



8 August 2023

Market Announcement Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

PROFIT WARNING YEAR ENDED 30 JUNE 2023

The Group wishes to advise that, based on preliminary accounts for the year ended 30 June 2023, subject to final audit adjustments, it is expected to incur a consolidated net loss comparable with the previous year of S\$8.5m. The Group's consolidated revenue for the year ended 30 June 2023 is S\$93.0m (2022: S\$92.3m).

The losses are attributed to the following: -

- a) Although the Group has secured substantial orders on gas processing projects, execution of these projects have been delayed until last month for about 8 months. In the light of the reduced availability and high costs of US\$, various governments have tightened controls on foreign exchange. This has caused our Group's bankers and the Group itself to exercise considerable prudence during the year, although the risk of default with our customers, in the Group's experiences and views is minimal. We are, however, pleased that the problems have eased in recent months and project execution has been activated. We expect the situation to continue to improve.

Engineering design works, procurement and project preparation have continued so that we will save execution time when the projects are ready to be fully activated. The year's results bear the costs of these overheads without any corresponding revenue of these projects to match.

- b) Projects taken up as revenue during the year just ended continued to be impacted adversely by supply chain problems and cost escalation arising from the worsening fallout of the Ukraine war and geopolitical tensions between China and the West. These have negated all the benefits of reduced ocean freight costs being experienced during the year.

We are pleased to advise the first 4 out of the 6 LNG gas propulsion systems have been successfully commissioned and the four 110,000 DWT tankers have successfully sailed off. The remaining 2 tankers are expected to be completed end of 2023. This has reinforced our track record and positioned us well for consideration by customers for further projects.

The Group's total confirmed outstanding orders as at 30 June 2023 amounted to S\$175.0m (2022: S\$74.1m). These outstanding orders have been confirmed post the Ukraine war break-out and have generally factored in supply chain issues and costs escalations.

The Group's cash and bank balances as at 30 June 2023 were S\$12.7m (2022: S\$20.4m).

Yours faithfully
Zicom Group Limited

G L Sim
Chairman.