

PROFIT GUIDANCE FOR THE FULL YEAR ENDED 30 JUNE 2021

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Based on a preliminary assessment of the unaudited financial results for the full year ended 30 June 2021 (“**FY2021**”), the board of directors (the “**Board**”) of ISOTeam Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to advise shareholders that the Group is expected to report a net loss for FY2021, due mainly to:

- (a) the continued adverse impact from the global COVID-19 pandemic; and
- (b) further provisions for impairment losses.

The ongoing COVID-19 pandemic continues to disrupt the normal operations of the global economy. Since the half year ended 31 December 2020, the operating environment and prospects of the Group have remained challenging. As a result, the Group’s operations and financial performance have continued to be adversely impacted by, among others, shortages in labour resources, cost inflations and disruptions to raw material supply chains, and disruptions to the work of sub-contractors due to COVID-19 restriction measures as well as sustained cross border control restrictions.

In addition, the Group is expected to make further provisions for impairment losses, in particular on the Pure Group entities due to low order books and delays in project execution. Please refer to section 2 below for updates in respect of the profit target of the Pure Group entities for FY2021.

Nevertheless, the Company wishes to assure shareholders that the Group has sufficient working capital to meet its operational needs and financial commitments. The Group will continue to exercise prudent balance sheet management.

The Group is in the process of finalizing its unaudited financial results for FY2021 and further details of the Group’s financial performance will be disclosed when the Company announces its unaudited financial results for FY2021 (the “**FY2021 Results Announcement**”) on or before 29 August 2021.

2. UPDATE ON THE PURE GROUP ENTITIES – FY2021 EARN-OUT PAYMENT

The Board refers to the Company’s announcements dated 24 July 2019, 1 October 2019, 30 October 2019, 29 November 2019, 2 January 2020, 7 January 2020, 21 January 2020 and 28 October 2020 (the “**Announcements**”) in relation to the proposed acquisition of the Pure Group entities. Unless otherwise defined or the context otherwise requires, all capitalised terms used herein shall bear the same meanings as in the Announcements.

Further to the Company’s announcement dated 28 October 2020 in relation to the FY2020 Earn-Out Payment, the Board wishes to update shareholders that based on the preliminary results of the Target Companies for the period from 1 July 2020 to 30 June 2021, the FY2021 Earn-Out Payment of S\$5 million has not been achieved and the Target Companies are expected to incur a net loss after tax. Accordingly, the condition for the release and exercise of the 35,545,024 Consideration Warrants in respect of the FY2021 Earn-Out Payment has not been fulfilled.

Further details, including the variance between the FY2021 Earn-Out Payment and the financial results of the Target Companies, will be provided in the FY2021 Results Announcement in

accordance with Catalist Rule 1013(3)(a). The Company confirms that there are no material variations to the terms of the Proposed Acquisition as disclosed in the Announcements.

In view of the above, the Group is considering a restructuring of its commercial interior design business which the Pure Group entities are part of, along with such other measures as may be appropriate. The Company will make the relevant announcement(s) as and when there are material developments on the same.

In the meantime, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers before trading in or making any investment decision regarding the Company's shares.

By Order of the Board

Anthony Koh Thong Huat
Executive Director and Chief Executive Officer
10 August 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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