

## SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

### **Nordic delivers 153.1% rise in net profit for FY2021 over record revenue of S\$103.1 million, declares on top of 40% dividend payout as per dividend policy another 10% in special dividend**

- Revenue rose by 27.6% to S\$103.1 million in FY2021 with resumption of business to pre-Covid levels and with a momentum pick-up for both Project and Maintenance Services
- EBITDA increased by 57.9% to S\$19.0 million and net profit rose by 153.1% to S\$13.9 million in FY2021 in line with revenue growth and greater gross profit
- Group has an outstanding order book of S\$166 million as at 31 December 2021 with deliveries spread over the next 36 months
- Group declares a final dividend of 0.608 Singapore cents and a special dividend of 0.152 Singapore cents per share, bringing the total dividend payout to 50%, well above the 40% dividend payout as per the dividend policy

Singapore, 21 February 2022 – Nordic Group Limited (“Nordic” or the “Group”), a SGX-Mainboard listed company that provides system integration solutions, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical and environmental engineering services and cleanroom, air and water engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, semiconductor, infrastructure and public environment agencies, reported its financial results for the second six months (“2H2021”) and twelve months (“FY2021”) ended 31 December 2021.

Financial Highlights	2H2021	2H2020	Change	FY2021	FY2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	53,893	47,779	12.8	103,065	80,794	27.6
Gross Profit	13,809	10,736	28.6	27,798	17,963	54.8
Gross Profit Margin	25.6%	22.5%	3.1 ppts	27.0%	22.2%	4.8 ppts
Net Profit after Tax Attributable to Equity Holders	6,079	3,612	68.3	13,876	5,482	153.1
Net Profit Margin	11.3%	7.6%	3.7 ppts	13.5%	6.8%	6.7 ppts
EBITDA	8,534	7,569	12.7	18,971	12,016	57.9
EBITDA Margin	15.8%	15.8%	-	18.4%	14.9%	3.5 ppts
Basic Earnings Per Share (cents)*	1.6	0.9	77.8	3.6	1.4	157.1

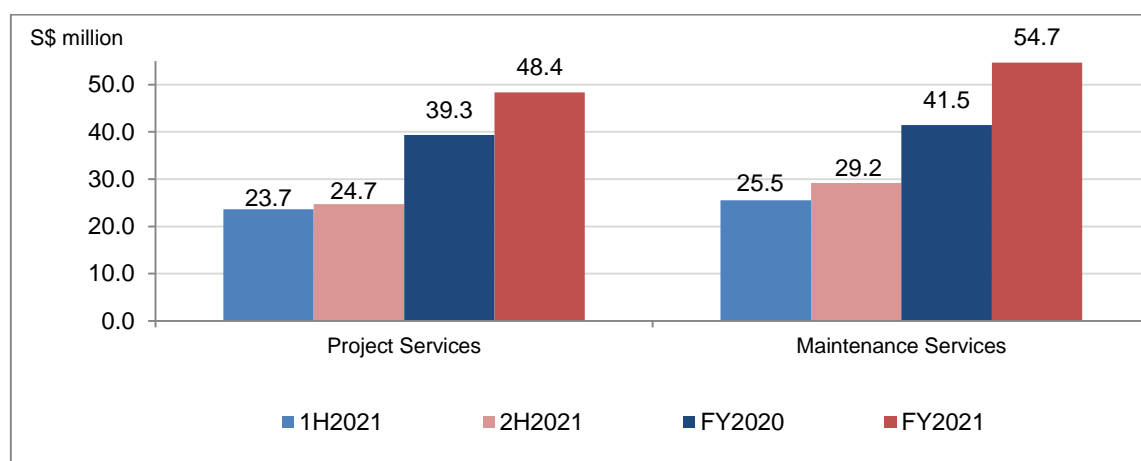
\* Based on weighted average number of 388,000,000 ordinary shares for 2H2021 (2H2020: 389,677,000 ordinary shares) and 388,179,000 ordinary shares for FY2021 (FY2020: 390,301,000 ordinary shares)

Ppts: Percentage Points

### FY2021 v FY2020 Financial Review

Group revenue rose by 27.6% to S\$103.0 million in FY2021 as both segments, Project Services (“PS”) and Maintenance Services (“MS”) improved their performance over FY2020. Revenue contribution from PS increased by 22.9% to S\$48.4 million and revenue from MS improved by 31.9% to S\$54.7 million in FY2021. The revenue growth was attributable to resumption of business activities to pre-pandemic level and also due to marked pick-up in momentum for both the business segments.

### Revenue by Business Segment



Gross profit jumped by 54.8% to S\$27.8 million in FY2021 while the gross profit margin increased from 22.2% to 27.0%. The greater profit and margin were due to the higher revenue from the recovery of business activities affected by Covid-19. Excluding the government rebates and grants, the gross profit margins were 24.5% for FY2021 as compared to 15.8% for FY2020.

Other income and gains decreased to S\$1.6 million in FY2021 from S\$3.8 million in FY2020 mainly due to the absence of a write-back for payables and lower government grant.

Group registered S\$13.3 million in administrative expenses in FY2021 with a slight decrease of S\$0.4 million from S\$13.7 million in FY2020 due to cost savings from the restructuring of some business units and having a lower depreciation expense.

Interest expenses decreased from S\$1.0 million in FY2020 to S\$0.6 million in FY2021 due to lower interest rates for the period. Income tax expenses increased from S\$0.4 million to S\$0.6 million in the same period due to increased profit, however the effective income tax rates were at approximately 4% for FY2021 which is a decrease from 7% in FY2020 due to the utilization of M&A allowance, unutilised capital allowances and tax losses carried forward.

All in all, the Group continued to trend higher for net profit through the recovery from the pandemic. Net profit has more than doubled from S\$5.5 million in FY2020 to S\$13.9 million in FY2021. The Group generated S\$9.9 million of cash flows from operating activities in FY2021.

Group declared a final dividend of 0.608 Singapore cents per share and a special dividend of 0.152 Singapore cents per share for FY2021 in appreciation of the shareholders and with improved profitability and strong cash flow. This brings the total dividend payout for FY2021 to 1.74 cents per ordinary share which is 3.2 times over the payout of 0.549 cents per ordinary share in FY2020. Dividend yield as at 18 February 2022's closing share price of 39.5 cents is 4.41% and the dividend payout is at 50% of the FY2021 net profit.<sup>1</sup> The Group's dividend policy is to pay out 40% of net profit as dividends, but for FY2021, the Group is paying an additional 10% payout in special dividends in line with the strong financial performance.

The Group continued to maintain a robust balance sheet as at 31 December 2021 with cash and cash equivalents of S\$75.3 million (31 December 2020: S\$57.5 million) and a net cash position of S\$15.1 million as at 31 December 2021. Net asset value per share also expanded by from 22.8 Singapore cents as at 31 December 2020 to 25.2 Singapore cents as at 31 December 2021<sup>2</sup>.

### **Business Outlook**

The Group's outstanding order book stood at approximately S\$166 million as at 31 December 2021. The Group's PS business segment has S\$60.4 million in orders while its MS business segment contributed S\$105.6 million to its order book.<sup>3</sup> The deliveries for these orders will spread over the next 36 months and thus, the Group expects to derive sustained revenue streams from these orders up to FY2024.

Even with the new variants and restrictions arising from Covid-19's continued presence, the Group maintained its momentum on the path to recovery and growth. A total of approximately S\$141.7 million worth of contracts were clinched by the Group in the year 2021 through the efforts of the staff and management setting a positive tone for 2022 together with the acquisition of Starburst Holdings Limited as part of the ongoing M&A plans for the Group.

With the expected recovery of business activities to pre-Covid levels, the group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken, the acquisition of Starburst Holdings Limited and opportunities for further M&A, the group will continue to deliver value to shareholders.

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<sup>1</sup> Based on total number of issued shares at 400,000,000, pay out ratio is 50% of NPAT ( $50\% \times \$13,876,000 / 400,000,000 = 1.74$ )

<sup>2</sup> Based on the 388,000,000 ordinary shares in issue excluding treasury shares as of 31 December 2021 (31 December 2020: 388,900,000 shares)

<sup>3</sup> Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included above. These orders are expected to be delivered within the next 36 months and will generate sustainable revenue streams for the Group up to FY2024. However, these confirmed orders are subject to possible cancellation, deferment, rescheduling or variations by customers.

### About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic Group is a diversified group of companies providing solutions in areas of automation and systems integration; maintenance, repair, overhaul and trading; precision engineering; scaffolding; insulation services; petrochemical and environmental engineering services; and cleanroom, air and water engineering services serving mainly the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure, public environment agencies and semiconductor industries.

Headquartered in Singapore, Nordic currently has one production facility located in Suzhou, the People's Republic of China ("PRC"). 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 and electronic 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 primarily 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.

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Issued for and on behalf of Nordic Group Limited

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