



3rd Quarter 2022 Business Update

10 November 2022

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OPERATIONAL UPDATE FOR 3RD QUARTER 2022

Operational Update for 3rd Quarter 2022

Business Climate

- The Group continues to monitor the COVID-19 situation and will step up COVID-19 measures across the organisation if necessary, to safeguard our customers, suppliers, employees and other stakeholders.
- Ongoing global geopolitical tensions and pent-up consumer demand continue to exert inflationary pressure on business cost.
- The Group is monitoring the higher operating costs closely and will take the appropriate strategies and measures to mitigate the impact.

Operational Update for 3rd Quarter 2022

Vehicle Inspection Business

- The vehicles inspection business has largely been stable, except that there was lower demand for new car registrations / emission testing services as a result of low COE quota and the worldwide shortage of microchips affecting vehicle productions.

Non-Vehicle Testing Business

- Overall business continued to improve in 3Q 2022 with the recovery of most industries from the pandemic.
- However, there are considerable inflationary pressures as a result of supply chain disruptions and the shortages of labour.

**FINANCIAL UPDATE
FOR
3RD QUARTER & YTD SEP 2022**

Income Statement - 3rd Quarter & YTD Sep 2022

	3Q 2022	3Q 2021	Fav/(Adv)		9 mths to	9 mths to	Fav/(Adv)	
	\$'000	\$'000	\$'000	%	30 Sep 22	30 Sep 21	\$'000	%
Revenue	27,404	26,280	1,124	4	80,735	75,440	5,295	7
Operating Costs	(19,284)	(18,332)	(952)	(5)	(56,091)	(52,552)	(3,539)	(7)
Operating Profit	8,120	7,948	172	2	24,644	22,888	1,756	8
Profit after Tax	6,556	6,465	91	1	19,854	18,706	1,148	6
Profit after Tax and Minority Interest (PATMI)	6,461	6,333	128	2	19,567	18,334	1,233	7
EBITDA	9,943	9,754	189	2	30,039	28,129	1,910	7
Operating Profit before COVID-19 Government Reliefs	8,085	7,464	621	8	24,405	21,183	3,222	15
COVID-19 Government Reliefs	35	484	(449)	(93)	239	1,705	(1,466)	(86)
Operating Profit after COVID-19 Government Reliefs	8,120	7,948	172	2	24,644	22,888	1,756	8

Income Statement - 3rd Quarter & YTD Sep 2022

3Q 2022 versus 3Q 2021

- Revenue ↑ \$1.1 million – Mainly from the higher business volume in the non-vehicle testing business as it rides on the recovery phase of the Singapore economy.
- Operating Costs ↑ \$0.9 million – Higher operating costs of \$0.5 million in tandem with higher business volume and lower COVID-19 Government reliefs of \$0.4 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy .
- Operating Profit ↑ \$0.2 million – This is due to the higher revenue which more than offset the higher operating costs.
- PATMI ↑ \$0.1 million – As a result of higher operating profit and higher interest income offset by higher tax expenses. The higher tax expenses was due to a lower effective tax rate last year from higher Job Support Scheme which were not taxable.

Income Statement - 3rd Quarter & YTD Sep 2022

YTD Sep 2022 versus YTD Sep 2021

- Revenue ↑ \$5.3 million – Mainly from the higher business volume in the non-vehicle testing business as it rides on the recovery phase of the Singapore economy.
- Operating Costs ↑ \$3.5 million – Higher operating costs of \$2.1 million in tandem with higher business volume coupled with lower COVID-19 Government reliefs of \$1.4 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy.
- Operating Profit ↑ \$1.8 million – This is due to the higher revenue which more than offsets the higher operating costs.
- PATMI ↑ \$1.2 million – As a result of higher operating profit and higher interest income offset by higher tax expenses. The higher tax expenses was due to a lower effective tax rate last year from higher Job Support Scheme which were not taxable.

Balance Sheet

	Sept 22	Dec 21	Fav/(Adv)	
	\$'000	\$'000	\$'000	%
Cash & Cash Equivalents	58,751	75,360	(16,609)	(22.0)
Other Current Assets	15,232	12,326	2,906	23.6
Non-Current Assets	109,382	112,079	(2,697)	(2.4)
Total Assets	183,365	199,765	(16,400)	(8.2)
Current Liabilities	34,306	39,130	(4,824)	(12.3)
Non-Current Liabilities	31,681	32,421	(740)	(2.3)
Total Liabilities	65,987	71,551	(5,564)	(7.8)
Total Equity	117,378	128,214	(10,836)	(8.5)

- Cash and cash equivalents decreased by \$16.6 million mainly from dividend payments and CAPEX offset by cash generated from operations.
- Other Current assets increased by \$2.9 million mainly from higher trade receivables.
- Non-current assets decreased by \$2.7 million mainly from depreciation offset by additions in CAPEX.
- Total liabilities decreased by \$5.6 million mainly from the decrease in trade and other payables, income tax payables and lease liabilities.

Cashflow

	3Q 2022	YTD Sept 2022
	\$'000	\$'000
Cash from Operating Activities	6,613	18,840
<u>Utilisation of Cash:</u>		
Dividends to Shareholders and non-controlling interests	(11,959)	(30,778)
Purchase of vehicles, premises and equipment	(1,502)	(4,171)
Payments under lease liability	(272)	(808)
Total Utilisation of Cash	(13,733)	(35,757)
Interest Received	173	310
Proceeds from disposal of vehicles, premises & equipment	1	38
Net effect of exchange rate changes in consolidating subsidiaries	(22)	(40)
Net Cash Used	(6,968)	(16,609)

Financial Summary

Financial Performance

- Revenue for 3Q 2022 at \$27.4m was higher by \$1.1m or 4% against 3Q 2021.
- Operating profit at \$8.1m was higher by \$0.2m or 2% against 3Q 2021.
- Excluding Government reliefs, Operating Profit was higher by \$0.6m or 8% against 3Q 2021.
- PATMI for 3Q 2022 at \$6.4m was higher by \$0.1m or 2% against 3Q 2021.

Financial Position

- Strong and resilient balance sheet.
- Healthy cash balance of \$58.8m.

Cash Flow

- Net cash of \$7.0m used during 3Q 2022.

THANK YOU