



21 February 2022

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

Dear Sir,

PROFIT WARNING HALF YEAR ENDED 31 DECEMBER 2021

The Group wishes to advise that for the half year ended 31 December 2021, it is estimated to incur a consolidated net loss of between S\$3.2m to S\$3.5m as against a consolidated net profit of S\$2.73m for the same period in the previous year.

Personal interactions with customers are essential for the Group's businesses. The main cause for the setbacks can therefore be attributed to the continuing Covid-19 pandemic. The Delta Variant outbreak in 2020 caused break-through infections at rates more rapid than the first Covid 19 strain causing increased disruptions in the supply chain, uncertainties in business opening and people's movements affecting business decisions and interactions.

We have expected to see green shoots in the half year just ended but unfortunately the waning Delta Variant was quickly overlaid with a more infectious strain in Omicron that now predominates the global infections and continues its disruptions to humanity.

Several of the projects and business orders that we have expected to materialise during the half year have been delayed. Delay in project awards is further compounded by increase in supply chain costs, particularly in unprecedented spikes in ocean freight, which could not be easily recovered from customers, port congestion and extended shipping times.

We are hopeful that as the pandemic eases, business decisions would be expedited and projects will be awarded as demand will require to catch up. This, however, will also be contingent upon the pandemic and people's movement freeing up, supply chain problems resolved and geo-political tensions under control.

The Group continues to maintain strong cash balances at S\$26.4m (30 June 21: S\$20.3m) and its gearing ratio as at 31 December 2021 stood at 6.6% (30 June 21: 15.8%).

Yours faithfully
Zicom Group Limited

G L Sim
Chairman.