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Nordic records 317% surge in net profit to S$7.8 million for 1H2021 as core operations return to pre-Covid level, Group declares higher interim and special dividends

- **Group posts a 49% yoy increase in revenue to S$49.2 million for 1H2021, led by the recovery of both Project Services and Maintenance Services segments to pre-Covid level**
- **Gross profit climbs 94% yoy to S$14.0 million for 1H2021, with gross profit margin expanding 6 ppts to 28% due to higher revenue attributable to the recovery of the Group's business activities**
- **Bolstered by S$122.1 million worth of new contracts secured in 1H2021, the Group maintains an outstanding order book of S$135.3 million which is expected to generate sustained revenue streams up to FY2023**
- **Group declares interim and special dividends of 0.780 and 0.200 Singapore cents per share respectively to reward shareholders, bringing the total dividend payout to 0.980 Singapore cents per share for 1H2021 or approximately 5.2x over 1H2020 dividend payout of 0.187 Singapore cents per share**

Singapore, 6 August 2021 – **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 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 six months ended 30 June 2021 ("**1H2021**").

Financial Highlights	**1H2021**	**1H2020**	**Change**
	S$'000	**S$'000**	**%**
Revenue	49,172	33,015	49
Gross Profit	13,989	7,227	94
Gross Profit Margin	28%	22%	6 ppts
Net Profit after Tax Attributable to Equity Holders	7,797	1,870	317
Net Profit Margin	16	6	10 ppts
EBITDA	10,437	4,447	135
EBITDA Margin	21	13	8 ppts
Basic Earnings Per Share (cents)*	2.0	0.5	300

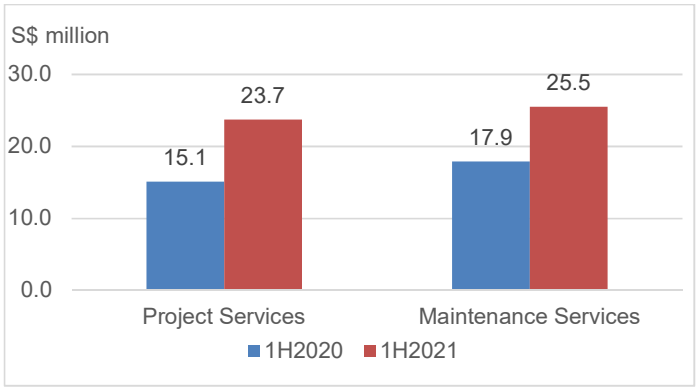
*Based on weighted average number of 388,360,000 ordinary shares for 1H2021 and 390,932,000 ordinary shares for 1H2020

Ppts: Percentage Points

1H2021 v 1H2020 Financial Review

For 1H2021, the Group posted a 49% year-on-year ("yoy") increase in revenue to S$49.2 million. This was largely attributable to the resumption of business activities to pre-Covid level and a marked pick-up in momentum for both the Group's Project Services ("PS") and Maintenance Services ("MS") segments. Revenue contribution from the Group's PS business segment rose 56% yoy to S$23.7 million for 1H2021. Similarly, the revenue for the Group's MS business segment increased 43% yoy to S$25.5 million for 1H2021.

Revenue by Business Segment



Driven by higher revenues from the recovery of business activities to pre-Covid level, gross profit climbed 94% yoy to S$14.0 million in 1H2021. Correspondingly, gross profit margin expanded approximately 6 percentage points yoy to 28% for 1H2021. Excluding government rebates and grants such as wage credit scheme, jobs support scheme, foreign workers levyl rebate and foreign worker levy waiver, the Group's gross profit margins stood at 26% for 1H2021, representing a 14 percentage point increase from 12% recorded for 1H2020.

Led by management's prudent oversight over its cost controls, the Group's distribution costs and administrative expenses remained fairly constant at S$0.5 million and S$6.0 for 1H2021 despite the ramp up in business activities across the board for both PS and MS business segments.

In all, the Group recorded more than a three-fold increase in net profit attributable to shareholders from S$1.9 million in 1H2020 to S$7.8 million in 1H2021.

In appreciation of shareholders' continued support and faith in Nordic alongside the Group's improved profitability and robust cash flow generation, the Board has declared an interim dividend of 0.780 Singapore cents per share as well as a special dividend of 0.200 Singapore cents per share, bringing the total dividend payout to 0.980 Singapore cents per share for 1H2021. This represents a payout of approximately 5.2x over 1H2020 dividend payout of 0.187 Singapore cents per share.

Bolstered by cash and cash equivalents of S$56.2 million as at 30 June 2021, the Group continues to maintain a robust balance sheet with a net cash position[1] of S$12.5 million as at 30 June 2021 (As at 31 December 2020: net cash position of S$11.6 million). Correspondingly, net asset value strengthened 7% to 24.5 Singapore cents as at 30 June 2021[2] (As at 31 December 2020: 22.8 Singapore cents).

[1] Net Cash Position: Cash and Cash Equivalents – Total Borrowings
[2] Based on the 388,000,000 ordinary shares in issue excluding treasury shares as of 30 June 2021 (31 December 2020: 388,900,000 shares)

Business Outlook

Capitalising on the improving market landscape and pick-up in business activities, the Group was successful in clinching approximately S$122.1 million worth of new contracts in 1H2021 from both new and repeat customers comprising multinational companies and companies in the marine, oil & gas, petrochemical, infrastructure and semiconductor industries.

Bolstered by these new contracts, the Group maintains an outstanding order book of S$135.3 million which is expected to generate sustained revenue streams up to FY2023. Of this total, the Group's PS segment contributes approximately S$60.1 million or 44% of the combined order book, while the MS segment[3] contributes approximately S$75.2 million or 56% of the combined order book.

Commenting on the Group's positive financial performance and business outlook, **Mr. Chang Yeh Hong, Executive Chairman of Nordic**, said, "***Following a very challenging period while operating amid the pandemic, we have begun to ramp up our business activities and were able to deliver a very positive set of results, positioning us favourably to chart a performance for 1H2021 that is back to pre-Covid-19 level. Furthermore, our efforts to secure new contracts for both PS and MS segments continue to gain momentum as we were able to add approximately S$122.1 million worth of new contracts that will generate revenue up to FY2023. As we move into the remainder of the year, we remain cautiously optimistic over the long-term prospects of the marine, offshore oil and gas, petrochemical, pharmaceutical, infrastructure and semiconductor sectors that we operate in. Backed by our two-pronged strategy of supplementing PS contracts with the recurring income of our MS segment, our robust order book, prudent cost controls and risk management protocols, as well as further opportunities for M&A, we are confident of achieving sustainable growth for the Group and delivering long-term value to all of our valued shareholders.***

About Nordic Group Limited (Bloomberg Code: NRD SP)

Established in 1998, Nordic is a leading supplier of automation system integration solutions, vessel maintenance, repair and overhaul (MRO), precision engineering, scaffolding and insulation services, petrochemical and environmental engineering services, cleanroom, water and air 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.

[3] 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 out across the next 36 months and generate sustainable revenue streams for the Group up to FY2023. These confirmed orders, however, are subject to possible cancellation, deferment, rescheduling or variations by customers.

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 thermal and cryogenic insulation, thermal spray aluminium 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.

Issued for and on behalf of Nordic Group Limited

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