

**GRAND BANKS YACHTS LIMITED**

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Grand Banks Yachts Announces Revenue of S\$33.8 Million for 1H FY2022; Net Order Book Hits High of S\$154.2 Million

As at 31 December S\$'000	1H FY2022	1H FY2021	Change (%)
Revenue	33,768	53,445	(36.8)
Gross Profit	7,505	12,952	(42.1)
Gross Profit Margin (%)	22.2	24.2	(2.0) ppt*
Total Operating Expenses	(8,500)	(7,609)	11.7
(Loss)/Profit Before Tax	(682)	5,242	N.M.
Net (Loss)/Profit	(694)	3,982	N.M.

*ppt: percentage points

N.M: Not Meaningful

SINGAPORE, 11 February 2022 – SGX Mainboard-listed **Grand Banks Yachts Limited** (“Grand Banks” or “the Group”) announced today lower revenue and a loss for the six months ended 31 December 2021 (“1H FY2022”) due to disruptions caused by the pandemic even as its net order book reached a high of S\$154.2 million on strong demand for its boat models.

The Group’s 1H FY2022 revenue declined 36.8% to S\$33.8 million from S\$53.4 million a year ago, mainly due to the suspension of activities at the Group’s manufacturing facility in Pasir Gudang, Johor, particularly in the quarter ended 30 September 2021 (“1Q FY2022”) in compliance with the Malaysian Government’s Movement Control Order (“MCO”). The restrictions – intended to curb the spread of the COVID-19 pandemic – have affected almost two and half months of production.

In response, Grand Banks undertook a vaccination programme at Pasir Gudang in August 2021 and progressively resumed full operations from mid-September 2021, recognising revenue as boat construction activities restarted. However, the combination of unabsorbed manufacturing costs incurred during the shutdown and higher sea freight rates resulted in a net loss of S\$0.7 million in 1H FY2022, compared to a net profit of S\$4.0 million for 1H FY2021.

In line with the lower revenue, 1H FY2022 gross profit declined to S\$7.5 million from S\$13.0 million a year ago. Gross profit margin declined to 22.2% from 24.2% over the comparative periods. Total operating expenses for 1H FY2022 increased to S\$8.5 million from S\$7.6 million, mainly due to participation in boat shows, as well as increased payroll and insurance costs.

As a result, Grand Banks recorded a loss per share of 0.38 cent in 1H FY2022 compared to earnings per share of 2.16 cents in 1H FY2021 while net asset value per share was 32.06 cents as at 31 December 2021 compared to 32.97 cents as at 30 June 2021.

Cash flow generated from operations amounted to S\$4.1 million for 1H FY2022, compared to S\$15.0 million a year ago. This was due to an increase in contract liabilities and payables as a result of delayed boat construction activities and accrual of sales commissions and operating expenses, as well as lower inventories due to decreased raw materials. This was partially offset by an increase in receivables and contract assets.

Despite the challenges due to the pandemic, the Group's net order book reached a high of S\$154.2 million as at 31 December 2021 (S\$116.9 million as at 30 June 2021). It secured 17 new boat orders in 1H FY2022, reflecting strong reception for its boat models, as restrictions on travel-related leisure continue to stoke demand for luxury boats.

In response to the high demand, the Group continues to invest in enhancing its customer engagement through digital marketing and targeted advertising. In December 2021, the Group completed renovating its service yard in Stuart, Florida, U.S.A, having extended the yard's roofing to increase covered floor space.

With the Group's entire Malaysian workforce fully vaccinated, operations are more resilient against COVID-19. Barring unforeseen circumstances, the absence of movement restrictions and further halting of operations, the Group expects financial performance in the second half of the financial year ("2H FY2022") to improve compared to 1H FY2022.

Mr. Mark Richards, Chief Executive Officer of Grand Banks, said, "The pandemic impacted operations, supply chains and led to higher freight rates but also contributed to strong demand for our boats and the high order book. Our team has responded to the pandemic with robust health procedures. With operations returning to full capacity since September, we look forward to accelerating our boat construction activities and delivery schedules."

End of Release

About Grand Banks Yachts Limited

Grand Banks, a renowned manufacturer of luxury recreational motor yachts for more than 60 years, has designed and developed vessels that have become icons among boaters across the globe. While staying true to this heritage, Grand Banks continues to defy the expectations of yachtsmen with its timeless style, unique innovation and unyielding commitment to quality.

The Group manufactures yachts under the Grand Banks, Eastbay and Palm Beach brands out of its manufacturing yard at Pasir Gudang, Johor, Malaysia and provides customer support out of its service yard at Stuart, Florida, USA. The yachts, which range between 42 feet and 85 feet, have a reputation for impeccable quality that delivers unrivalled performance.

Grand Banks was listed on the Singapore Exchange Limited ("SGX") in 1987 and upgraded to the Main Board in 1993.

For more information, visit: www.granbanks.com; www.pbmotoryachts.com

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