NORDIC GROUP LIMITED
(Company Registration Number: 201007399N)

CLARIFICATION TO RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON 15 MARCH 2021

The Board of Directors (the "Board") of Nordic Group Limited (the "Company") wishes to clarify on the respond to queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 March 2021 in relation to the 2H2020 and FY2020 Results Announcement.

SGX-ST's queries

Please explain the increase in total borrowings from $41m for the financial year ended 31 December 2019 to $45.9m for the financial year ended 31 December 2020 and provide the reason(s) for the significant borrowings of $45.9m by the Group when the Group recorded a cash and cash equivalent of $57.5m as at 31 December 2020.

The Board's response

The increase in total borrowings, taking into account liabilities held for sale of $3.0 million in FY2019, is $1.8 million. The increase is because we have obtained the government subsidised low interest loan to augment cash to maintain our cashflow sustainability over the Covid-19 pandemic.

The Board's further clarification

Financial Review

	As at end of								
S$'000	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Total Borrowings	26,834	21,539	25,320	32,155	28,085	46,612	48,807	44,069	45,873
Cash and Cash Equivalents	23,965	14,852	32,799	35,566	32,325	40,291	39,232	43,200	57,512
Net Debt/(Cash)	2,869	6,687	(7,479)	(3,411)	(4,240)	6,321	9,575	869	(11,639)
Net Gearing Ratio[1]	10%	19%	-19%[2]	-10%[2]	-11%[2]	13%[3]	19%[4]	2%[5]	-20%[2][6]

(1) Computed based on (Total Borrowings less Cash and Cash Equivalents / Total Equity less Goodwill) x 100%
(2) Negative due to the Group being in a Net Cash position
(3) Increase due to $21million loan from the acquisition of Ensure in April 2017
(4) Increase due to $10 million loan for the purchase of factory at 2 Tuas Ave 10
(5) Net debt is due to the acquisition of Envipure Group
(6) Net cash on 27 February 2021 was $14.4 million

As tabled above in our FY2020 results presentation slide released on SGXNet on 1 March 2021, we review our net cash/net debt positions and gearing ratio monthly. Our borrowings are mainly revolving working capital loans for 1 to 3 months. These loans provide liquidity for our businesses.

BY ORDER OF THE BOARD

Chang Yeh Hong
Executive Chairman
2 April 2021