profit Margin (%)	41.9%	n.m.	n.m.
EPS (cents)	3.73	(0.98)	n.m.

n.m. denotes not meaningful

Gross profit increased 178.4% to S\$12.0 million while gross profit margin increased 8.5 percentage points to 55.0% in FY2020.

Other operating income increased 93.6%, from S\$78,000 in FY2019 to S\$151,000 in FY2020, mainly attributable to the grant received from the government agency.

On a whole, total expenses increased approximately 30.0% to S\$15.2 million in FY2020 compared to FY2019. Employee benefits expenses decreased 21.7% from S\$3.2 million in FY2019 to S\$2.5 million in FY2020, mainly due to the Jobs Support Scheme received from the government as announced under the Stabilisation and Support Package at Budget 2020. Depreciation expense decreased 18.6% to S\$1.1 million in FY2020, mainly due to the increase of fully depreciated assets compared to FY2019. Other operating expenses decreased 19.0% to S\$1.5 million in FY2020, primarily due to the decrease in foreign workers' dormitory rental, sales and marketing expenses and the absence of amortisation of intangible assets in the current period as it was fully amortised in FY2019.

Consequently, the Group recorded a net profit of approximately S\$9.1 million in FY2020, a turnaround from a S\$2.4 million net loss recorded in FY2019.

The Group's balance sheet remains sound, with cash and bank balances of S\$9.8 million as at 31 December 2020 and a debt-to-equity ratio of 0.52 time for the year.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst, said, **“Our FY2020 revenue and profit are a testament, not only to our technical capabilities in the defence industry but also great management capabilities which helped us steer through the pandemic related disruptions and emerge more resilient in the new normal. We will continue to remain committed to expanding our portfolio of contracts in Southeast Asia and the Middle East. Additionally, we will also continue to closely monitor our costs and strengthen our financial position in these uncertain times. While we actively expand our partnerships, we also strive to expand our portfolio of maintenance service contracts to improve our recurring revenue base, thereby achieving sustainable growth.”**

Notably, Starburst clinched a S\$7.9 million contract for the building of an indoor and outdoor shooting ranges training facility in the Middle East in December 2020, in addition to the previously secured S\$59.1 million worth of contracts during the financial year ended 31 December 2020.

Outlook

Defence budgets and revenues for defence contractors are expected to remain stable in 2021. Global defence spending is expected to grow at 2.8% in 2021 to cross US\$2 trillion¹. Amidst the rising geopolitical tensions, countries across the global continue to spend on modern equipment for military strengthening, despite the pandemic.

In Asia, China announced a 6.6% increase in military budget compared to previous year, while India and Japan also continue to increase their military expenditures. Military spending in Southeast Asia also increased 4.2% in 2019 to reach US\$40.5 billion². 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 military equipment.

¹ 2021 aerospace and defence industry outlook – Deloitte, 2021

² Trends in World Military Expenditure, 2019 – Stockholm International Peace Research Institute (SIPRI), April 2020

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. We are closely monitoring the evolving situation and will continue to provide updates to our stakeholders.

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst, commented, “**Despite our record order book to date, we will not rest on our laurels but continue to work hard to secure more contracts. As law enforcement officers continue to counter the rising threat of terrorism and extremism, global defense spending will also accelerate. In order to make optimal use of this opportunity, we are actively responding to enquiries and requests for tenders in Southeast Asia and the Middle East. Furthermore, we are working towards strengthening our partnerships in order to successfully collaborate on joint tenders. We hope to achieve positive bids in the near future**”

– 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 news 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 news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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Issued for and on behalf of Starburst Holdings Limited by Financial PR

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