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Nordic reports net profit of S\$8.5 million for 1H2024; successful order book replenishment paves the way for business recovery

- 1H2024 revenue at S\$76.2 million declined by 15% year-on-year (“yoy”), primarily due to the completion of certain projects but partially offset by higher revenue contribution from the MS segment
- Gross profit fell by 20% yoy to \$17.6 million, largely due to ongoing cost pressures from foreign worker levy and dormitories
- Despite the year-on-year decline, revenue and gross profit improved by 7% and 23% respectively from the six months ended 31 December 2023 (“2H2023”), mainly attributable to order book replenishment
- Total order book reached S\$240.1 million as of 30 June 2024, with PS orders up 76% and MS orders rising 5% from 31 December 2023
- Declared an interim dividend of 0.8526 Singapore cent per ordinary share, which translates to a dividend payout ratio of 40%

Singapore, 12 August 2024 – Nordic Group Limited (“Nordic” or together with its subsidiaries, the “**Group**”), an SGX-Mainboard listed company reported its financial results for the first six months ended 30 June 2024 (“**1H2024**”). The Group is a global engineering solutions provider that provides project and maintenance services for industries such as marine, offshore oil and gas, petrochemical, pharmaceutical, semiconductor, infrastructure, public environment and security agencies.

Financial Review

The Group delivered a commendable set of results in 1H2024, with diversified business operations at its core, and strategically prioritising maintenance services to generate a more stable recurring income that defined its increased efforts against cyclical risks.

1H2024 v 2H2023: Sequential improvement on the back of successful order book replenishment

Financial Highlights	1H2024	2H2023	Change
	S\$'000	S\$'000	%
Revenue	76,160	71,231	7
Gross Profit	17,618	14,317	23
Gross Profit Margin	23.1%	20.1%	3.0 <i>ppts</i>
Net Profit after Tax Attributable to Equity Holders	8,526	5,877	45
Net Profit Margin	11.2%	8.3%	2.9 <i>ppts</i>

Revenue and gross profit improved by 7% and 23% respectively on a half-year basis, largely driven by the Group's effective order book replenishment efforts that generated additional revenue streams.

Net profit after tax attributable to equity holders surged 45% half-year-on-half-year ("hoh") to S\$8.5 million, with the net profit margin improving by 2.9 pts to 11.2%.

1H2024 v 1H2023: Relatively soft yoy results due to the extended impact of large project completions into 1H2024

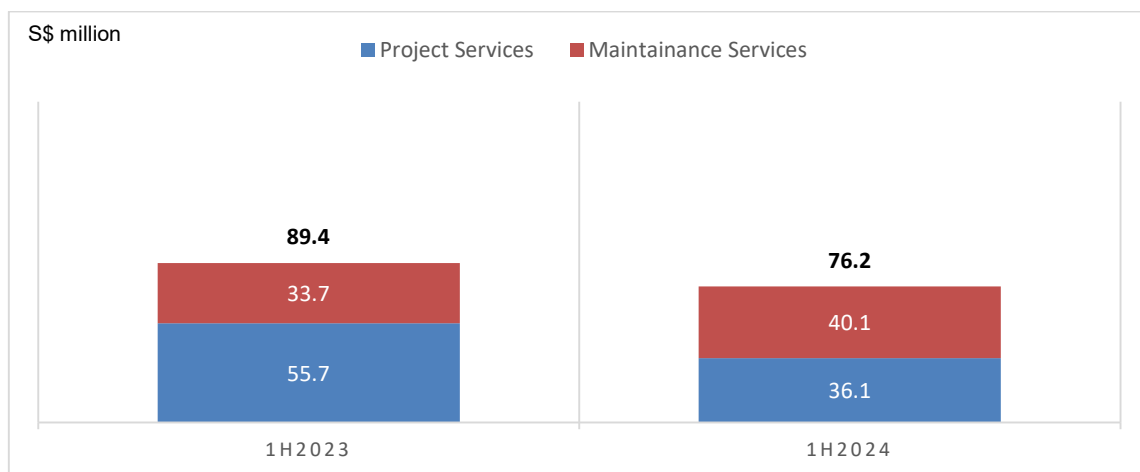
Financial Highlights	1H2024	1H2023	Change
	S\$'000	S\$'000	%
Revenue	76,160	89,413	(15)
Gross Profit	17,618	22,095	(20)
Gross Profit Margin	23.1%	24.7%	(1.6 pts)
Net Profit after Tax Attributable to Equity Holders	8,526	10,100	(16)
Net Profit Margin	11.2%	11.3%	(0.1 pts)
EBITDA	14,064	15,013	(6)
EBITDA Margin	18.5%	16.8%	1.7 pts
Basic Earnings Per Share (cents)*	2.1	2.5	(16)

* Based on weighted average number of 399,631,000 ordinary shares for 1H2024 (1H2023: 399,736,000 ordinary shares)
Ppts: Percentage Points

1H2024 revenue of S\$76.2 million saw a reduction of 15% yoy from S\$89.4 million in 1H2023. This decline was chiefly due to a decrease in revenue from its project services ("PS") business, where some large projects had been completed. A 19% yoy growth in maintenance services ("MS") partially offset this decline.

Ongoing cost pressures from foreign worker levies and workers' dormitories constituted a large proportion of the 20% yoy reduction in gross profit to S\$17.6 million in 1H2024. Gross profit margin stood at 23.1% for 1H2024 compared to 24.7% for the preceding year.

Revenue by Business Segment



Other income and gains rose by 102% yoy from approximately S\$1.0 million in 1H2023 to around S\$2.1 million in 1H2024, mainly attributed to a favourable foreign exchange rate of the United States dollar against Singapore dollar. Interest income also rose by S\$0.2 million, which was partially offset by less government grants received.

Distribution costs dropped by approximately S\$0.8 million or 71% yoy to S\$0.3 million in 1H2024, mainly attributable to decreased salary payouts in the Middle East office.

Finance costs increased by 23% to S\$2.0 million in 1H2024, mainly due to increased interest expenses from higher borrowings.

Consequently, the Group reported a year-on-year decline of 16% in net profit for 1H2024. Net profit margin remained relatively stable at 11.2% compared to 11.3% attained in 1H2023.

Business Outlook

During the period under review, the Group successfully replenished its outstanding order book to approximately S\$240.1 million, marking a 28.3% increase from 31 December 2023, following the completion of many PS orders in 2023. The robust order book comprised S\$108.4 million for the PS segment and S\$131.7 million for the MS segment, reflecting increases of 76% and 5% respectively from 31 December 2023. This strong outstanding order book position enhances the Group's earnings visibility and paves the way for progressive business recovery.

The macroeconomic environment remains volatile, with higher interest rates, geopolitical tensions, and inflationary pressures continuing to dampen market sentiment. Specifically for Nordic, the increased labour costs, the completion of certain large projects last year, and the longer lead time for new project deliveries also pose near-term risks for the Group.

Nevertheless, the Group remains optimistic about its long-term prospects on the back of a strong order book position and ongoing improvements in operational efficiency.

The Group has strategically prioritised the acquisition of more maintenance contracts to improve the recurring nature of its revenue, which currently contributes 40% of the Group's total revenue. This initiative is expected to mitigate cyclical risks and will, together with new projects from acquisitions, support the Group's long-term growth.

Moreover, the Group's well-diversified service portfolio spans marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, semiconductor, and security services sectors. This diversification helps mitigate industry concentration risks, enhancing the Group's overall resilience and agility. The Group remains positive over the long-term prospects of the above sectors.

Internally, the Group continues to optimise its cost and risk management mechanisms to boost operational efficiency across all subsidiaries. The Group is also seeking appropriate M&A opportunities to expand its service portfolio and further elevate its topline.

The above efforts collectively contribute to a more promising long-term outlook for the Group. The Group remains committed to operational excellence and delivering greater value to its shareholders over the long run.

End

About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is a global engineering solutions provider in areas of system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical, environmental engineering services, cleanroom, air and water engineering services and structural engineering and construction services, serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment/security agencies and semiconductor industries.

Headquartered in Singapore, Nordic currently has one production facility located in Suzhou, the People's Republic of China ("PRC") and also has operations in Malaysia. Nordic has a sales and services network that covers Singapore and various locations in the PRC as well as an international network of appointed sales and service agents, which allows the Group to be in close proximity to its customers.

Designed to meet the demands of vessel automation, the Group's **System Integration** division offers integrated control and management systems for newly built ships as well as ships which are already in operation but are in need of upgrades and conversions. These systems are versatile and dependable ship automation solutions that provide a standard user-friendly interface to the subsystems of modern vessels.

Nordic also designs, procures, develops and manufactures actuators, valves and other components for assembly and integration into valve remote control systems, tank gauging systems, anti-heeling systems, alarm monitoring and power management systems used by customers in their vessels.

Under its **Maintenance, Repair and Overhaul ("MRO")** and Trading division, Nordic provides customers with a dedicated team of consultants who are responsible for any after-sales requests for maintenance, repairs and overhauls as part of its after-sales service. The MRO and Trading division provides the Group with a steady stream of income as there is a constant need for vessels to be maintained or repaired.

The Group's **Precision Engineering** division designs and builds tooling systems, and provides turnkey production solutions to customers in the marine, oil and gas, aerospace, medical, electronic, and optical manufacturing services industries for a stable customer base.

The Group's **Scaffolding Services** division is an established leader in metal scaffold works servicing the Process, Construction and Marine industries. Multiheight Group offers a full suite of scaffolding services including design, erection, modification and dismantling, sales and rental. Multiheight Group has two decades of scaffolding experience and is an MOM-approved scaffold contractor committed to high standards of Quality, Safety and Health (QSH) practices and standards throughout the organisation, warehouse, workshop, on site and all activities carried out by the organisation.

The Group's **Insulation Services** division specialises in Insulation (primarily in thermal and cryogenic insulation) and passive fireproofing Services in the petrochemical, pharmaceutical, marine and oil and gas Industries.

The Group's **Petrochemical & Environment Engineering Services** provides repairs, maintenance, operations and plant turnaround services for public environment engineering installations, energy installations, marine and offshore industries, manufacturing industries, and oil & gas and petrochemical industries.

The Group's **Cleanroom, Air and Water Engineering Services** provides tools hook up services, air pollution control scrubbers and water treatment plants for the semiconductor, oil and gas, power plant and municipality sectors.

The Group's **Structural Engineering and Construction Services** division offers a range of services. These include the design, fabrication, installation, and maintenance of anti-ricochet ballistic protection systems. These systems are used in tactical training facilities by security agencies. Additionally, it provides fuel refuelling hydrants and systems for refuelling and dispensing. These services cater to both military and commercial clients.

Issued for and on behalf of Nordic Group Limited

By Financial PR Pte Ltd

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