

## Nico Steel turns around in HY2021 despite challenging economic environment

- Revenue grew 15.5% YoY even as the US-China trade dispute intensified and the coronavirus pandemic spread
- Group sees opportunities arising from the pandemic, as digital transformation accelerates
- Group will continue its efforts to strengthen its customer base in China, to include dominant Chinese brand owners in the mobile communication sector

### Key Financial Highlights:

FYE 29 Feb (US\$'000)	HY2021	HY2020	YoY Change	FY2020
Revenue	8,215	7,115	+ 15.5%	14,009
Gross profit	1,914	1,615	+ 18.5%	2,819
<i>Gross profit margin</i>	<i>23.3%</i>	<i>22.7%</i>	+ 0.6 pp	<i>20.1%</i>
Profit /(loss) before tax	357	(228)	N.M.	(1,180)
Net profit/(loss) <sup>(1)</sup>	260	(283)	N.M.	(1,377)

Notes:

\* HY denotes six months ended 31 August and FY denotes 12 months ended 29 February 2020.

(1) (Loss)/profit attributable to the equity holders of the Company.

### FOR IMMEDIATE RELEASE

**SINGAPORE, 12 October 2020** – Mainboard-listed **Nico Steel Holdings Limited** (“**Nico Steel**” and together with its subsidiaries, the “**Group**”), a metallurgical and materials solutions specialist, reported a 15.5% increase in revenue to US\$8.2 million and a net profit of US\$260,000 for the six months ended 31 August 2020 (“**HY2021**”) amidst the intensified trade dispute between the United States and China, and the ongoing coronavirus pandemic.

Commenting on the interim results, Mr Danny Tan, Executive Chairman and President of Nico Steel said, “**We have been making good progress and gaining recognition for our proprietary NICO range of metal alloys from globally renowned brands of electronic communication devices, with the efforts put in over the last few years. The trade dispute, however, led to uncertainties and derailed us from some development projects that we had participated in earlier.**

**We have also been striving to secure opportunities to work with dominant Chinese brand owners and their key module vendors in the mobile communications sector. As our manufacturing capabilities are primarily based in China, broadening our customer base to include some of the dominant Chinese players whose electronic communication devices could be enhanced by our**

metallurgical and materials solutions is a natural progression for Nico. These efforts, however, take time to reach fruition.

In this first half of FY2021, we were mainly fulfilling orders from our regular foreign brands, as well as new orders from the Chinese companies that were received during the Chinese New Year period in late January 2020 and the lockdown of Chinese cities in February 2020.”

### Revenue analysis by product segments

	HY2021		HY2020		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	6,841	83.3	5,751	80.8	+ 19.0%
NICO Brand of Metal Alloys	1,374	16.7	1,364	19.2	+ 0.7%
	<b>8,215</b>	<b>100.0</b>	<b>7,115</b>	<b>100.0</b>	<b>+ 15.5%</b>

Geographically, China remained as the key revenue contributor to the Group in HY2021, contributing 90.0% of the Group's revenue, an increase from 84.6% in HY2020. Revenue from Thailand declined from US\$1.0 million in HY2020 to US\$0.8 million in HY2021 as the rest of the world outside China continues to grapple with the coronavirus pandemic.

In tandem with the higher revenue, gross profit increased by 18.5% from US\$1.6 million in HY2020 to US\$1.9 million in HY2021, as a result of the increase in higher margin value-add customised solutions including electroplating services. Correspondingly, the gross profit margin increased from 22.7% in HY2020 to 23.3% in HY2021.

Interest income from banks decreased to US\$6,000 in HY2021 on the back of lower interest rates, while other income increased significantly from US\$4,000 in HY2020 to US\$100,000 in HY2021 due to government grants received under the Jobs Support Scheme, which was a form of support to employers during the pandemic crisis.

Total operating expenses including marketing and distribution, and administrative expenses decreased by 10.4% to US\$1.6 million in HY2021. Marketing and distribution expenses decreased by 22.2% to US\$208,000 in HY2021 due to lower marketing and travelling expenses, while administrative expenses decreased by 8.4% to US\$1.4 million in HY2021 with further cost management.

Other expenses decreased by 4.7% to US\$41,000 in HY2021 due to the decrease in foreign exchange losses as the Renminbi depreciated against the US dollar during the financial period under review.

Finance costs decreased by 15.5% from US\$74,000 in HY2020 to US\$62,000 in HY2021. The decrease was mainly due to lower interest rates in trade facilities and secured bank loans in HY2021 for raw material purchases.

Taking into account the operational expenses, the Group reversed its net loss of US\$283,000 in HY2020 to a net profit of US\$260,000 in HY2021. Correspondingly, net asset value increased from US\$15.0 million as at 29 February 2020 to US\$15.5 million as at 31 August 2020. The Group's balance sheet remains sound and it continues to maintain a net cash position.

### **Business Outlook**

The outbreak of the coronavirus pandemic, while bringing unprecedented challenges to the economies and businesses, accelerated digitalisation and transformed conventional lifestyles. Amidst the pandemic, demand for electronic communication devices continues to grow as telecommuting, virtual meetings, e-commerce ("live streaming" and online consumer purchasing) and home-based learning became the new norm. This led to an increase in demand for and uses of electronic and mobile devices including smartphones, laptops, tablets, electronic payment systems and accessories (headsets and earphones), which bodes well for the Group.

Added Mr Steven Tang, Executive Director and Head of Marketing and Product Innovation Division of Nico Steel, **"Our current breakthrough into the Chinese mobile communications sector, with the dominant brand owners, is mainly on our customised solutions while applications of our proprietary metal alloys are currently used for smaller components to address electromagnetic interference ("EMI") or shielding function in mobile communication devices. We believe that our range of NICO metal alloys will gradually be applied to significantly bigger components in their electronic communication devices, a similar trajectory which we have experienced with the non-Chinese customers.**

**We also believe that Nico is well-positioned to ride on the impending 5G trend coupled with increasing digitalisation. The functionality and performance of electronic communication devices including smartphones, tablets and laptops, as well as the equipment that supports data storage, are of utmost importance to support any digital ecosystem. We will continue to work closely with all the brand owners in the enhancement of their product development pipelines, providing metallurgical and material solutions to address potential concerns on the functionality and performance in critical components of the electronic communication devices and equipment. At Nico, we are aligned with our customers to build electronic communication devices that will enhance connectivity for people in the forthcoming digitalised world."**

The Group will update shareholders should there be any material developments as and when appropriate.

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**Note:** This media release is to be read in conjunction with the Company's results announcement on the SGX website on the same date.

## Nico Steel Holdings Limited 尼尔金属控股有限公司

(Stock Codes – SGX: 5GF | Bloomberg: NICO SP | Reuters: NICO.SI)

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**Nico Steel Holdings Limited** (“**Nico Steel**” and together with its subsidiaries, the “**Group**”), is a metallurgical and materials solutions specialist with a focus on customising technologically innovative metal alloy materials and processes under its proprietary “NICO” brand.

The Group’s proprietary patented production technology allows it to customise metallurgical solutions to meet the evolving requirements of its broad base of customers, particularly in the mobile communications, consumer electronics, industrial and automotive sectors.

Well-established in the upstream metal materials industry, the Group drives growth through (i) providing customised solutions as value-added services to component and contract manufacturers to meet their metal fabrication requirements, and (ii) cultivating demand from brand owners and leaders of mobile communications, consumer electronics, industrial and automotive sectors for its NICO brand of specialised metal alloy materials that will meet the evolving and stringent requirements of new electronic mobile devices.

Headquartered in Singapore, the Group owns and operates processing and production facilities in Suzhou, China, and Thailand, while the production facility in Singapore acts as its R&D centre.

For more information, please visit the company’s website at [www.nicosteel.com](http://www.nicosteel.com)

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Issued for and on behalf of **NICO STEEL HOLDINGS LIMITED** by:

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