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## QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

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Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 September 2016.

The Company was placed on the watch-list pursuant to Rule 1311(2) of the Listing Manual since 5 June 2017 due to the Minimum Trading Price (the “**MTP**”) Entry Criterion. The Company had been reassessed under the revised MTP rules announced on 2 December 2016 and continued to be placed on the watch-list with effect from 5 June 2017.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update as follows:

- (1) With reference to the announcement on 25 June 2019, the Company had received approval from its shareholders for the adoption of the share buyback mandate with the purpose of improving shareholders’ value and maximise returns to its shareholders.
- (2) With reference to the announcement on 27 June 2019, the Company had on 26 June 2019 received the approval from SGX-ST in granting the Company an extension of up to 12 months to meet the Financial Exit Criteria pursuant to Rule 1314(1) of the Listing Manual by 4 September 2020, subject to the fulfilment of the requirements stated in the same announcement.
- (3) The Board will continue to monitor and explore the options to comply with (i) the Financial Exit Criteria pursuant to Rule 1314(1) of the Listing Manual, and (ii) the MTP Exit Criteria pursuant to Rule 1314(2) of the Listing Manual, that will best serve the interests of the Company’s shareholders.

Amid the current global economic slowdown and geopolitical uncertainties, the Board believes that Group which is in the forefront of metallurgical and materials solutions of the 5G revolution, given reasonable time, will achieve better financial performance and in turn, should enhance the Company’s valuation to meet the S\$40 million market capitalisation, in compliant with both Rule 1314(1) and Rule 1314(2).

- (4) Please refer to the Company’s announcement on 3 June 2019 for its audited financial statements found in its annual report for the financial year ended 28 February 2019 (“**FY2019**”) for a detailed update on the Group’s financial performance and financial position.
  - The Group recorded 14.2% increase in revenue from US\$13.2 million in FY2018 to US\$15.1 million in FY2019 on the back of higher demand for its higher-margin proprietary Nico brand of metal alloys.

- Gross profit increased by 31.6% from US\$3.4 million in FY2018 to US\$4.5 million in FY2019, and gross margin improved from 26.1% in FY2018 to 30.1% in FY2019.
- The Group reported a profit before tax of US\$0.47 million in FY2019, doubled from the profit before tax of US\$0.21 million in FY2018.
- As at 28 February 2019, the Group recorded a net cash generated from operations of US\$0.80 million and was in a net cash position with cash and cash equivalents of US\$5.04 million.
- Net assets value of the Group was US\$16.66 million as at 28 February 2019, an increase from US\$14.38 million as at 28 February 2018.

The Company is not required to announce quarterly results and it will announce its unaudited interim financial statements for the six months ending 31 August 2019 (“**Half-Year Results Announcement**”) in October 2019. The Company’s next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced together with the Half-Year Results Announcement.

#### **Update on Future Direction and Other Material Development**

The 5G revolution is an inevitable global trend although global economic slowdown due to trade disputes and geopolitical uncertainties led to delays in the implementation of 5G networks and new product development projects and launches.

The Group will continue to work closely with its customers to improve the functionality and performance of their electronic mobile devices, through the adoption of the Group’s customised metallurgical and materials solutions and Nico brand of metal alloys. The Group believes that its financial performance will be improved through its value-creation for its customers. The continuous orders as well as participation in new product development projects of global brand owners and new customers are testament to the Group’s specialism in metallurgy and materials solutions to address the requirements of electronic mobile devices for 5G.

Barring any unforeseen circumstances, the Board and Management are reasonably optimistic that the Group will remain profitable in FY2020.

The Company will make further announcements to update shareholders as and when appropriate.

#### **BY ORDER OF THE BOARD**

Tan Chee Khiong Danny  
Executive Chairman & President

Date: 23 July 2019