

# **NORDIC GROUP LIMITED**

(Registration No: 201007399N)

## **Condensed Interim Consolidated Financial Statements**

For the half year ended 30 June 2022

## Condensed Interim Consolidated Financial Statements

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**NORDIC GROUP LIMITED**

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
Half Year Ended 30 June 2022**

		<u>Group</u>		
	<u>Notes</u>	1H2022 \$'000	1H2021 \$'000	Variance %
<b>Revenue</b>		79,763	49,172	62
Cost of sales		(56,716)	(35,183)	61
<b>Gross profit</b>		23,047	13,989	65
Other income and gains	5	2,003	1,007	99
Distribution costs		(765)	(467)	64
Administrative expenses		(10,457)	(6,011)	74
Finance costs	6	(725)	(269)	170
Other losses	5	(49)	(80)	(39)
<b>Profit before tax</b>	7	13,054	8,169	60
Income tax expense	8	(1,438)	(372)	287
		11,616	7,797	49
<b><u>Other comprehensive loss:</u></b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations, net of tax		105	198	(47)
<b>Other comprehensive income for the year, net of tax:</b>		105	198	(47)
<b>Total comprehensive income for the period</b>		11,721	7,995	47
Profit attributable to owners of the parent, net of tax		11,553	7,797	48
Profit attributable to non-controlling interests, net of tax		63	—	100
<b>Profit net of tax</b>		11,616	7,797	49
Total comprehensive income attributable to owners of the parent		11,658	7,995	46
Total comprehensive income attributable to non-controlling interests		63	—	100
<b>Total comprehensive income</b>		11,721	7,995	47
<b>Earnings per share</b>				
Earnings per share currency unit		<u>Cents</u>	<u>Cents</u>	
Basic and diluted	9	3.0	2.0	50

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## Condensed Interim Statements of Financial Position

		Group		Company	
		30/06/2022	31/12/2021	30/06/2022	31/12/2021
	Notes	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	11	48,654	32,099	5,861	5,991
Right-of-use assets		5,568	3,109	1,586	1,615
Goodwill	12	39,835	29,552	–	–
Intangible assets		3,735	55	–	–
Investments in subsidiaries		–	–	1,350	1,350
Deferred tax assets		394	394	–	–
<b>Total non-current assets</b>		<b>98,186</b>	<b>65,209</b>	<b>8,797</b>	<b>8,956</b>
<b><u>Current assets</u></b>					
Inventories		18,621	14,542	–	–
Trade and other receivables	13	35,063	24,419	29,898	39,300
Other assets	14	31,992	12,759	1,576	1,019
Cash and cash equivalents		42,925	75,337	19,948	5,043
<b>Total current assets</b>		<b>128,601</b>	<b>127,057</b>	<b>51,422</b>	<b>45,362</b>
<b>Total assets</b>		<b>226,787</b>	<b>192,266</b>	<b>60,219</b>	<b>54,318</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity attributable to owners of the parent</u></b>					
Share capital	15	22,439	22,439	22,439	22,439
Treasury shares	15	(2,726)	(2,614)	(2,726)	(2,614)
Retained earnings		80,803	76,994	13,516	15,786
Other reserves	16	1,268	816	–	–
<b>Total equity</b>	17	<b>101,784</b>	<b>97,635</b>	<b>33,229</b>	<b>35,611</b>
<b><u>Non-current liabilities</u></b>					
Provisions	18	–	51	–	–
Deferred tax liabilities		2,844	2,916	49	49
Loans and borrowings	19	16,150	2,575	4,587	–
Financial liabilities – lease liabilities		5,648	3,157	1,625	1,644
<b>Total non-current liabilities</b>		<b>24,642</b>	<b>8,699</b>	<b>6,261</b>	<b>1,693</b>
<b><u>Current liabilities</u></b>					
Provisions	18	1,753	2,377	–	–
Income tax payable		1,779	915	66	95
Loans and borrowings	19	57,710	57,687	12,704	14,511
Financial liabilities – lease liabilities		271	226	37	37
Trade and other payables	20	36,319	23,830	7,922	2,371
Other non-financial liabilities	21	2,529	897	–	–
<b>Total current liabilities</b>		<b>100,361</b>	<b>85,932</b>	<b>20,729</b>	<b>17,014</b>
<b>Total liabilities</b>		<b>125,003</b>	<b>94,631</b>	<b>26,990</b>	<b>18,707</b>
<b>Total equity and liabilities</b>		<b>226,787</b>	<b>192,266</b>	<b>60,219</b>	<b>54,318</b>

# **NORDIC GROUP LIMITED**

## **Condensed Interim Statements of Changes in Equity**

**Half Year Ended 30 June 2022**

	<u>Total Equity</u> \$'000	<u>Attributable to parent sub-total</u> \$'000	<u>Share Capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Retained earnings</u> \$'000	<u>Other reserves</u> \$'000	<u>Non- Controlling interests</u> \$'000
<b>Group:</b>							
<b>Current period:</b>							
Opening balance at 1 January 2022	97,635	97,635	22,439	(2,614)	76,994	816	–
<b>Changes in equity:</b>							
Total comprehensive income for the period	11,721	11,658	–	–	11,553	105	63
Transfer from retained earnings	–	–	–	–	(347)	347	–
Acquisition of subsidiaries (Note 24(a))	13,435	–	–	–	–	–	13,435
Acquisition of additional interest in subsidiaries (Note 24 (b))	(17,946)	–	–	–	–	–	(17,946)
Acquisition of non-controlling interest without a change in control (Note 24(b))	–	(4,448)	–	–	(4,448)	–	4,448
Dividends paid (Note 10)	(2,949)	(2,949)	–	–	(2,949)	–	–
Purchase of treasury shares (Note 15)	(112)	(112)	–	(112)	–	–	–
<b>Closing balance at 30 June 2022</b>	<b>101,784</b>	<b>101,784</b>	<b>22,439</b>	<b>(2,726)</b>	<b>80,803</b>	<b>1,268</b>	<b>–</b>
<b>Previous period:</b>							
Opening balance at 1 January 2021	88,836	88,836	22,439	(2,374)	68,326	445	–
<b>Changes in equity:</b>							
Total comprehensive income for the period	7,995	7,995	–	–	7,797	198	–
Dividends paid (Note 10)	(1,405)	(1,405)	–	–	(1,405)	–	–
Purchase of treasury shares (Note 15)	(240)	(240)	–	(240)	–	–	–
<b>Closing balance at 30 June 2021</b>	<b>95,186</b>	<b>95,186</b>	<b>22,439</b>	<b>(2,614)</b>	<b>74,718</b>	<b>643</b>	<b>–</b>

## NORDIC GROUP LIMITED

### Condensed Interim Statements of Changes in Equity

Half Year Ended 30 June 2022

	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Retained earnings</u> \$'000
<b><u>Company:</u></b>				
<b>Current period:</b>				
Opening balance at 1 January 2022	35,611	22,439	(2,614)	15,786
<b>Changes in equity:</b>				
Total comprehensive income for the period	679	–	–	679
Dividends paid (Note 10)	(2,949)	–	–	(2,949)
Purchase of treasury shares (Note 15)	(112)	–	(112)	–
<b>Closing balance at 30 June 2022</b>	<b>33,229</b>	<b>22,439</b>	<b>(2,726)</b>	<b>13,516</b>
<b>Previous period:</b>				
Opening balance at 1 January 2021	40,285	22,439	(2,374)	20,220
<b>Changes in equity:</b>				
Total comprehensive income for the period	777	–	–	777
Dividends paid (Note 10)	(1,405)	–	–	(1,405)
Purchase of treasury shares (Note 15)	(240)	–	(240)	–
<b>Closing balance at 30 June 2021</b>	<b>39,417</b>	<b>22,439</b>	<b>(2,614)</b>	<b>19,592</b>

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## Consolidated Statement of Cash Flows Half Year Ended 30 June 2022

	1H2022 \$'000	1H2021 \$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	13,054	8,169
Adjustments for:		
Interest expense	725	269
Interest income	(27)	(55)
Loss/(Gain) on disposal of plant and equipment	49	(30)
Depreciation of property, plant and equipment	2,006	1,809
Depreciation of right-of-use assets	85	79
Amortisation of intangible assets	1,300	166
Foreign exchange adjustment unrealised gain	(622)	(373)
Operating cash flows before changes in working capital	16,570	10,034
Inventories	(2,236)	(1,407)
Trade and other receivables	(2,928)	(246)
Other assets	504	(2,414)
Provisions	(675)	75
Trade and other payables	7,506	(2,154)
Other non-financial liabilities	1,632	(496)
Net cash flows from operations	20,373	3,392
Income taxes paid	(913)	(676)
Net cash flows from operating activities	19,460	2,716
<b><u>Cash flows from investing activities</u></b>		
Acquisition of a subsidiary, net of cash acquired	(50,969)	–
Purchase of property, plant and equipment	(331)	(323)
Disposal of property, plant and equipment	2	46
Interest received	27	55
Net cash flows used in investing activities	(51,271)	(222)
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity owners	(2,949)	(1,405)
Increase in loans and borrowings	16,500	–
Interest paid	(642)	(219)
Lease liabilities – principal portion and interest paid	(238)	(142)
Repayment of loans and borrowings	(13,962)	(2,226)
Purchase of treasury shares	(112)	(240)
Net cash flows used in financing activities	(1,403)	(4,232)
<b>Net decrease in cash and cash equivalents</b>	(33,214)	(1,738)
Effects of exchange rate changes on the balance of cash held in foreign currencies	802	420
Cash and cash equivalents, statement of cash flows, beginning balance	75,337	57,512
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	42,925	56,194

## **NORDIC GROUP LIMITED**

### **Notes to the condensed interim consolidated financial statements 30 June 2022**

#### **1. General**

The company is incorporated in Singapore with limited liability. The condensed interim consolidated financial statements for the half year ended 30 June 2022 ("1H2022") are presented in Singapore dollar and they cover the company and the subsidiaries ("collectively, the group")

The principal activities of the company are those of an investment holding company and providing management and administrative support to its subsidiaries. The company is listed on the Singapore Exchange Securities Trading Limited. The group is a diversified group of companies providing solutions in areas of automation and systems integration; maintenance, repair, overhaul and trading; precision engineering; scaffolding; insulation services; petrochemical and environmental engineering services; and cleanroom, air and water engineering services.

#### **2. Basis of preparation of the financial statements**

The condensed interim consolidated financial statements for the half year ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance of the group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. The condensed consolidated financial statements are presented in Singapore dollar which is the company's functional currency.

##### **2.1 New and amended standards adopted by group**

A number of amendments to Standards have become applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

##### **2.2 Use of judgements and estimates**

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



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### **3. Seasonal operations**

The group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Financial information by operating segments**

#### **4A. Information about reportable segment profit or loss, assets and liabilities**

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) Project services, (2) Maintenance services and (3) Others. The results of all other activities, mainly investment holding which are not included within the two primary segments, are included in the "Others" segment. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- (1) The Project services segment includes projects that requires engineering, design, procurement, construction, machining, scaffolding works, insulation services and passive fireproofing services.
- (2) The Maintenance services segment includes maintenance and repair services, including trading and supply of material, spare parts and components.
- (3) The Others segment relates to other revenue streams.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies. The management reporting system evaluates performances based on a number of factors. However, the primary measurement to evaluate segment's operating results is the earnings from operations before depreciation and amortisation, interests and income taxes (called "EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

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## 4. Financial information by operating segments (cont'd)

### 4B. Profit or loss from continuing operations and reconciliations

	Project services \$'000	Maintenance services \$'000	Others \$'000	Elimination \$'000	Group \$'000
<b>1H2022</b>					
<b>Revenue by segment</b>					
Total revenue by segment	53,357	29,859	–	(3,453)	79,763
Inter-segment sales	(2,461)	(992)	–	3,453	–
Total revenue	50,896	28,867	–	–	79,763
<b>Recurring EBITDA</b>					
Inter-segment expenses	962	865	–	(1,827)	–
Adjusted EBITDA	9,018	6,653	1,472	–	17,143
Finance costs	(226)	(349)	(150)	–	(725)
Amortisation of intangible assets	(904)	(396)	–	–	(1,300)
	7,888	5,908	1,322	–	15,118
Unallocated:					
Interest income					27
Depreciation of property, plant and equipment					(2,006)
Depreciation of right-of-use assets					(85)
Income tax expenses					(1,438)
<b>Profit for the period</b>					<b>11,616</b>
<b>1H2021</b>					
<b>Revenue by segment</b>					
Total revenue by segment	26,154	25,772	–	(2,754)	49,172
Inter-segment sales	(2,504)	(250)	–	2,754	–
Total revenue	23,650	25,522	–	–	49,172
<b>Recurring EBITDA</b>					
Inter-segment expenses	289	472	–	(761)	–
Adjusted EBITDA	4,743	4,812	882	–	10,437
Finance costs	(36)	(134)	(99)	–	(269)
Amortisation of intangible assets	(7)	(159)	–	–	(166)
	4,700	4,519	783	–	10,002
Unallocated:					
Interest income					55
Depreciation of property, plant and equipment					(1,809)
Depreciation of right-of-use assets					(79)
Income tax expenses					(372)
<b>Profit for the period</b>					<b>7,797</b>

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### 4. Financial information by operating segments (cont'd)

#### 4C. Assets and reconciliations

	<u>Project services</u> \$'000	<u>Maintenance services</u> \$'000	<u>Others</u> \$'000	<u>Group</u> \$'000
<b>As at 30 June 2022</b>				
Reportable segment assets	17,814	5,851	–	23,665
Unallocated:				
Cash and cash equivalents				42,925
Inventories				18,621
Trade and other receivables, and other assets				43,390
Property, plant and equipment				48,654
Other non-current assets				49,532
<b>Total group assets</b>				<u>226,787</u>
<b>As at 31 December 2021</b>				
Reportable segment assets	6,490	3,170	–	9,660
Unallocated:				
Cash and cash equivalents				75,337
Inventories				14,542
Trade and other receivables, and other assets				27,518
Property, plant and equipment				32,099
Other non-current assets				33,110
<b>Total group assets</b>				<u>192,266</u>

#### 4D. Liabilities and reconciliations

	<u>Project services</u> \$'000	<u>Maintenance services</u> \$'000	<u>Others</u> \$'000	<u>Group</u> \$'000
<b>As at 30 June 2022</b>				
Reportable segment liabilities	2,392	137	–	2,529
Unallocated:				
Provisions				1,753
Trade and other payables				36,319
Loans and borrowings				73,860
Financial liabilities – lease liabilities				5,919
Income tax payable and deferred tax liabilities				4,623
<b>Total group liabilities</b>				<u>125,003</u>

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### 4. Financial information by operating segments (cont'd)

#### 4D. Liabilities and reconciliations (cont'd)

	<u>Project Services</u> \$'000	<u>Maintenance services</u> \$'000	<u>Others</u> \$'000	<u>Group</u> \$'000
<b>As at 31 December 2021</b>				
Reportable segment liabilities	711	186	–	897
Unallocated:				
Provisions				2,428
Trade and other payables				23,830
Loans and borrowings				60,262
Financial liabilities – lease liabilities				3,383
Income tax payable and deferred tax liabilities				3,831
<b>Total group liabilities</b>				<b>94,631</b>

#### 4E. Geographical information

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>1H2022</u> \$'000	<u>1H2021</u> \$'000	<u>30/06/2022</u> \$'000	<u>31/12/2021</u> \$'000
<u>Group</u>				
China	22,613	11,052	3,447	3,788
Singapore	43,185	37,214	94,257	61,027
Malaysia	8,872	906	82	–
Middle East	5,093	–	6	–
	<u>79,763</u>	<u>49,172</u>	<u>97,792</u>	<u>64,815</u>

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

#### 4F. Other material items and reconciliations

Capital expenditures of \$282,000 (30 June 2021: \$323,000) are recognised in respect of property, plant and equipment. Segment information is not available for capital expenditures as the information is not available and the cost to allocate to the segment would be excessive.

#### 4G. Disaggregation of revenue

Revenue classified by type of good or service:

	<u>Group</u>	
	<u>1H2022</u> \$'000	<u>1H2021</u> \$'000
Services	53,995	32,858
Sale of goods	14,446	13,886
Construction contracts	11,322	2,428
Total revenue	<u>79,763</u>	<u>49,172</u>

Revenue classified by timing of revenue recognition:

	<u>1H2022</u> \$'000	<u>1H2021</u> \$'000
Point in time	14,446	13,886
Over time	65,317	35,286
Total revenue	<u>79,763</u>	<u>49,172</u>

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### 5. Other income and gains and (other losses)

	Group	
	<u>1H2022</u>	<u>1H2021</u>
	\$'000	\$'000
Reversal for impairment on other receivables – gain	11	3
Foreign exchange adjustments gains	1,235	481
(Loss)/Gain on disposal of plant and equipment	(49)	30
Government grant	494	151
Interest income	27	55
Reversal of inventories written down / inventories written down	24	(80)
Other income	212	287
Net	<u>1,954</u>	<u>927</u>
Presented in profit or loss as:		
Other income and gains	2,003	1,007
Other losses	(49)	(80)
Net	<u>1,954</u>	<u>927</u>

### 6. Finance costs

	Group	
	<u>1H2022</u>	<u>1H2021</u>
	\$'000	\$'000
Interest expense	642	219
Interest on lease liabilities	83	50
Total finance costs	<u>725</u>	<u>269</u>

### 7. Additional information on the condensed interim consolidated statement of profit or loss

	Group	
	<u>1H2022</u>	<u>1H2021</u>
	\$'000	\$'000
Amortisation of intangible asset	1,300	166
Depreciation of right-of-use asset	85	79
Depreciation of property, plant and equipment	2,006	1,809
Job Support Scheme included in administrative expense	–	560
Job Support Scheme and Foreign Workers Levy Rebate included in cost of sales	<u>1,447</u>	<u>1,186</u>

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### 8. Income tax expense

The group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>	
	<u>1H2022</u>	<u>1H2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Current tax expense:</u>		
Current tax expense	1,510	651
<u>Deferred tax income</u>		
Deferred tax income	(72)	(279)
Total income tax expense	<u>1,438</u>	<u>372</u>

### 9. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no-par value:

	<u>Group</u>	
	<u>1H2022</u>	<u>1H2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Numerators: earnings attributable to equity:		
Profit attributable to equity holders	<u>11,616</u>	<u>7,797</u>
	'000	'000
Denominators: weighted average number of equity shares		
Basic and diluted	<u>387,954</u>	<u>388,360</u>

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

Both basic and diluted earnings per share are the same as there are no diluted ordinary share equivalents outstanding during the reporting years.

### 10. Dividends on equity shares

	<u>Group and Company</u>			
	<u>Rate per share</u>			
	<u>1H2022</u>	<u>1H2021</u>	<u>1H2022</u>	<u>1H2021</u>
	<u>cents</u>	<u>cents</u>	<u>\$'000</u>	<u>\$'000</u>
Final tax exempt (one-tier) dividend paid	0.608	0.362	2,359	1,405
Special tax exempt (one-tier) dividend paid	0.152	–	590	–
Total dividends paid in the year	<u>0.760</u>	<u>0.362</u>	<u>2,949</u>	<u>1,405</u>

### 11. Property, plant and equipment

During the half year ended 30 June 2022, the group acquired assets amounting to \$331,000 (30 June 2021: \$323,000) and disposed of assets with net book value amounting to \$51,000 (30 June 2021: \$16,000).

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### 12. Goodwill

	<u>Group</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost:		
At beginning of the period/year	29,552	29,552
Acquisition of subsidiaries	10,283	–
At end of the period/year	<u>39,835</u>	<u>29,552</u>

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary as follows:

	<u>Group</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<u>Name of subsidiary:</u>		
Multiheight Scaffolding Pte Ltd	12,292	12,292
Austin Energy (Asia) Pte Ltd	10,159	10,159
Ensure Engineering Pte Ltd	7,101	7,101
Starburst Holdings Limited and its subsidiaries (Note 24)	10,283	–
Net book value at end of the period/year	<u>39,835</u>	<u>29,552</u>

During the financial period ended 30 June 2022, the group acquired Starburst Holdings Limited, and its wholly owned subsidiaries, Starburst Engineering Pte Ltd, Starburst Risk Consulting Pte. Ltd., and Starburst Engineering Sdn. Bhd. As a result of the acquisition, a goodwill of \$10.3 million is recognised during the financial period. Detail of the acquisition of subsidiaries is disclosed in Note 24.

The goodwill was tested for impairment at the end of the reporting year 31 December 2021. No impairment allowance was required because the carrying amounts of all cash-generating units were lower than their estimated recoverable amounts. The recoverable amounts of cash-generating units have been measured based on the value in use method. The value in use was measured by management. The value in use is a recurring fair value measurement (Level 3).

The quantitative information about the value in use measurement using significant unobservable inputs for the cash-generating unit ("CGU") are consistent with those used for the measurement last performed and are as follows:

	<u>Group</u>
	<u>31/12/2021</u>
	<u>\$'000</u>
<u>Valuation technique and Unobservable inputs</u>	
<u>Discounted cash flow method:</u>	
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.	
Multiheight Scaffolding Pte Ltd	13%
Austin Energy (Asia) Pte Ltd	15%
Ensure Engineering Pte Ltd	13%
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years
3. Growth rates based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets.	1.4%

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### 12. Goodwill (cont'd)

Actual outcomes could vary from these estimates. If the revised estimated revenue had been 10% less favourable than management's estimates, if the revised estimated gross margin had been 10% less favourable than management's estimates or if the revised estimated pre-tax discount rate applied to the discounted cash flows had been 1 percent point higher than management's estimates, there would not be a need to impair the carrying amount of goodwill.

Management's calculation of value in use took into account projects on hand and the effect of the projects that were delayed due to Covid-19.

### 13. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	31,340	23,399	–	–
Less allowance for impairment	(189)	(195)	–	–
Subsidiaries	–	–	29,814	21,619
Retention receivables	3,729	1,085	–	–
Net trade receivables – subtotal	<u>34,880</u>	<u>24,289</u>	<u>29,814</u>	<u>21,619</u>
<u>Other receivables:</u>				
Outside parties	84	81	84	–
Less allowance for impairment	–	(7)	–	–
Subsidiary	–	–	–	17,681
Grant receivables	99	56	–	–
Net other receivables – subtotal	<u>183</u>	<u>130</u>	<u>84</u>	<u>17,681</u>
Total trade and other receivables	<u>35,063</u>	<u>24,419</u>	<u>29,898</u>	<u>39,300</u>

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Movements in above allowance on trade receivables:				
At beginning of the period/year	195	368	–	–
Charge for trade receivables to profit or loss included in other losses	–	(122)	–	–
Reversed for trade receivables to profit or loss included in cost of sales	(6)	–	–	–
Foreign exchange adjustments	–	(3)	–	–
Utilisation	–	(48)	–	–
At end of the period/year	<u>189</u>	<u>195</u>	<u>–</u>	<u>–</u>
Movements in above allowance on other receivables:				
At beginning of the period/year	7	83	–	–
Reversal for other receivables to profit or loss included in other losses	(7)	(76)	–	–
At end of the period/year	<u>–</u>	<u>7</u>	<u>–</u>	<u>–</u>



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### 13. Trade and other receivables (cont'd)

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the Covid-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

There are no collateral held as security and other credit enhancements for the trade receivables. As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2021: 30 to 90 days). But some customers take a longer period to settle the amounts.

Concentration of trade receivable customers as at the end of reporting period/year:

	<u>Group</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Top 1 customer	4,900	3,247
Top 2 customers	8,880	4,997
Top 3 customers	<u>10,247</u>	<u>6,430</u>

### 14. Other assets

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Contract assets	5,875	1,915	–	–
Unbilled revenue	17,790	7,745	1,549	1,000
Prepayments	3,135	436	7	10
Advances to suppliers	1,823	1,951	9	–
Deposits to secure services	<u>3,369</u>	<u>712</u>	<u>11</u>	<u>9</u>
	<u>31,992</u>	<u>12,759</u>	<u>1,576</u>	<u>1,019</u>

### 15. Share capital

	<u>Number of shares issued</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Total</u>
	'000	\$'000	\$'000	\$'000
<u>Current period:</u>				
<u>Group and Company</u>				
Ordinary shares of no par value:				
Opening balance at 1 January 2022	388,000	22,439	(2,614)	19,825
Treasury shares purchased (a)	(264)	–	(112)	(112)
At end of the period 30 June 2022	<u>387,736</u>	<u>22,439</u>	<u>(2,726)</u>	<u>19,713</u>
<u>Previous period:</u>				
<u>Group and Company</u>				
Ordinary shares of no par value:				
Opening balance at 1 January 2021	388,900	22,439	(2,374)	20,065
Treasury shares purchased (a)	(900)	–	(240)	(240)
At end of the period 30 June 2021/ 31 December 2021	<u>388,000</u>	<u>22,439</u>	<u>(2,614)</u>	<u>19,825</u>

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### 15. Share capital (cont'd)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Pursuant to the share purchase mandate approved at the extraordinary general meeting on 29 April 2015 and renewed at the annual general meeting on 25 April 2022. During the reporting period, the company acquired 263,900 ordinary shares (30 June 2021: 900,000 ordinary shares) on the Singapore Stock Exchange and held as treasury shares. The total treasury shares is 12,263,900 (30 June 2021: 12,000,000). There is no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the period/year.

### 16. Other reserves

	Group	
	30/06/2022	31/12/2021
	\$'000	\$'000
Foreign currency translation reserve (Note 16A)	519	581
Statutory reserve (Note 16B)	749	235
Total at the end of the period/year	<u>1,268</u>	<u>816</u>

#### 16A. Foreign currency translation reserve

	Group	
	30/06/2022	31/12/2021
	\$'000	\$'000
At beginning of the period/year	581	210
Exchange differences on translating foreign operations	(62)	371
At end of the period/year	<u>519</u>	<u>581</u>

The currency translation reserve accumulates all foreign exchange differences.

#### 16B. Statutory reserve

	Group	
	30/06/2022	31/12/2021
	\$'000	\$'000
At beginning of the period/year	235	235
Transferred from retained earnings	347	—
Foreign exchange adjustments	167	—
At end of the period/year	<u>749</u>	<u>235</u>

The subsidiaries in the People's Republic of China are required by local regulation to appropriate 10% of the profits each year to a non-distributable statutory reserve. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The use of the funds in the non-distributable statutory reserve is subject to approval by the relevant authorities in the People's Republic of China.

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### 17. Net asset value per share

The following table illustrates the numerators and denominators used to calculate net asset value per share of no par value:

	Group		Company	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Numerators: net asset value	<u>101,784</u>	<u>97,635</u>	<u>33,229</u>	<u>35,611</u>
	'000	'000	'000	'000
Denominators: number of ordinary equity shares	387,736	388,000	387,736	388,000
Net asset value per share (cents)	<u>26.3</u>	<u>25.2</u>	<u>8.6</u>	<u>9.2</u>

### 18. Provisions

	Group	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
<u>Non-current:</u>		
Warranties	–	51
Total non-current portion	<u>–</u>	<u>51</u>
<u>Current:</u>		
Warranties	<u>1,753</u>	<u>2,377</u>
Total current portion	<u>1,753</u>	<u>2,377</u>
Total non-current and current	<u>1,753</u>	<u>2,428</u>

Certain products are covered by product warranty plans of varying periods. If the customer has the option to purchase a warranty separately or is negotiated separately, the warranty is accounted as a performance obligation and a portion of the transaction price is allocated to that performance obligation and recognised as revenue over the period the warranty services are provided. The warranty obligations are affected by actual product failure rates and by material usage and service delivery costs incurred in correcting a product failure.

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## **19. Loans and borrowings**

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	6,162	2,575	4,587	–
<u>Financial instruments with fixed interest rates</u>				
Bank loan (secured) Note 19A)	9,988	–	–	–
Total non-current portion	<u>16,150</u>	<u>2,575</u>	<u>4,587</u>	<u>–</u>
<u>Current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	15,695	23,250	12,704	13,250
Bank loans (Note 19B)	39,800	24,880	–	–
Invoice financing (Note 19B)	1,496	8,296	–	–
<u>Financial instruments with fixed interest rates:</u>				
Bank loans (secured) (Note 19A)	719	1,261	–	1,261
Total current portion	<u>57,710</u>	<u>57,687</u>	<u>12,704</u>	<u>14,511</u>
Total non-current and current	<u>73,860</u>	<u>60,262</u>	<u>17,291</u>	<u>14,511</u>
<u>Presented as:</u>				
Secured	32,564	27,086	17,291	14,511
Unsecured	41,296	33,176	–	–
Total loans and borrowings	<u>73,860</u>	<u>60,262</u>	<u>17,291</u>	<u>14,511</u>

The non-current portion is repayable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Due within 2 to 5 years	9,729	2,575	4,587	–
Due in more than 5 years	<u>6,421</u>	<u>–</u>	<u>–</u>	<u>–</u>

The range of floating interest rates paid was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	%	%	%	%
Bank loans and invoice financing	<u>1.07 - 2.98</u>	<u>1 to 1.75</u>	<u>1.07 - 2.31</u>	<u>1 to 1.35</u>

The range of fixed interest rates paid was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	%	%	%	%
Bank loans	<u>1.68 - 1.98</u>	<u>1.20</u>	<u>–</u>	<u>1.20</u>

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### **19. Loans and borrowings (cont'd)**

#### **19A. Loans and borrowings (secured)**

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the company.
2. Legal mortgage over the leasehold properties.
3. Subject to certain financial covenants.
4. The bank loans comprise:
  - a. Short term borrowings with an average maturity period of 1 to 3 months and are settled at the end of maturity period.
  - b. Loan repayable in 16 semi-annual instalments of \$1,000,000 from June 2017.
  - c. Loan repayable in 30 quarterly instalments of \$200,000 from June 2018. Although the loan is for a period of 7.5 years from June 2018, it has been classified as “current” because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period/year.
  - d. Loan repayable over 2 years from September 2020 with quarterly instalments of \$633,467. The weighted average interest rate is 1.35% per annum. The loan has been fully repaid in June 2022.
  - e. Loan repayable over 4 years from January 2022 with monthly instalment of about \$145,000 at floating interest rates.

#### **19A. Loans and borrowings (secured)**

5. The bank loans comprise a term loan arising from the acquisition of subsidiaries during the financial period (Note 24). The following terms are the existing terms when the Starburst Group was acquired and the company is in the process of re-negotiating these terms. The said term loan is repayable in 246 monthly instalments from May 2020, has weighted average interest rate of 1.76% per annum and are secured by the following:
  - a. First legal mortgage of the leasehold property;
  - b. Legal assignment of proceeds from certain projects;
  - c. Charge on cash in current account
  - d. Fixed deposits of not less than S\$2.1 million;
  - e. A first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policy taken out on the life of the advisors (ex-directors of a subsidiary) for a minimum sum insured of US\$1.0 million each; and
  - f. A corporate guarantee from a subsidiary of the company.

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### 19. Loans and borrowings (cont'd)

#### 19B. Bank loans and invoice financing

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Corporate guarantee from the company.
2. Subject to certain financial covenants.
3. Short term borrowings (invoice financing and money market loans) with an average maturity period of 1 to 3 months and are settled at the end of maturity period.

#### 19C Bank facilities

	Group	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Undrawn borrowings and trade lines	59,151	46,407
Undrawn foreign exchange lines and interest rate swap	29,900	34,900
Total undrawn borrowing facilities	<u>89,051</u>	<u>81,307</u>

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

### 20. Trade and other payables

	Group		Company	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Outside parties and accrued liabilities	<u>36,319</u>	<u>23,830</u>	<u>7,922</u>	<u>2,371</u>

### 21. Other non-financial liabilities

	Group	
	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Deferred revenue	1,523	897
Contract liabilities	1,006	—
	<u>2,529</u>	<u>897</u>

### 22. Financial instruments

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period/year:

	Group		Company	
	<u>30/06/2022</u>	<u>31/12/2021</u>	<u>30/06/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>77,988</u>	<u>99,756</u>	<u>49,846</u>	<u>44,343</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>116,098</u>	<u>87,475</u>	<u>26,875</u>	<u>18,612</u>

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### 23. Commitments

	Company	
	30/06/2022 \$'000	31/12/2021 \$'000
Corporate guarantee in favour of subsidiaries	58,227	46,551
	Group	
	30/06/2022 \$'000	31/12/2021 \$'000
Total commitments on short-term leases at period / year end date	1,498	1,293

### 24. Acquisition of subsidiaries

#### (a) Acquisition of subsidiaries

On 7 January 2022, the group made a voluntary acquisition offer to acquire all the issued and paid-up ordinary shares of Starburst Holdings Limited ("Starburst") at a consideration of S\$0.238 for each share. On 24 January 2022, the group received valid acceptances in respect of 173,061,556 shares, constituting 69.70% of the total number of issued shares (excluding treasury shares) of Starburst, and the offer was declared unconditional in all respects. As such, the group obtained controlling interest in Starburst through a wholly owned subsidiary, Nordic Flow Control Pte Ltd. Accordingly, the acquisition date of Starburst was 24 January 2022 and any subsequent valid acceptances will be treated as acquisition of non-controlling interests without a change in control (Note 24(a)).

As a result of the acquisition on 24 January 2022, a goodwill of \$10.3 million is recognised during the financial period. As at the end of the reporting period, management completed the initial acquisition accounting on a preliminary basis. The acquisition accounting will be finalised within twelve months and the amounts recorded as in this reporting year could change.

	Pre-acquisition book value under SFRS(I) \$'000	At fair value \$'000
<u>2022: Starburst Group</u>		
Intangible assets – order backlog	–	4,980
Property, plant and equipment	19,864	18,356
Right-of-use asset	2,544	2,544
Inventories	1,843	1,843
Trade and other receivables	7,716	7,716
Other assets	19,737	19,737
Cash and cash equivalents	8,166	8,166
Trade and other payables	(4,983)	(4,983)
Lease liabilities	(2,691)	(2,691)
Loans and borrowings	(11,060)	(11,060)
Income tax payable	(267)	(267)
Net assets	40,869	44,341

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### 24. Acquisition of subsidiaries (cont'd)

#### (a) Acquisition of subsidiaries (cont'd)

The goodwill arising on acquisition is as follows:

Consideration transferred	41,189
Non-controlling interest at fair value	13,435
Fair value of identifiable net assets acquired	(44,341)
Goodwill arising on acquisition	<u>10,283</u>

The contributions from the acquired subsidiaries for the period between the date of acquisition and the end of the reporting year were as follows:

	From date of acquisition in <u>2022</u> \$'000	For the reporting year <u>2022</u> \$'000
Revenue	14,905	14,905
Profit before income tax	<u>3,547</u>	<u>3,547</u>

#### (a) Acquisition of additional interest in subsidiaries

On 20 April 2022, the group had received acceptances in respect of an aggregate of 248,300,050 shares at S\$0.238 for each share, constituting 100% of the total number of issued shares (excluding treasury shares) of Starburst for an aggregate cash consideration of \$59.1 million.

The consideration paid for the acquisition of additional interest of 30.3% in Starburst amounted to \$17.9 million and the fair value of the non-controlling interests in Starburst was approximately \$13.5 million.

As a result of the acquisition of additional interest, the group derecognised non-controlling interests of \$4.5 million and recorded a decrease in equity attributable to owner of the parent of \$4.5 million. The effect of changes in changes in equity during the financial period is summarised as follows:

Non-controlling interest at fair value	13,498
Consideration paid to non-controlling interest	(17,946)
Excess of consideration paid recognised in parent's equity	<u>4,448</u>

The group incurred acquisition related costs of approximately \$207,000 relating to external legal fees and compliance costs and these have been classified as 'administrative' expenses in the condensed interim consolidated statement of profit or loss.

#### (b) Effect of cash flows of the group

	\$'000
Fair value of purchase consideration	59,135
Less: cash and cash equivalents in subsidiaries acquired	(8,166)
Excess of consideration paid recognised in parent's equity	<u>50,969</u>



**25. Subsequent events**

On 8 July 2022, the company has completed a sales of treasury shares of 12,000,000 treasury shares in the capital of the company to certain investors of the company (the “Purchasers”) for an aggregate sale consideration of S\$5,040,000. Upon the completion of the sale of treasury shares, a total of 12,000,000 Shares have been transferred to the Purchasers and the company holds 263,900 Shares as treasury shares.

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**Other Information Required by Listing Rule Appendix 7.2**

## NORDIC GROUP LIMITED

### OTHER INFORMATION

#### 1. Review

The condensed interim consolidated financial statements for period ended 30 June 2022 and certain explanatory notes have not been audited or reviewed.

#### 2. Review of performance of the group

##### **Review of performance for half-year ended 30 June 2022 ("1H2022")**

##### **Revenue**

The group's revenue increased by approximately \$30.6 million or 63%, from approximately \$49.2 million in 1H2021 to approximately \$79.8 million in 1H2022. This increase was attributable to the marked pick-up in momentum for both the Project and Maintenance Services post Covid-19 and contribution from Starburst Group.

Business segment	1H2022	1H2021	Change	Change
	\$'000	\$'000	\$'000	%
Project services	50,896	23,650	27,246	115
Maintenance services	28,867	25,522	3,345	13
<b>Total</b>	<b>79,763</b>	<b>49,172</b>	<b>30,591</b>	<b>62</b>

##### **Gross profit and gross profit margin**

Gross profit for 1H2022 increased by approximately \$9.1 million or 65% from \$14.0 million in 1H2021 to approximately \$23.0 million in 1H2022. Gross profit margin increased from 28% in 1H2021 to approximately 29% in 1H2022. The increase in gross profit is mainly due to higher revenue as mentioned above. Excluding the government rebates and grants such as jobs support scheme and foreign workers levy rebate, the gross profit margins were 27% for 1H2022 and 26% for 1H2021.

##### **Other income and gains**

Other income and gains increased approximately \$1.0 million or 99% from approximately \$1.0 million in 1H2021 to \$2.0 million in 1H2022 mainly due to higher foreign exchange gains from the strengthening of USD vs SGD during the period under review.

##### **Distribution costs**

Distribution costs increased approximately \$0.3 million or 64% from \$0.5 million in 1H2021 to approximately \$0.8 million in 1H2022 mainly due to contribution from Starburst Group.

##### **Administrative expenses**

Administrative expenses increased approximately \$4.5 million or 74% from \$6.0 million in 1H2021 to approximately \$10.5 million in 1H2022 mainly due to contribution from Starburst Group and amortisation of intangibles.

##### **Finance costs**

Interest expenses increased \$0.5 million or 170% mainly due to higher interest rates during the period under review and contribution from Starburst Group.

##### **Other losses**

Other losses of approximately \$49,000 for 1H2022 was loss on disposal of property, plant and equipment while \$80,000 for 1H2021 was for inventories written down.

##### **Income tax expenses**

Effective income tax rates were at approximately 11% for 1H2022 and 5% for 1H2021. The effective tax rate is lower than the statutory rate of 17% mainly due to the utilization of merger & acquisition allowance, unutilised capital allowances and tax losses carried forward.

## 2. Review of performance of the group (cont'd)

### **Statement of Financial Position Review (as at 30 June 2022 compared to 30 December 2021)**

#### **Non-current assets**

Non-current asset increased by approximately \$33.0 million or 51% from approximately \$65.2 million as at 31 December 2021 to approximately \$98.2 million as at 30 June 2022. The increase was mainly attributable to the acquisition of Starburst Group during the period under review. This increase was offset by depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets of \$3.4 million.

#### **Current assets**

Current asset increased approximately \$1.5 million or 1% from approximately \$127.1 million as at 31 December 2021 to \$128.6 million as at 30 June 2022. This increase was mainly attributable to higher inventories of \$18.6 million (2021: \$14.5 million), higher other assets comprising unbilled revenue of \$17.8 million (2021:\$7.7 million); contract assets of \$5.9 million (2021:\$1.9 million); prepayments of \$3.1 million (2021:\$0.4 million) and higher trade and other receivables of \$35.1 million (2021:\$24.4 million). The increase was mainly arising from the acquisition of Starburst Group and increase in revenue. These increases were offset by a decrease in cash and cash equivalent of \$32.4 million from \$75.3 million as at 31 December 2021 to \$42.9 million as at 30 June 2022. The cash was used to pay the consideration for the acquisition of Starburst Group.

#### **Equity**

Our capital and reserves increased approximately \$4.1 million or 4% as at 30 June 2022. The increase was mainly due to retention of net profit from 1H2022 of approximately \$11.6 million. This was offset by dividend payment of \$2.9 million and decrease in retained earnings arising from the acquisition of subsidiaries of \$4.5 million.

#### **Non-current liabilities**

Non-current liabilities increased by approximately \$16.0 million or 184% from approximately \$8.7 million as at 31 December 2021 to approximately \$24.7 million as at 30 June 2022. The increase was mainly due to acquisition of Starburst Group which contributes to an increase of \$13 million in loans and borrowings and lease liabilities.

#### **Current liabilities**

Current liabilities increased approximately \$14.5 million or 17%, from approximately \$85.9 million as at 31 December 2021 to \$100.4 million as at 30 June 2022. The increase was mainly due to the increase in trade and other payables of \$12.5 million and other non-financial liabilities of \$1.6 million. These increases were mainly due to acquisition of Starburst Group and amount owing to the Purchasers for the sale of treasury shares, totalled about \$10.0 million.

### **Statement of Cash Flows Review**

#### **1H2022**

In 1H2022, net cash generated from operating activities amounted to approximately \$19.5 million. We generated net cash of approximately \$16.6 million from operating profits before working capital changes. Working capital changes cash inflow was approximately \$3.8 million. This was mainly due to increase in trade and other payables and other non-financial liabilities. These increases were offset by an increase in inventories and trade and other receivables. Operating cash flow from operations of \$20.4 million was reduced by income tax payments of approximately \$0.9 million.

Net cash of approximately \$51.3 million was used in investing activities, mainly from the net cash outflow arising from acquisition of subsidiaries of \$51.0 million, purchase of plant and equipment of approximately \$0.3 million.

**Statement of Cash Flows Review (cont'd)**

Net cash of approximately \$1.4 million was used in financing activities. This was mainly due to dividend payment of approximately \$2.9 million, repayment of loans and borrowings of \$14.0 million, repayment of lease liabilities of \$0.1 million and interest repayment of approximately \$0.6 million and, purchase of treasury shares of S\$0.1 million. This was offset by proceeds from new loans and borrowings of \$16.5 million.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no variance between the prospect statement previously announced and the actual results of the current financial reporting period.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next operating period and the next 12 months**

Our group has outstanding orders amounting to approximately \$232.7 million comprising \$79.1 million from Projects Services segment and \$153.6 million from Maintenance Services segment as at 30 June 2022. 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 within the next 36 months and as such, we expect to derive sustained revenue streams from these orders up to FY2024. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The group remains positive over the long-term prospects in the marine, offshore oil and gas industries, petrochemical, pharmaceutical, infrastructure, semiconductor and security services sectors. The group is also optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken and the opportunities for further M&A, the group will continue to deliver value to shareholders.

A survey from Singapore Economic Development Board, highlights the optimism in marine and offshore engineering with an increase in oil and gas activities driven by higher oil prices while precision engineering foresees higher production contrarian to the general negative manufacturing outlook. The group is however mindful of the possibility of new COVID-19 variants pushing the global supply chain and travel back on restrictions. The global inflationary pressures are also monitored to adjust for the impact on the necessary materials.

## NORDIC GROUP LIMITED

### 5. Dividends

In appreciation of the continual support and faith of the group's shareholders, along with the group's improved profitability and strong cashflow, the Board of Directors has declared an interim dividend of 1.162 cents. This is an increase of about 1.2 times over 1H2021 dividend payout of 0.980 cents per ordinary share.

The interim dividends will be paid on 2 September 2022.

(i) 30 June 2022

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date payable	Record date
Interim	Cash	1.162 cents	Tax exempt (One tier)	2 September 2022	18 August 2022

Duly completed transfers received by Company's Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), at 80 Robinson Road, #02-00 Singapore 068898 up to 5.00pm on 18 August 2022 will be registered before entitlements to the dividends are determined.

(ii) 30 June 2021

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate
Interim	Cash	0.78 cents	Tax exempt (One tier)
Special	Cash	0.20 cents	Tax exempt (One tier)

(iii) Breakdown of the total interim and special dividend (in dollar value)

	<u>1H2022</u> \$'000	<u>1H2021</u> \$'000
Proposed interim dividend paid of 1.162 (2021:0.78) cents per share	4,645 *	3,026
Proposed special dividend paid of nil (2021: 0.20) cents per share	—	776
Total interim and special dividend	<u>4,645</u>	<u>3,802</u>

\*Based on 399,736,000 ordinary shares being total issued share capital excluding treasury shares as at 30 June 2022

### 6. Interested person transactions

The company has not obtained a general mandate from shareholders for interested person transactions. The company did not have any interested person transactions during the period under review (excluding transactions less than \$100,000).

### 7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

## **NORDIC GROUP LIMITED**

### **8. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors ("the Board") hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board which may render the condensed interim consolidated financial statement for the financial period ended 30 June 2022 to be false or misleading in any material aspect.

### **9. Disclosure of acquisitions and realisations pursuant to Rule 706A**

Date	Details	Announcement released
24 May 2022	Term Sheet in relation to the proposed acquisition of Eratech Pte Ltd	SG220524OTHRBCX

### **By Order Of The Board**

Chang Yeh Hong  
Executive Chairman  
5 August 2022