



21 February 2023

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

Dear Sir,

PROFIT WARNING HALF YEAR ENDED 31 DECEMBER 2022

The Group wishes to advise that for the half year ended 31 December 2022, it is estimated to incur a consolidated net loss of between S\$4.50m to S\$4.70m as against a consolidated net loss of S\$3.16m for the same period in the previous year. This is notwithstanding that the Group's consolidated revenue for this half year have increased to S\$52.84m from S\$41.56m in the corresponding period, an increase of 27.1%.

The challenges of customers delaying award of orders due to uncertainties, compounded by cost escalation and unprecedented spikes in global shipping freights by 4-5 times the pre-Covid rates, that impacted the corresponding half year ended 31 December 2021, have persisted into this half year. However, cost increases have become more pronounced and continued to escalate resulting in an increase of losses notwithstanding an increase in revenue.

On the positive side, as the pandemic eases and countries open up, order awards have accelerated. Global shipping rates have returned to pre-Covid levels towards the end of 2022.

Since August 2022, the Group had secured significant orders for gas processing plants amounting to S\$139m out of a total of confirmed orders in hand amounting to S\$190m as at 31 December 2022. However, as execution of these orders will commence in the calendar year 2023, no revenue has been recognised for this half year.

There appears to be growing consensus that the global economy is facing the possibility of an impending recession given rising interest rates continuing unabated, a strong dollar distorting several countries' balance of payments and ongoing geopolitical differences. As the Group has secured substantial orders in hand, we are confident to ride out any potential downturn.

Yours faithfully
Zicom Group Limited

G L Sim
Chairman.