

# **NORDIC GROUP LIMITED**

(Registration No: 201007399N)

## **Condensed Consolidated Financial Statements**

For the second half year and financial year ended 31 December 2021

## Condensed Consolidated Financial Statements

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**NORDIC GROUP LIMITED**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

		<u>Group</u>			
	<u>Notes</u>	<u>2H2021</u>	<u>2H2020</u>	<u>12M2021</u>	<u>12M2020</u>
		\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	4G	53,893	47,779	103,065	80,794
Cost of sales		<u>(40,084)</u>	<u>(37,043)</u>	<u>(75,267)</u>	<u>(62,831)</u>
<b>Gross profit</b>		13,809	10,736	27,798	17,963
Other income and gains	5	763	3,078	1,623	3,796
Distribution costs		(308)	(250)	(775)	(721)
Administrative expenses		(7,305)	(7,774)	(13,316)	(13,703)
Finance costs	6	(298)	(363)	(567)	(1,021)
Other losses	5	<u>(354)</u>	<u>(1,597)</u>	<u>(287)</u>	<u>(416)</u>
<b>Profit before tax</b>	7	6,307	3,830	14,476	5,898
Income tax expense	8	<u>(228)</u>	<u>(218)</u>	<u>(600)</u>	<u>(416)</u>
<b>Profit for the period/year</b>		<u>6,079</u>	<u>3,612</u>	<u>13,876</u>	<u>5,482</u>
<b><u>Other comprehensive income:</u></b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translating foreign operations, net of tax		<u>173</u>	<u>304</u>	<u>371</u>	<u>458</u>
<b>Other comprehensive income for the year, net of tax:</b>		<u>173</u>	<u>304</u>	<u>371</u>	<u>458</u>
<b>Total comprehensive income for the period/year</b>		<u>6,252</u>	<u>3,916</u>	<u>14,247</u>	<u>5,940</u>
Profit attributable to owners of the parent, net of tax		<u>6,079</u>	<u>3,612</u>	<u>13,876</u>	<u>5,482</u>
Total comprehensive income attributable to owners of the parent		<u>6,252</u>	<u>3,916</u>	<u>14,247</u>	<u>5,940</u>
<b>Earnings per share</b>					
Earnings per share currency unit		<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Basic and diluted	9	<u>1.6</u>	<u>0.9</u>	<u>3.6</u>	<u>1.4</u>

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### Condensed Statements of Financial Position

	Notes	Group		Company	
		31/12/2021 \$'000	31/12/2020 \$'000	31/12/2021 \$'000	31/12/2020 \$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	11	32,099	34,801	5,991	6,160
Right-of-use assets		3,109	3,281	1,615	1,672
Goodwill	12	29,552	29,552	–	–
Intangible assets		55	360	–	–
Investments in subsidiaries		–	–	1,350	1,350
Deferred tax assets		394	–	–	–
<b>Total non-current assets</b>		<b>65,209</b>	<b>67,994</b>	<b>8,956</b>	<b>9,182</b>
<b><u>Current assets</u></b>					
Inventories		14,542	11,195	–	–
Trade and other receivables	13	24,419	21,364	39,300	16,054
Other assets	14	12,759	9,984	1,019	2,385
Cash and cash equivalents		75,337	57,512	5,043	31,795
<b>Total current assets</b>		<b>127,057</b>	<b>100,055</b>	<b>45,362</b>	<b>50,234</b>
<b>Total assets</b>		<b>192,266</b>	<b>168,049</b>	<b>54,318</b>	<b>59,416</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	(2,614)	(2,374)	(2,614)	(2,374)
Retained earnings		76,994	68,326	15,786	20,220
Other reserves	16	816	445	–	–
<b>Total equity</b>	17	<b>97,635</b>	<b>88,836</b>	<b>35,611</b>	<b>40,285</b>
<b><u>Non-current liabilities</u></b>					
Provisions	18	51	123	–	–
Deferred tax liabilities		2,916	2,859	49	37
Loans and borrowings	19	2,575	5,836	–	1,261
Financial liabilities – lease liabilities		3,157	3,369	1,644	1,679
<b>Total non-current liabilities</b>		<b>8,699</b>	<b>12,187</b>	<b>1,693</b>	<b>2,977</b>
<b><u>Current liabilities</u></b>					
Provisions	18	2,377	1,831	–	–
Income tax payable		915	948	95	125
Loans and borrowings	19	57,687	40,037	14,511	14,500
Financial liabilities – lease liabilities		226	319	37	37
Trade payables	20	23,830	22,987	2,371	1,492
Other non-financial liabilities	21	897	904	–	–
<b>Total current liabilities</b>		<b>85,932</b>	<b>67,026</b>	<b>17,014</b>	<b>16,154</b>
<b>Total liabilities</b>		<b>94,631</b>	<b>79,213</b>	<b>18,707</b>	<b>19,131</b>
<b>Total equity and liabilities</b>		<b>192,266</b>	<b>168,049</b>	<b>54,318</b>	<b>59,416</b>

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### Condensed Statements of Changes in Equity

	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Retained earnings</u> \$'000	<u>Other reserves</u> \$'000
<b>Group:</b>					
<b>Current period:</b>					
Opening balance at 1 January 2021	88,836	22,439	(2,374)	68,326	445
<b>Changes in equity:</b>					
Total comprehensive income for the period	14,247	–	–	13,876	371
Dividends paid (Note 10)	(5,208)	–	–	(5,208)	–
Purchase of treasury shares (Note 15)	(240)	–	(240)	–	–
<b>Closing balance at 31 December 2021</b>	<u>97,635</u>	<u>22,439</u>	<u>(2,614)</u>	<u>76,994</u>	<u>816</u>
<b>Previous period:</b>					
Opening balance at 1 January 2020	85,898	22,439	(1,736)	65,208	(13)
<b>Changes in equity:</b>					
Total comprehensive income for the period	5,940	–	–	5,482	458
Dividends paid (Note 10)	(2,364)	–	–	(2,364)	–
Purchase of treasury shares (Note 15)	(638)	–	(638)	–	–
<b>Closing balance at 31 December 2020</b>	<u>88,836</u>	<u>22,439</u>	<u>(2,374)</u>	<u>68,326</u>	<u>445</u>
	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Retained earnings</u> \$'000	
<b>Company:</b>					
<b>Current 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	774	–	–	774	
Dividends paid (Note 10)	(5,208)	–	–	(5,208)	
Purchase of treasury shares (Note 15)	(240)	–	(240)	–	
<b>Closing balance at 31 December 2021</b>	<u>35,611</u>	<u>22,439</u>	<u>(2,614)</u>	<u>15,786</u>	
<b>Previous period:</b>					
Opening balance at 1 January 2020	42,382	22,439	(1,736)	21,679	
<b>Changes in equity:</b>					
Total comprehensive income for the period	905	–	–	905	
Dividends paid (Note 10)	(2,364)	–	–	(2,364)	
Purchase of treasury shares (Note 15)	(638)	–	(638)	–	
<b>Closing balance at 31 December 2020</b>	<u>40,285</u>	<u>22,439</u>	<u>(2,374)</u>	<u>20,220</u>	

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### Consolidated Statement of Cash Flows

	<u>12M2021</u> \$'000	<u>12M2020</u> \$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	14,476	5,898
Adjustments for:		
Interest expense	567	1,021
Interest income	(89)	(222)
(Gain)/loss on disposal of property, plant and equipment	(42)	219
Depreciation of property, plant and equipment	3,540	4,825
Depreciation of right-of-use assets	172	189
Amortisation of intangible assets	305	305
Foreign exchange adjustment unrealised (gain)/loss	(168)	729
Operating cash flows before changes in working capital	<u>18,761</u>	<u>12,964</u>
Inventories	(3,347)	850
Trade and other receivables	(3,055)	2,247
Other assets	(2,775)	361
Provisions	474	(322)
Trade payables	843	3,376
Other non-financial liabilities	(7)	117
Net cash flows from operations	<u>10,894</u>	<u>19,593</u>
Income taxes paid	(970)	(1,619)
Net cash flows from operating activities	<u>9,924</u>	<u>17,974</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(723)	(876)
Disposal of property, plant and equipment	59	31
Interest received	89	222
Net cash flows used in investing activities	<u>(575)</u>	<u>(623)</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity owners	(5,208)	(2,364)
Increase in loans and borrowings	18,530	13,000
Interest paid	(467)	(794)
Lease liabilities – principal and interest portion paid	(405)	(467)
Loans and borrowings paid	(4,141)	(11,196)
Purchase of treasury shares	(240)	(638)
Net cash flows from/(used in) financing activities	<u>8,069</u>	<u>(2,459)</u>
<b>Net increase in cash and cash equivalents</b>	17,418	14,892
Effects of exchange rate changes on the balance of cash held in foreign currencies	407	(580)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>57,512</u>	<u>43,200</u>
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<u>75,337</u>	<u>57,512</u>

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### **Notes to the condensed consolidated financial statements 31 December 2021**

#### **1. General**

The company is incorporated in Singapore with limited liability. The condensed consolidated financial statements for the second half year ended 31 December 2021 (“2H2021”) and full year ended 31 December 2021 (“12M2021”) 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 consolidated financial statements for 2H2021 and 12M2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed 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 financial statements for the period ended 30 June 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 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 2020.

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/year.

### **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**

	<u>Project services</u> \$'000	<u>Maintenance services</u> \$'000	<u>Others</u> \$'000	<u>Elimination</u> \$'000	<u>Group</u> \$'000
<b>2H2021</b>					
<b>Revenue by segment</b>					
Total revenue by segment	28,411	29,863	–	(4,381)	53,893
Inter-segment sales	(3,689)	(692)	–	4,381	–
<b>Total revenue</b>	<b>24,722</b>	<b>29,171</b>	<b>–</b>	<b>–</b>	<b>53,893</b>
<b>Recurring EBITDA</b>					
Inter-segment expenses	465	740	–	(1,205)	–
Adjusted EBITDA	3,398	4,593	543	–	8,534
Finance costs	(48)	(144)	(106)	–	(298)
Amortisation of intangible assets	(16)	(123)	–	–	(139)
	<b>3,334</b>	<b>4,326</b>	<b>437</b>	<b>–</b>	<b>8,097</b>
Unallocated:					
Interest income					34
Depreciation of property, plant and equipment					(1,731)
Depreciation of right-of-use assets					(93)
Income tax expenses					(228)
<b>Profit for the period</b>					<b>6,079</b>
<b>2H2020</b>					
<b>Revenue by segment</b>					
Total revenue by segment	26,057	24,047	–	(2,325)	47,779
Inter-segment sales	(1,863)	(462)	–	2,325	–
<b>Total revenue</b>	<b>24,194</b>	<b>23,585</b>	<b>–</b>	<b>–</b>	<b>47,779</b>
<b>Recurring EBITDA</b>					
Inter-segment expenses	(312)	1,577	–	(1,265)	–
Adjusted EBITDA	4,884	4,720	(2,035)	–	7,569
Finance costs	(96)	(143)	(124)	–	(363)
Amortisation of intangible assets	(19)	(120)	–	–	(139)
	<b>4,769</b>	<b>4,457</b>	<b>(2,159)</b>	<b>–</b>	<b>7,067</b>
Unallocated:					
Interest income					41
Depreciation of property, plant and equipment					(3,181)
Depreciation of right-of-use assets					(97)
Income tax expenses					(218)
<b>Profit for the period</b>					<b>3,612</b>

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

**4B. Profit or loss from continuing operations and reconciliations (cont'd)**

	Project <u>services</u> \$'000	Maintenance <u>services</u> \$'000	<u>Others</u> \$'000	<u>Elimination</u> \$'000	<u>Group</u> \$'000
<b>12M2021</b>					
<b>Revenue by segment</b>					
Total revenue by segment	54,565	55,635	–	(7,135)	103,065
Inter-segment sales	(6,193)	(942)	–	7,135	–
Total revenue	<u>48,372</u>	<u>54,693</u>	<u>–</u>	<u>–</u>	<u>103,065</u>
<b>Recurring EBITDA</b>					
Inter-segment expenses	754	1,212	–	(1,966)	–
Adjusted EBITDA	8,141	9,405	1,425	–	18,971
Finance costs	(84)	(278)	(205)	–	(567)
Amortisation of intangible assets	(23)	(282)	–	–	(305)
	<u>8,034</u>	<u>8,845</u>	<u>1,220</u>	<u>–</u>	<u>18,099</u>
Unallocated:					
Interest income					89
Depreciation of property, plant and equipment					(3,540)
Depreciation of right-of-use assets					(172)
Income tax expenses					(600)
<b>Profit for the year</b>					<u><u>13,876</u></u>
<b>12M2020</b>					
<b>Revenue by segment</b>					
Total revenue by segment	41,990	42,115	–	(3,311)	80,794
Inter-segment sales	(2,647)	(664)	–	3,311	–
Total revenue	<u>39,343</u>	<u>41,451</u>	<u>–</u>	<u>–</u>	<u>80,794</u>
<b>Recurring EBITDA</b>					
Inter-segment expenses	456	2,626	–	(3,082)	–
Adjusted EBITDA	6,653	6,439	(1,076)	–	12,016
Finance costs	(244)	(489)	(288)	–	(1,021)
Amortisation of intangible assets	(32)	(273)	–	–	(305)
	<u>6,377</u>	<u>5,677</u>	<u>(1,364)</u>	<u>–</u>	<u>10,690</u>
Unallocated:					
Interest income					222
Depreciation of property, plant and equipment					(4,825)
Depreciation of right-of-use assets					(189)
Income tax expenses					(416)
<b>Profit for the year</b>					<u><u>5,482</u></u>

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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 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>
<b>As at 31 December 2020</b>				
Reportable segment assets	3,887	3,956	–	7,843
Unallocated:				
Cash and cash equivalents				57,512
Inventories				11,195
Trade and other receivables, and other assets				23,505
Property, plant and equipment				34,801
Other non-current assets				33,193
<b>Total group assets</b>				<u>168,049</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 31 December 2021</b>				
Reportable segment liabilities	711	186	–	897
Unallocated:				
Provisions				2,428
Trade 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>				<u>94,631</u>
<b>As at 31 December 2020</b>				
Reportable segment liabilities	798	106	–	904
Unallocated:				
Provisions				1,954
Trade payables				22,987
Loans and borrowings				45,873
Financial liabilities – lease liabilities				3,688
Income tax payable and deferred tax liabilities				3,807
<b>Total group liabilities</b>				<u>79,213</u>

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

#### 4E. Geographical information

	Revenue				Non-current assets	
	2H2021 \$'000	2H2020 \$'000	12M2021 \$'000	12M2020 \$'000	31/12/2021 \$'000	31/12/2020 \$'000
<u>Group</u>						
China	13,895	12,786	24,947	21,153	3,788	3,952
Singapore	39,998	34,993	78,118	59,641	61,421	64,042
	<u>53,893</u>	<u>47,779</u>	<u>103,065</u>	<u>80,794</u>	<u>65,209</u>	<u>67,994</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 \$723,000 (31 December 2020: \$876,000) 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:

	Group			
	2H2021 \$'000	2H2020 \$'000	12M2021 \$'000	12M2020 \$'000
Services	34,105	28,549	66,963	49,941
Sale of goods	17,766	16,147	31,652	27,760
Construction contracts	2,022	3,083	4,450	3,093
Total revenue	<u>53,893</u>	<u>47,779</u>	<u>103,065</u>	<u>80,794</u>

Revenue classified by timing of revenue recognition:

	Group			
	2H2021 \$'000	2H2020 \$'000	12M2021 \$'000	12M2020 \$'000
Point in time	17,766	16,147	31,652	27,760
Over time	36,127	31,632	71,413	53,034
Total revenue	<u>53,893</u>	<u>47,779</u>	<u>103,065</u>	<u>80,794</u>

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

	<u>2H2021</u>	<u>2H2020</u>	<u>Group</u> <u>12M2021</u>	<u>12M2020</u>
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables – loss	122	–	122	(35)
Reversal/(Loss) for impairment on other receivables	73	(83)	76	(83)
Foreign exchange adjustments (losses)/gains	(86)	(1,214)	395	311
Gain/(Loss) on disposal of property, plant and equipment	12	(221)	42	(219)
Government grant	522	633	673	633
Interest income	34	41	89	222
Allowance for impairment on inventories	(207)	(79)	(287)	(79)
Other payables to ex-shareholders of a subsidiary written back	–	2,090	–	2,240
Other (losses)/income	(61)	314	226	390
Net	<u>409</u>	<u>1,481</u>	<u>1,336</u>	<u>3,380</u>
Presented in profit or loss as:				
Other income and gains	763	3,078	1,623	3,796
Other losses	(354)	(1,597)	(287)	(416)
Net	<u>409</u>	<u>1,481</u>	<u>1,336</u>	<u>3,380</u>

### 6. Finance costs

	<u>2H2021</u>	<u>2H2020</u>	<u>Group</u> <u>12M2021</u>	<u>12M2020</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense	248	299	467	904
Interest on lease liabilities	50	64	100	117
Total finance costs	<u>298</u>	<u>363</u>	<u>567</u>	<u>1,021</u>

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

	<u>2H2021</u>	<u>2H2020</u>	<u>Group</u> <u>12M2021</u>	<u>12M2020</u>
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible asset	139	139	305	305
Depreciation of right-of-use asset	93	97	172	189
Depreciation of property, plant and equipment	1,731	3,181	3,540	4,825
Job Support Scheme included in administrative expense	339	562	899	1,029
Job Support Scheme and Foreign Workers Levy Rebate included in cost of sales	1,357	2,621	2,543	5,816

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### 8. Income tax expense

The group calculates the period/year 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 consolidated statement of profit or loss are:

	<u>2H2021</u>	<u>2H2020</u>	<u>Group</u> <u>12M2021</u>	<u>12M2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Current tax expense:</u>				
Current tax expense	439	316	1,090	577
<u>Deferred tax income</u>				
Deferred tax income	(211)	(98)	(490)	(161)
Total income tax expense	<u>228</u>	<u>218</u>	<u>600</u>	<u>416</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>2H2021</u>	<u>2H2020</u>	<u>Group</u> <u>12M2021</u>	<u>12M2020</u>
	\$'000	\$'000	\$'000	\$'000
Numerators: earnings attributable to equity:				
Profit attributable to equity holders	<u>6,079</u>	<u>3,612</u>	<u>13,876</u>	<u>5,482</u>
Denominators: weighted average number of equity shares				
Basic and diluted	<u>388,000</u>	<u>389,677</u>	<u>388,179</u>	<u>390,301</u>

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

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>12M2021</u>	<u>12M2020</u>	<u>12M2021</u>	<u>12M2020</u>
	cents	cents	\$'000	\$'000
Final tax exempt (one-tier) dividend paid	0.362	0.419	1,405	1,634
Interim tax exempt (one-tier) dividend paid	0.780	0.187	3,027	730
Special tax exempt (one-tier) dividend paid	0.200	–	776	–
Total dividends paid in the year	<u>1.342</u>	<u>0.606</u>	<u>5,208</u>	<u>2,364</u>

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### 11. Property, plant and equipment

During the year ended 31 December 2021, the group acquired assets amounting to \$723,000 (31 December 2020: \$876,000) and disposed of assets with net book value amounting to \$17,000 (31 December 2020: \$247,000).

### 12. Goodwill

	Group	
	31/12/2021	31/12/2020
	\$'000	\$'000
Cost:		
At beginning and end of the year	<u>29,552</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:

	Group	
	31/12/2021	31/12/2020
	\$'000	\$'000
<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	<u>7,101</u>	<u>7,101</u>
Net book value at end of the year	<u>29,552</u>	<u>29,552</u>

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:

	Group	
	31/12/2021	31/12/2020
<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%	13%
Austin Energy (Asia) Pte Ltd	13%	15%
Ensure Engineering Pte Ltd	13%	13%
2. Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years	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%	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>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	23,399	21,219	–	–
Less allowance for impairment	(195)	(368)	–	–
Subsidiaries	–	–	39,300	16,054
Retention receivables	1,085	459	–	–
Net trade receivables – subtotal	<u>24,289</u>	<u>21,310</u>	<u>39,300</u>	<u>16,054</u>
<u>Other receivables:</u>				
Outside parties	81	137	–	–
Less allowance for impairment	(7)	(83)	–	–
Grant receivables	56	–	–	–
Net other receivables – subtotal	<u>130</u>	<u>54</u>	<u>–</u>	<u>–</u>
Total trade and other receivables	<u>24,419</u>	<u>21,364</u>	<u>39,300</u>	<u>16,054</u>

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Movements in above allowance on trade receivables:				
At beginning of the year	368	3,339	–	–
(Reversed)/Charge for trade receivables to profit or loss included in (other income and gains)/other losses	(122)	35	–	–
Reversed for trade receivables to profit or loss included in cost of sales	–	(1,096)	–	–
Foreign exchange adjustments	(3)	(4)	–	–
Used	(48)	(1,906)	–	–
At end of the year	<u>195</u>	<u>368</u>	<u>–</u>	<u>–</u>
Movements in above allowance on other receivables:				
At beginning of the year	83	–	–	–
(Reversal)/Charge for other receivables to profit or loss included in other gains/losses	(76)	83	–	–
At end of the year	<u>7</u>	<u>83</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 (2020: 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 year:

	<u>Group</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
Top 1 customer	3,247	3,055
Top 2 customers	4,997	5,045
Top 3 customers	<u>6,430</u>	<u>6,091</u>

### 14. Other assets

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Contract assets	1,915	534	–	–
Unbilled revenue	7,745	7,268	1,000	2,339
Prepayments	436	347	10	35
Advances to suppliers	1,951	1,248	–	–
Deposits to secure services	712	587	9	11
	<u>12,759</u>	<u>9,984</u>	<u>1,019</u>	<u>2,385</u>

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### 15. Share capital

	Number of shares <u>issued</u> '000	Share <u>capital</u> \$'000	Treasury <u>shares</u> \$'000	<u>Total</u> \$'000
Current period:				
<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)	<u>(900)</u>	<u>–</u>	<u>(240)</u>	<u>(240)</u>
At end of the period 30 June 2021 and 31 December 2021	<u>388,000</u>	<u>22,439</u>	<u>(2,614)</u>	<u>19,825</u>
Previous period:				
<u>Group and Company</u>				
Ordinary shares of no par value:				
Opening balance at 1 January 2020	391,904	22,439	(1,736)	20,703
Treasury shares purchased (a)	<u>(1,713)</u>	<u>–</u>	<u>(379)</u>	<u>(379)</u>
At end of the period 30 June 2020	390,191	22,439	(2,115)	20,324
Treasury shares purchased (a)	<u>(1,291)</u>	<u>–</u>	<u>(259)</u>	<u>(259)</u>
At end of the period 31 December 2020	<u>388,900</u>	<u>22,439</u>	<u>(2,374)</u>	<u>20,065</u>

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.

- (a) Pursuant to the share purchase mandate approved at the extraordinary general meeting on 29 April 2015 and renewed at the annual general meeting on 26 April 2021. During the reporting year, the company acquired 900,000 ordinary shares (31 December 2020: 3,003,500 ordinary shares) on the Singapore Stock Exchange and held as treasury shares. The total is 12,000,000 (31 December 2020: 11,100,000) treasury shares. There is no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the year.

### 16. Other reserves

	<u>Group</u>	
	<u>31/12/2021</u> \$'000	<u>31/12/2020</u> \$'000
Foreign currency translation reserve (Note 16A)	581	210
Statutory reserve (Note 16B)	<u>235</u>	<u>235</u>
Total at the end of the year	<u>816</u>	<u>445</u>

### 16A. Foreign currency translation reserve

	<u>Group</u>	
	<u>31/12/2021</u> \$'000	<u>31/12/2020</u> \$'000
At beginning of the year	210	(248)
Exchange differences on translating foreign operations	<u>371</u>	<u>458</u>
At end of the year	<u>581</u>	<u>210</u>

The currency translation reserve accumulates all foreign exchange differences.

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### 16. Other reserves (cont'd)

#### 16B. Statutory reserve

	<u>Group</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
At beginning and end of the year	<u>235</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.

### 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:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Numerators: net asset value	<u>97,635</u>	<u>88,836</u>	<u>35,611</u>	<u>40,285</u>
	'000	'000	'000	'000
Denominators: number of ordinary equity shares	388,000	388,900	388,000	388,900
Net asset value per share (cents)	<u>25.2</u>	<u>22.8</u>	<u>9.2</u>	<u>10.4</u>

### 18. Provisions

	<u>Group</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
<u>Non-current:</u>		
Warranties	<u>51</u>	<u>123</u>
Total non-current portion	<u>51</u>	<u>123</u>
<u>Current:</u>		
Warranties	<u>2,377</u>	<u>1,831</u>
Total current portion	<u>2,377</u>	<u>1,831</u>
Total non-current and current	<u>2,428</u>	<u>1,954</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>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	2,575	4,575	–	–
<u>Financial instruments with fixed interest rates:</u>				
Bank loan (secured) (Note 19A)	–	1,261	–	1,261
Total non-current portion	<u>2,575</u>	<u>5,836</u>	<u>–</u>	<u>1,261</u>
<u>Current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	23,250	23,000	13,250	12,000
Bank loans (Note 19B)	24,880	11,600	–	–
Invoice financing (Note 19B)	8,296	2,937	–	–
<u>Financial instruments with fixed interest rates:</u>				
Bank loans (secured) (Note 19A)	1,261	2,500	1,261	2,500
Total current portion	<u>57,687</u>	<u>40,037</u>	<u>14,511</u>	<u>14,500</u>
Total non-current and current	<u>60,262</u>	<u>45,873</u>	<u>14,511</u>	<u>15,761</u>
Presented as:				
Secured	27,086	31,336	14,511	15,761
Unsecured	33,176	14,537	–	–
Total loans and borrowings	<u>60,262</u>	<u>45,873</u>	<u>14,511</u>	<u>15,761</u>

The non-current portion is repayable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Due within 2 to 5 years	<u>2,575</u>	<u>5,836</u>	<u>–</u>	<u>1,261</u>

The range of floating interest rates paid was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Bank loans and invoice financing	<u>1% to 1.75%</u>	<u>1% to 3.2%</u>	<u>1% to 1.35%</u>	<u>1% to 2.6%</u>

The range of fixed interest rates paid was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Bank loans	<u>1.20%</u>	<u>1.20%</u>	<u>1.20%</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 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.

#### 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	
	31/12/2021	31/12/2020
	\$'000	\$'000
Undrawn borrowings and trade lines	46,407	59,209
Undrawn foreign exchange lines and interest rate swap	34,900	27,900
Total undrawn borrowing facilities	<u>81,307</u>	<u>87,109</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.

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### 20. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
Outside parties and accrued liabilities	<u>23,830</u>	<u>22,987</u>	<u>2,371</u>	<u>1,492</u>

### 21. Other non-financial liabilities

	<u>Group</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
Deferred revenue	<u>897</u>	<u>904</u>

### 22. Financial instruments

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

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>99,756</u>	<u>78,876</u>	<u>44,343</u>	<u>47,849</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>87,515</u>	<u>72,548</u>	<u>18,563</u>	<u>18,969</u>

### 23. Commitments

	<u>Company</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
Corporate guarantee in favour of subsidiaries	<u>46,551</u>	<u>30,504</u>
	<u>Group</u>	
	<u>31/12/2021</u>	<u>31/12/2020</u>
	\$'000	\$'000
Total commitments on short-term leases at year end date	<u>1,293</u>	<u>1,390</u>

### 24. Subsequent events

The Group made a voluntary conditional 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. The offer will close at 5.30 pm (Singapore time) on 7 March 2022 (or such later date(s) as may be announced from time to time). As at 6.00 pm (Singapore time) on 21 February 2022, the Group has received valid acceptances in respect of 215,454,024 shares, constituting 86.77% of the total number of issued shares (excluding treasury shares) of Starburst.

There are no other known subsequent events which have led to adjustments to this set of condensed consolidated financial statements.

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

## NORDIC GROUP LIMITED

### OTHER INFORMATION

#### 1. Review

The condensed consolidated financial statements for 2H2021 and year ended 31 December 2021 and certain explanatory notes have not been audited or reviewed.

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

##### Review of performance for 2H2021 vs 2H2020

##### Revenue

The group's revenue increased by approximately \$6.1 million or 13%, from approximately \$47.8 million in 2H2020 to approximately \$53.9 million in 2H2021. This increase was attributable to the resumption of business activities to pre-Covid level and a marked pick-up in momentum for Maintenance Services.

Business segment	2H2021	2H2020	Change	Change
	\$'000	\$'000	\$'000	%
Project services	24,722	24,194	528	2
Maintenance services	29,171	23,585	5,586	24
<b>Total</b>	<b>53,893</b>	<b>47,779</b>	<b>6,114</b>	<b>13</b>

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

Gross profit for 2H2021 increased by approximately \$3.1 million or 29% from \$10.7 million in 2H2020 to approximately \$13.8 million in 2H2021. Gross profit margin increased from 22.5% in 2H2020 to approximately 25.6% in 2H2021 mainly due to higher revenue from the recovery of business activities to pre-Covid level. Excluding the government rebates and grants such as jobs support scheme and foreign workers levy rebate, the gross profit margins were 22.7% for 2H2021 and 17.3% for 2H2020.

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

Other income and gains decreased approximately \$2.3 million or 75% from approximately \$3.1 million in 2H2020 to \$0.8 million in 2H2021 mainly due to absence of other payables to ex-shareholders of a subsidiary written back and lower government grant.

##### **Distribution costs**

Distribution costs remained constant at approximately \$0.3 million.

##### **Administrative expenses**

Administrative expenses decreased approximately \$0.5 million or 6% from approximately \$7.8 million to \$7.3 million mainly due to cost savings from restructuring of certain business units.

##### **Finance costs**

Interest expenses decreased \$0.1 million or 18% from approximately \$0.4 million to \$0.3 million mainly due to lower interest rates during the period under review.

##### **Other losses**

Other losses decreased approximately \$1.3 million or 82% from approximately \$1.6 million in 2H2020 to \$0.3 million in 2H2021 mainly due to lower foreign exchange adjustment loss.

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

Effective income tax rates were at approximately 4% for 2H2021 and 6% for 2H2020. 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.



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

#### Review of performance for 12M2021 vs 12M2020

##### Revenue

The group's revenue increased by approximately \$22.3 million or 28%, from approximately \$80.8 million in 12M2020 to approximately \$103.1 million in 12M2021. This increase was attributable to the resumption of business activities to pre-Covid level and a marked pick-up in momentum for both the Project and Maintenance Services.

Business segment	12M2021	12M2020	Change	Change
	\$'000	\$'000	\$'000	%
Project services	48,372	39,343	9,029	23
Maintenance services	54,693	41,451	13,242	32
<b>Total</b>	<b>103,065</b>	<b>80,794</b>	<b>22,271</b>	<b>28</b>

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

Gross profit for 12M2021 increased by approximately \$9.8 million or 55% from \$18.0 million in 12M2020 to approximately \$27.8 million in 12M2021. Gross profit margin increased from 22.2% in 12M2020 to approximately 27.0% in 12M2021 mainly due to higher revenue from the recovery of business activities to pre-Covid level. Excluding the government rebates and grants such as jobs support scheme and foreign workers levy rebate, the gross profit margins were 24.5% for 12M2021 and 15.8% for 12M2020.

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

Other income and gains decreased approximately \$2.2 million or 57% from approximately \$3.8 million in 12M2020 to \$1.6 million in 12M2021 mainly due to absence of other payables to ex-shareholders of a subsidiary written back and lower government grant.

##### **Distribution costs**

Distribution costs increased approximately \$0.1 million or 7% from approximately \$0.7 million to \$0.8 million mainly due to more business activities.

##### **Administrative expenses**

Administrative expenses decreased approximately \$0.4 million or 3% from approximately \$13.7 million to \$13.3 million mainly due to cost savings from restructuring of certain business units and lower depreciation expense.

##### **Finance costs**

Interest expenses decreased \$0.5 million or 44% from approximately \$1.0 million to \$0.6 million mainly due to lower interest rates during the period under review.

##### **Other losses**

Other losses decreased approximately \$0.1 million or 31% from approximately \$0.4 million in 12M2020 to \$0.3 million in 12M2021 mainly due to higher allowance for impairment on inventories.

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

Effective income tax rates were at approximately 4% for 12M2021 and 7% for 12M2020. 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.

**Statement of Financial Position Review (as at 31 December 2021 compared to 31 December 2020)**

**Non-current assets**

Non-current asset decreased approximately \$2.8 million or 4% from approximately \$68.0 million as at 31 December 2020 to approximately \$65.2 million as at 31 December 2021. The decrease was mainly due to depreciation charge of property, plant and equipment and right-of-use assets and amortisation expense of intangible asset during the period under review. This decrease was offset by an increase of deferred tax asset of \$0.4 million.

**Current assets**

Current asset increased approximately \$27.0 million or 27% from approximately \$100.1 million as at 31 December 2020 to \$127.1 million as at 31 December 2021. This increase was mainly due to higher inventories of \$3.3 million, trade and other receivables of \$3.1 million, unbilled revenue and contract assets of \$1.9 million, advance to suppliers of \$0.7 million and cash and cash equivalents of \$17.8 million. These increases were attributable to the resumption of business activities to pre-Covid level and the increase in cash and cash equivalents was from the drawdown of the loans and borrowings.

**Equity**

Our capital and reserves increased approximately \$8.8 million or 10% as at 31 December 2021. The increase was due to retention of net profit from 12M2021 of approximately \$13.9 million. This was offset by dividend payment of \$5.2 million and purchase of treasury shares of \$0.2 million.

**Non-current liabilities**

Non-current liabilities decreased by approximately \$3.5 million or 29% from approximately \$12.2 million as at 31 December 2020 to approximately \$8.7 million as at 31 December 2021. The decrease was mainly due to repayment of loans and borrowings of approximately \$3.3 million.

**Current liabilities**

Current liabilities increased approximately \$18.9 million or 28%, from approximately \$67.0 million as at 31 December 2020 to \$85.9 million as at 31 December 2021. The increase was due to more loans and borrowings of \$17.6 million, trade payables of \$0.8 million and provisions of \$0.5 million.

**Statement of Cash Flows Review**

**12M2021**

In 12M2021, net cash generated from operating activities amounted to approximately \$9.9 million. We generated net cash of approximately \$18.8 million from operating profits before working capital changes. Working capital changes cash outflow was approximately \$7.9 million. This was mainly due to increase in inventories, trade and other receivables, other assets and decrease in other non-financial liabilities. These cash outflows were offset by cash inflows due to increases in provisions and trade and other payables. Operating cash flow from operations of \$10.9 million was reduced by income tax payments of approximately \$1.0 million.

Net cash of approximately \$0.6 million was used in investing activities, mainly from the purchase of property, plant and equipment of approximately \$0.7 million. This cash outflow was offset by interest received and proceed from disposal of property, plant and equipment of approximately \$0.1 million.

Net cash of approximately \$8.1 million was from financing activities. This was due to new loans and borrowings of \$18.5 million. These new loan increase was offset by dividend payment of approximately \$5.2 million, repayment of loans and borrowings and interest payment of approximately \$4.6 million, purchase of treasury shares of \$0.2 million and lease liabilities – principal and interest portion paid of \$0.4 million.

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### 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 \$166 million comprising \$60.4 million from Projects Services segment and \$105.6 million from Maintenance Services segment as at 31 December 2021.

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 sectors, pharmaceutical, infrastructure and semiconductor sectors.

The recent increase in crude oil prices has added some market optimism in the sectors we operate in. However, the labour crunch due to the limited pool of skilled workers in Singapore pose certain pressures on cost.

With the expected recovery of business activities to pre-Covid levels, the group is optimistic with the contract wins secured to date, the prudent cost and risk management initiatives undertaken, the acquisition of Starburst Holdings Limited and opportunities for further M&A, the group will continue to deliver value to shareholders.

### 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 proposed a final dividend of 0.608 cents and a special dividend of 0.152 cents.

Total dividend payout for 2H2021 and 12M2021 are 0.76 and 1.74 cents per ordinary share to all shareholders. This is an increase of about 2.1 times over 2H2020 dividend payout of 0.362 cents per ordinary share and 3.2 times over 12M2020 dividend payout of 0.549 cents per ordinary share.

(i) 31 December 2021

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date payable and book closure date
Final	Cash	0.608 cents	Tax exempt (One tier)	To be announced at a later date. The proposed final and special dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting
Special	Cash	0.152 cents	Tax exempt (One tier)	

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### 5. Dividends (cont'd)

(ii) 31 December 2020

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date payable date	Book closure date
Final	Cash	0.362 cents	Tax exempt (One tier)	14 May 2021	4 May 2021

(iii) Breakdown of the total annual dividend (in dollar value):

	<u>12M2021</u> \$'000	<u>12M2020</u> \$'000
Interim dividend paid of 0.780 (2020: 0.187) cents per share	3,027	730
Special dividend paid of 0.200 (2020: nil) cents per share	776	–
Proposed final dividend of 0.608 (2020: 0.362) cents per share *	2,359	1,405
Proposed special dividend of 0.152 (2020: Nil) cents per share *	590	–
Total interim, final and special dividend of 1.74 (2020: 0.549) cents per share	<u>6,752</u>	<u>2,135</u>

\*Based on 388,000,000 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2021

### 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).

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

Date	Details	Announcement released
10 November 2021	Acquisition of Starburst Holdings Limited. Refer to note 24 page 20 for more details	Pre-conditional voluntary offer for Starburst Holdings Limited. SG2111100THR1GH9

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9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Astro Chang Yeh Fung	52	Brother of Chang Yeh Hong, Executive Chairman	Astro Chang was appointed as Group Head, Strategic Investments and Projects of the Company on 1 December 2021.	N.A.

### By Order Of The Board

Chang Yeh Hong  
Executive Chairman  
21 February 2022