

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the “**Board**”) of Natural Cool Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to the announcement on its unaudited full year financial statements for the financial year ended 31 December 2022 (“**FY2022**”) (the “**Unaudited Financial Statements**”) released by the Company on the SGXNet on 1 March 2023. Further reference is made to the audited financial statements of the Company for FY2022 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor included in the Company’s annual report for FY2022 which will be released on the SGXNet in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, certain adjustments and reclassifications were made to the Unaudited Financial Statements following the finalisation of the audit by the Company’s external auditor.

Arising from the finalisation of our audit, certain adjustments have been made to the financial statements. These adjustments relate principally to asset impairment of our food business and revenue allocation for a long term project. Details of the material variances between the Unaudited Financial Statements and Audited Financial Statements are set out below.

Extract of Consolidated Statement of Profit or Loss and Other Comprehensive Income of FY2022

	Note	Group		Variance	
		Audited \$’000	Unaudited \$’000	\$’000	%
Revenue	1	149,650	149,450	200	0.1
Cost of sales	NM	(124,141)	(124,184)	(43)	(0.0)
Gross profit		25,509	25,266	243	1.0
Other income		5,825	5,825	–	–
Distribution expenses		(2,752)	(2,752)	–	–
Administrative expenses		(23,208)	(23,208)	–	–
Impairment loss on trade receivables and contract assets, including bad debts written-off		(111)	(111)	–	–
Other expenses	2	(3,020)	(2,060)	960	46.6
Results from operating activities		2,243	2,960	(717)	(24.2)
Finance costs		(1,023)	(1,023)	–	–
Profit before tax		1,220	1,937	(717)	(37.0)
Tax expense		(280)	(280)	–	–
Profit for the year		940	1,657	(717)	(43.3)
Profit attributable to:					
Owners of the Company	3	1,387	2,010	(623)	(31.0)
Non-controlling interests	3	(447)	(353)	94	26.6
Profit for the year		940	1,657	(717)	(43.3)
Earnings per share (Singapore cents) – basic and diluted		0.55	0.80	(0.25)	(31.3)

Extract of Consolidated Statement of Financial Position of FY2022

	Note	Group		Variance	
		Audited \$'000	Unaudited \$'000	\$'000	%
Assets					
Property, plant and equipment	2	38,567	39,452	(885)	(2.2)
Intangible assets and goodwill	2	5,522	5,597	(75)	(1.3)
Investment property		922	922	–	–
Other investments		74	74	–	–
Trade and other receivables		762	762	–	–
Non-current assets		45,847	46,807	(960)	(2.1)
Asset held for sale		644	644	–	–
Inventories	NM	10,183	10,140	43	0.4
Contract assets	1	6,402	6,202	200	3.2
Trade and other receivables		21,800	21,800	–	–
Other investments		1,013	1,013	–	–
Cash and cash equivalents		8,169	8,169	–	–
Current assets		48,211	47,968	243	0.5
Total assets		94,058	94,775	(717)	(0.8)
Equity					
Share capital		36,412	36,412	–	–
Reserves		(3,015)	(3,015)	–	–
Accumulated losses	3	(18,134)	(17,511)	(623)	(3.6)
Equity attributable to owners of the Company		15,263	15,886	(623)	(3.9)
Non-controlling interests	3	264	358	(94)	(26.3)
Total equity		15,527	16,244	(717)	(4.4)
Total liabilities		78,531	78,531	–	–
Total equity and liabilities		94,058	94,775	(717)	(0.8)

Extract of Consolidated Statement of Cash Flows of FY2022

	Note	Group		Variance	
		Audited \$'000	Unaudited \$'000	\$'000	%
Cash flows from operating activities					
Profit for the year	3	940	1,657	(717)	(43.3)
Adjustments for:					
Amortisation of intangible assets		570	570	–	–
Depreciation of property, plant and equipment		5,672	5,672	–	–
Depreciation of investment property		28	28	–	–
Gain on disposal of property, plant and equipment		(275)	(275)	–	–
Gain on termination of lease		(3,974)	(3,974)	–	–
Impairment loss on goodwill	2	75	–	75	100.0
Impairment loss on trade receivables and contract assets, including bad debts written-off	NM	111	–	111	100.0
Impairment loss on property, plant and equipment	2	885	–	885	100.0
Impairment on inventories	NM	70	–	70	100.0
Interest expenses		1,023	1,023	–	–
Interest income		(1)	(1)	–	–
Loss on deconsolidation		1,171	1,171	–	–
Property, plant and equipment written-off		593	593	–	–
Tax expense		280	280	–	–
		7,168	6,744	424	6.3
Changes in:					
Inventories	NM	(1,949)	(1,836)	113	6.2
Trade and other receivables	NM	(4,382)	(4,271)	111	2.6
Contract assets	1	(2,005)	(1,805)	200	11.1
Trade and other payables		9,652	9,652	–	–
Contract liabilities		(2,481)	(2,481)	–	–
Cash generated from operations		6,003	6,003	–	–
Tax paid		(155)	(155)	–	–
Net cash from operating activities		5,848	5,848	–	–
Net cash used in investing activities		(4,492)	(4,492)	–	–
Net cash used in financing activities		(4,891)	(4,891)	–	–
Net decrease in cash and cash equivalents		(3,535)	(3,535)	–	–
Cash and cash equivalents at beginning of year		11,625	11,625	–	–
Effect of foreign exchange fluctuations on cash held		79	79	–	–
Cash and cash equivalents at end of year		8,169	8,169	–	–

Notes:

NM: Not material

Note 1: The variance is due to the reassessment of the revenue earned in FY2022 for a multi-element revenue contract.

Note 2: The variance is due to the impairment losses recognised on property, plant and equipment and goodwill for Food and Beverages (“F&B”) Division.

Note 3: The variance is due to the consequential effects of the above adjustments and attribution to non-controlling interests.

Extract of Statement of Financial Position of FY2022

	Note	Company		Variance	
		Audited \$'000	Unaudited \$'000	\$'000	%
Assets					
Property, plant and equipment		6	6	–	–
Intangible assets and goodwill		288	288	–	–
Subsidiaries	4	7,245	8,025	(780)	(9.7)
Other investments		74	74	–	–
Trade and other receivables	5	5,818	7,676	(1,858)	(24.2)
Non-current assets		13,431	16,069	(2,638)	(16.4)
Trade and other receivables	NM	1,354	1,277	77	6.0
Other investments		1,013	1,013	–	–
Cash and cash equivalents		113	113	–	–
Current assets		2,480	2,403	77	3.2
Total assets		15,911	18,472	(2,561)	(13.9)
Equity					
Share capital		36,412	36,412	–	–
Reserves		300	300	–	–
Accumulated losses		(33,697)	(33,736)	(39)	(0.1)
Total equity		3,015	2,976	39	1.3
Liabilities					
Non-current liabilities					
Loans and borrowings		1,248	1,248	–	–
Trade and other payables	6	9,519	12,119	(2,600)	(21.5)
Current liabilities		10,767	13,367	(2,600)	(19.5)
Total liabilities		12,896	15,496	(2,600)	(16.8)
Total equity and liabilities		15,911	18,472	(2,561)	(13.9)

Notes:

NM: Not material

Note 4: The variance is due to the impairment of costs of investments of certain subsidiaries in the F&B Division.

Note 5: The variance is due to the allowance for doubtful debts recognised for one of the subsidiaries in F&B Division.

Note 6: One of the subsidiaries declared dividend related to FY2022.

BY ORDER OF THE BOARD

Tsng Joo Peng
Group Chief Executive Officer
12 April 2023

About Natural Cool Holdings Limited

Established in 1989 and listed on Catalist (formerly known as SESDAQ) in May 2006, Natural Cool provides installation, maintenance, repair and replacement services for air-conditioning systems to the residential segment, both public and private; and commercial sectors, which includes factories, offices, condominiums, schools and hospitals, in Singapore. In addition, the Group sells air-conditioning components and tools used for the installation and servicing of air-conditioning business.

The Group is also engaged in manufacturing and sale of industrial paints and solvents, principally under the 'Cougar' brand. In addition, the Group has a food and beverages arm which manufactures, distributes and retails cooked dim sum and dumpling in Singapore. The Group has further expanded its business to the technology sector in 2022.

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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