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Nordic posted record half-yearly revenue of S\$89.4 million for 1H2023

- Half-yearly revenue jumped to a highest-ever level of S\$89.4 million in 1H2023, primarily attributable to higher deliveries of Project and Maintenance Services
- Gross profit declined by 4% yoy to S\$22.1 million as higher costs in foreign worker levy and dormitories squeezed margins
- Long-term prospects continue to favour the Group, backed by the robust orderbook of S\$202.4 million
- Declared interim dividend of 1.001 Singapore cents per ordinary share, which is equivalent to a dividend payout ratio of 40%

Singapore, 7 August 2023 – 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 (“1H2023”) ended 30 June 2023. Nordic Group is a global solutions provider that provides project and maintenance services for industries such as marine, offshore oil and gas, petrochemical, pharmaceutical, semiconductor, infrastructure, public environment or security agencies.

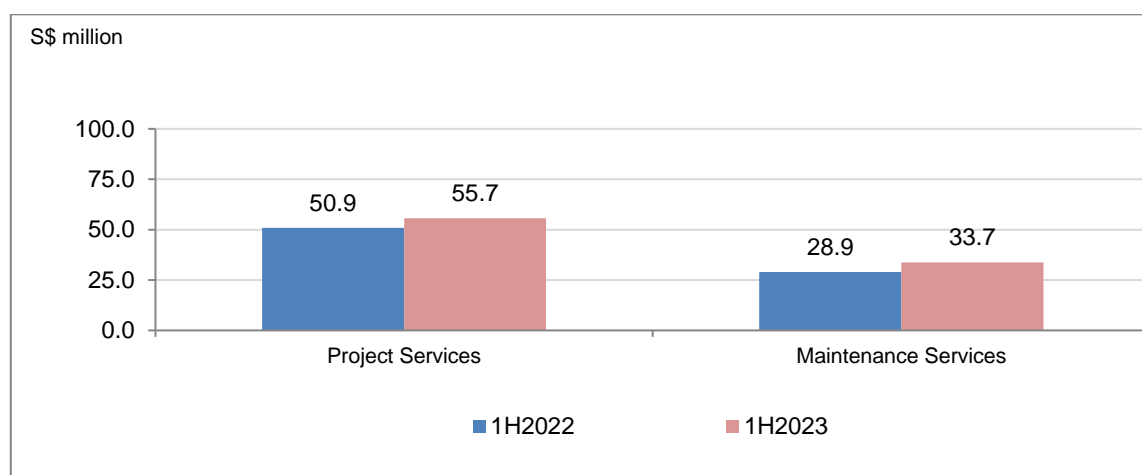
Financial Highlights	1H2023	1H2022	Change
	S\$'000	S\$'000	%
Revenue	89,413	79,763	12
Gross Profit	22,095	23,047	(4)
Gross Profit Margin	25%	29%	(4) ppts
Net Profit after Tax Attributable to Equity Holders	10,100	11,616	(13)
Net Profit Margin	11%	15%	(4) ppts
EBITDA	15,013	17,143	(12)
EBITDA Margin	17%	21%	(4) ppts
Basic Earnings Per Share (cents)*	2.5	3.0	(17)

* Based on weighted average number of 399,736,000 ordinary shares for 1H2023 (1H2022: 387,954,000 ordinary shares)
Ppts: Percentage Points

1H2023 v 1H2022 Financial Review

The Group continued to deliver a robust set of results in 1H2023 with revenue soaring 12% year-on-year (“yoy”) to record a half-yearly high of S\$89.4 million. The growth was mainly attributable to the higher deliveries of both Project Services (“PS”) and Maintenance Services (“MS”) during the period, which registered an increase of 9% yoy and 17% yoy respectively. The Group continues to see geographical diversification progress in revenue streams to strengthen its business resilience, particularly after the successful acquisitions of Starburst Holdings Limited (“Starburst”) and Eratech Pte Ltd (“Eratech”) last year. In 1H2023, the Group recorded revenue streams of S\$2.9 million from the United States and the revenue from Malaysia more than doubled to S\$20.0 million.

Revenue by Business Segment



Gross profit declined slightly by 4% yoy to S\$22.1 million in 1H2023, mainly due to higher cost pressures from foreign worker levy and dormitories. As a result, gross profit margin stood at 25% for 1H2023, down 4 percentage points from 29% for 1H2022.

Other income and gains decreased by 48% yoy to S\$1.0 million in 1H2023, mainly due to unrealised foreign exchange loss with the weakening of Malaysia Ringgit (“RM”), and Chinese Renminbi (“RMB”) against Singapore Dollars (“SGD”).

Distribution costs rose by 54% yoy to S\$1.2 million in 1H2023 from S\$0.8 million in 1H2022, mainly attributable to higher contribution from Starburst.

Administrative expenses decreased by 17% to \$8.6 million in 1H2023, mainly due to lower amortisation expense of intangible assets.

Finance costs increased by 126% yoy to S\$1.6 million in 1H2023, resulting from higher interest rates during the reporting period.

Consequently, the Group reported a modest year-on-year decline of 13% in net profit to S\$10.1 million for 1H2023. In line with the net profit decrease, the net profit margin dipped by 4 percentage points to 11% in 1H2023 compared to 15% in 1H2022.

The Group's balance sheet position remains strong as net asset value per share increased to 28.9 Singapore cents as of 30 June 2023 from 27.5 Singapore cents as of 30 June 2022. Cash and cash equivalent increased slightly to S\$56.5 million as of 30 June 2023 from S\$55.9 million as of 30 June 2022.

Given the strong growth momentum and improving industrial prospects, the Board has declared an interim dividend of 1.001 Singapore cents per ordinary share with a dividend payout of 40%, in appreciation of shareholders' unwavering support.

Business Outlook

As of 30 June 2023, the Group has outstanding orders amounting to approximately \$202.4 million comprising \$53.1 million from Projects Services segment and \$149.3 million from Maintenance Services segment.

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 in our order book reporting. The deliveries for these orders will spread mainly within the next 36 months. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The Group has undertaken a strategic approach to acquire more maintenance services. This strengthens Nordic's business fundamentals with more stable recurring maintenance income of about 40% yearly. The existing maintenance contracts and new projects from acquisitions support its compounded growth and mitigate cyclical risks going forward.

The high interest rates, geopolitical tensions and inflationary pressures globally and higher labour and labour related costs such as dormitories and levies posed some near-term headwinds to the Group's operations. However, the Group remains positive over the long-term prospects in the marine, offshore oil and gas industries, petrochemical sectors, pharmaceutical, infrastructure and semiconductor and security services sectors.

The Group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken and opportunities for further M&A. The Group will continue to deliver greater value to shareholders in the long run.

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About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is a global 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 security 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 facilities 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, 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 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.

The Group's **Structural Engineering and Construction Services** division provides design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for tactical training facilities for the security agencies.

Issued for and on behalf of Nordic Group Limited

By Financial PR Pte Ltd

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