



TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

**UPDATES ON THE GROUP'S BUSINESS PERFORMANCE
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023**

The Board of Directors (the "**Board**") of TeleChoice International Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to provide the Group's business performance update for the third quarter ended 30 September 2023 ("**3Q2023**") and nine months ended 30 September 2023 ("**9M2023**").

FINANCIAL HIGHLIGHTS*

| Revenue (S\$'M) | 1Q2023 | 2Q2023 | 3Q2023 | 9M2023 | 9M2022 | +/- (%) |
|---|---------------|---------------|---------------|---------------|---------------|--------------------|
| Personal Communications Solutions Services ("PCS") | 16.6 | 23.0 | 26.4 | 66.0 | 80.4 | -18 |
| Info-Communications Technology Services ("ICT") | 16.5 | 19.6 | 19.5 | 55.6 | 45.9 | +21 |
| Network Engineering Services ("Engineering") | 13.1 | 12.9 | 12.1 | 38.1 | 36.7 | +4 |
| Group | 46.2 | 55.5 | 58.0 | 159.7 | 163.0 | -2% |
| Profit/(Loss) Before Tax (S\$'M) | 1Q2023 | 2Q2023 | 3Q2023 | 9M2023 | 9M2022 | +/- (%) |
| PCS | - | (0.4) | 0.3 | (0.1) | 0.0 | nm |
| ICT | (1.7) | (1.0) | (0.2) | (2.9) | (4.0) | +28 |
| Engineering | (0.4) | (0.3) | (0.4) | (1.1) | (2.2) | +50 |
| Group | (2.1) | (1.7) | (0.3) | (4.1) | (6.2) | +34 |

* The above figures have not been audited or reviewed by our auditors.

Nm – not meaningful

The Group registered revenue of S\$159.7 million in 9M2023, a 2% decrease compared to S\$163.0 million in 9M2022 on the back of lower contribution from PCS Division. The Group recorded a lower loss before tax of S\$4.1 million as compared to loss before tax of S\$6.2 million in 9M2022. The lower loss before tax was mainly attributable to higher gross profit margins registered in 9M2023. Operating expenses in 9M2023 were higher against 9M2022 mainly from the consolidation of Radiance Communications Pte Ltd which was acquired in June 2022 and professional and IT expenses incurred. Overall, the Group registered better operating performance in 9M2023 with lower losses recorded by the ICT and Engineering Divisions.

The Group revenue for 3Q2023 was higher at S\$58.0 million as compared to S\$55.5 million in 2Q2023 with higher revenue recorded by PCS Division. Against 2Q2023, the Group's lower operating losses of S\$0.3 million in 3Q2023 was attributed to both the PCS and ICT Divisions. PCS Division recorded S\$0.3 million of profit before tax in 3Q2023. The improvement in 3Q2023 for PCS Division was mainly due to higher managed services revenue and lower losses recorded for its Singapore operations. ICT Division recorded a loss before tax of S\$0.2 million in 3Q2023. ICT Division's improvement in 3Q2023 was

contributed by the profits recognised from the IT business, which were partially offset by losses recorded from the Communication business. Engineering Division's loss before tax in 3Q2023 of S\$0.4 million was mainly due to a provision for bad debts for a customer in Vietnam and additional provision of stock obsolescence for the Singapore structure cabling business. This was partially mitigated by profits recognised from the Indonesian operations.

The Group recorded a net cash and net current asset position as at 30 September 2023.

PCS DIVISION

The Division returned to profitability in 3Q2023. This achievement can be primarily attributed to increased revenues in its Singapore operations, driven by new product launches in the second half of the year. Notably, its managed services partnership⁷ established with HONOR earlier this year has yielded results. This partnership, which includes brand marketing, full-service distribution, and retail channel management, contributed to the improved performance, particularly with the successful launch of two HONOR phone models during the quarter. Its Malaysian operations, the main profit contributor, have maintained stable performance through increased revenues driven by focused retail sales initiatives.

ICT DIVISION

The Division has shown improvement through increased sales and reduced losses in 9M2023, primarily due to increased contributions from the IT and Digital Infrastructure segments. The Division completed a significant project delivery, securing project approval and sign-off for a large nation-wide project from a government agency. It also registered some growth in the IT Services order book, paving the way for future business opportunities. Additionally, NXGEN expanded its team in Malaysia to support strategic projects in both the Singapore and Malaysia markets.

ENGINEERING DIVISION

The Division has registered better performance in 9M2023, marked by increased revenue and a reduction in losses. Particularly, the Division's operations in Indonesia have played a vital role in consistently delivering profits through securing higher revenue. This has helped to offset losses in operations in Singapore, Malaysia, and the Philippines.

OUTLOOK

Singapore's GDP showed a modest 0.7 percent growth in the third quarter of 2023. However, the full-year outlook remains subdued, with GDP expected to fall within the lower range of 0.5 to 1.5 percent¹. In the ASEAN region where the Group also operates in, growth projections have been lowered to 4.2 percent due to weakened external and domestic demand². Additionally, the ongoing geopolitical tensions have resulted in a global economic environment marked by inflationary pressures and market volatility. Business sentiments and consumer confidence have hence been impacted, leading to reduced spending.

Despite the challenging operating environment, the Group remains committed to our FY2023 strategy to drive sustainable performance. We will continue to focus on revenue growth, and exercise prudence in cost management. Concurrently, we will improve our core business operations, with the aim to return to profitability in the coming years. We remain vigilant in managing our balance sheet and cash flow and have full confidence to meet any short-term funding requirements. These concerted efforts will provide a strong foundation and position our Group to adapt to shifting market dynamics, navigate economic headwinds, and seize emerging opportunities.

BY ORDER OF THE BOARD

¹ <https://www.straitstimes.com/business/economy/singapore-economy-grows-07-in-q3-faster-than-expected-flash-data>

² <https://www.imf.org/en/News/Articles/2023/10/18/tr101823-transcript-of-press-briefing-on-reo-for-asia-and-pacific-singapore-october-2023#:~:text=The%20economies%20in%20ASEAN%20are,our%20April%20World%20Economic%20Outlook>

Pauline Wong Mae Sum
President and CEO
10 November 2023