



AEDGE GROUP LIMITED

Registration No: 201933214E

Incorporated in the Republic of Singapore

Unaudited Financial Statements and Dividend Announcement For the Six Months and Full Year ended 30 June 2021

Aedge Group Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 14 December 2020. The initial public offering (“**IPO**”) of the Company was sponsored by UOB Kay Hian Private Limited (the “**Sponsor**”)

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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Background

The Company is incorporated in the Republic of Singapore on 3 October 2019 under the name Aedge Group Pte Ltd. The Company was converted to a public limited company on 24 March 2020 and the name of the Company was changed to Aedge Group Limited in connection therewith.

The Company and its subsidiaries (the “**Group**”) is a Singapore-based multi services provider. The Group provides three principal services, namely engineering services, transport services, and security and manpower services.

On 24 March 2020, the Company entered into a restructuring exercise (the “**Restructuring Exercise**”), where it acquired Aedge Holdings Pte Ltd, Aedge Technologies Pte Ltd and Aedge Services Pte Ltd from the shareholders of Aedge Holdings Pte Ltd. Please refer to Company’s Offer Document dated 3 December 2020 for further details of the Restructuring Exercise.

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A – CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Condensed Interim Consolidated Statement of Comprehensive Income for the six-months ended 30 June 2021 (2H FY2021), six-months ended 30 June 2020 (2H FY2020), twelve-months ended 30 June 2021 (Full Year FY2021), and twelve-months ended 30 June 2020 (Full Year FY2020).

	Note	2H FY2021 \$'000 Unaudited	2H FY2020 \$'000 Unaudited	Full Year FY2021 \$'000 Unaudited	Full Year FY2020 \$'000 Audited	Change Full Year FY2021/2020 %
Revenue	13	9,466	9,942	17,879	23,685	(24.5)
Cost of sales		(8,569)	(9,247)	(15,883)	(21,101)	(24.7)
Gross profit		897	695	1,996	2,584	(22.8)
Other income		885	1,962	2,777	2,119	31.1
Distribution costs		(73)	(44)	(118)	(99)	19.2
Administrative expenses		(2,320)	(1,598)	(5,196)	(3,130)	66.0
Other expenses		(249)	(655)	(393)	(800)	(50.9)
Results from operating activities		(860)	360	(934)	674	nm
Finance income		4	1	12	4	200.0
Finance costs		(82)	(70)	(179)	(132)	35.6
Net finance costs		(78)	(69)	(167)	(128)	30.5
(Loss)/profit before tax	14	(938)	291	(1,101)	546	nm
Tax credit/(expense)	15	110	(90)	110	(124)	nm
(Loss)/profit and total comprehensive income for the period		(828)	201	(991)	422	nm
Basic and diluted earnings/(loss) per share (cents)	16	(0.84)	0.22	(1.00)	0.47	

nm=not meaningful

B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$'000 Unaudited	\$'000 Audited	\$'000 Unaudited	\$'000 Audited
Assets					
Property, plant & equipment	5	11,015	11,540	-	-
Intangible asset	6	15	19	-	-
Investment in subsidiaries		-	-	11,661	11,661
Fixed deposit	7	146	258	-	-
Non current assets		11,176	11,817	11,661	11,661
Inventories		261	234	-	-
Trade and other receivables	8	5,113	8,298	2,495	2,200
Contract assets		292	479	-	-
Cash and cash equivalent	7	9,162	5,516	1,660	10
Current assets		14,828	14,527	4,155	2,210
Total assets		26,004	26,344	15,816	13,871
Equity					
Share capital	9	14,590	11,701	14,590	11,701
Reserves	10	2,054	3,045	1,098	93
Total equity		16,644	14,746	15,688	11,794
Liabilities					
Loans and borrowings	11	1,230	-	-	-
Lease liabilities		507	1,183	-	-
Deferred tax liabilities		617	734	-	-
Provision		29	29	-	-
Non current liabilities		2,383	1,946	-	-
Loans and borrowings	11	3,276	3,567	-	-
Lease liabilities		942	1,421	-	-
Trade and other payables	12	2,670	4,648	128	2,077
Current tax liabilities		89	16	-	-
Current liabilities		6,977	9,652	128	2,077
Total liabilities		9,360	11,598	128	2,077
Total equity & liabilities		26,004	26,344	15,816	13,871

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'000
As at 1 July 2019	11,701	200	(8,701)	13,124	16,324
Total comprehensive income for the year	-	-	-	422	422
Dividends declared	-	-	-	(2,000)	(2,000)
As at 30 June 2020	11,701	200	(8,701)	11,546	14,746
As at 1 July 2020	11,701	200	(8,701)	11,546	14,746
Issue of new shares	3,200	-	-	-	3,200
Share issue expenses	(311)	-	-	-	(311)
Total comprehensive income for the year	-	-	-	(991)	(991)
As at 30 June 2021	14,590	200	(8,701)	10,555	16,644

Company	Share capital	Retained earnings	Total equity
	\$		\$
As at 3 October 2019 (date of incorporation)	1	-	1
	\$'000	\$'000	\$'000
Total comprehensive income for the year	-	2,093	2,093
Dividends declared for the year	-	(2,000)	(2,000)
Issuance of shares on restructuring	11,701	-	11,701
As at 30 June 2020	11,701	93	11,794
	\$'000	\$'000	\$'000
As at 1 July 2020	11,701	93	11,794
Issuance of shares on IPO	3,200	-	3,200
Share issue expenses	(311)	-	(311)
Total comprehensive income for the year	-	1,005	1,005
As at 30 June 2021	14,590	1,098	15,688

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Full Year FY2021 Unaudited \$'000	Full Year FY2020 Audited \$'000
Cash flows from operating activities		
Profit/(loss) before tax	(1,101)	546
Adjustments for:		
Depreciation of PPE	2,199	2,141
Amortisation of intangible assets	4	4
Impairment losses on trade and other receivables	44	306
Finance income	(12)	(4)
Finance cost	179	132
Loss on disposal of PPE	13	211
	1,326	3,336
Changes in:		
Inventories	(27)	(234)
Contract assets	187	1,528
Trade and other receivables	3,140	(3,012)
Trade and other payables	25	(310)
Cash generated from operations	4,651	1,308
Net tax refund	66	69
Net cash generated from operating activities	4,717	1,377
Cash flows from investing activities		
Acquisition of PPE	(1,867)	(632)
Interest received	12	4
Proceeds from disposal of PPE	180	65
Net cash used in investing activities	(1,675)	(563)
Cash flows from financing activities		
Decrease/(increase) in deposits pledged to financial institution	112	(3)
Payment of lease liabilities	(1,215)	(2,544)
Payment in amount due to directors	(2)	(15)
Dividends paid	(2,000)	-
Proceeds from loans and borrowings	1,500	3,565
Repayment of loans and borrowings	(561)	-
Interest paid	(119)	(21)
Net proceeds from initial public offering	2,889	-
Net cash from/(used in) financing activities	604	982
Net increase/(decrease) in cash and cash equivalents	3,646	1,796
Cash and cash equivalents at beginning of the period	5,516	3,720
Cash and cash equivalents at end of the period	9,162	5,516

PPE: property, plant and equipment

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of the condensed interim consolidated financial statements.

1. Domicile and activities

Aedge Group Limited (the “Company”) is a company incorporated in the Republic of Singapore on 3 October 2019 under the name Aedge Group Pte Ltd. The Company was converted to a public limited company on 24 March 2020 and the name of the Company was changed to Aedge Group Limited in connection therewith. The address of the Company’s registered office is Block 4009 Ang Mo Kio Avenue 10, Tech Place I #04-33, Singapore 569738.

The financial statements of the Group as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is PTCC Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

The principal activities of the Company are those of investment holding. The principal activities of the Group consist of provision of engineering services, transportation services, security and manpower services.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim consolidated financial statements for the six-months ended and twelve-months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated 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 condensed interim consolidated financial statements for the six-months ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 4.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

These condensed interim consolidated financial statements are presented in Singapore dollars, which is the Company’s functional currency. The financial information has been rounded to the nearest thousand, unless otherwise stated.

2.2 Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

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

4. New and amended standards adopted by the 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.

5. Property, plant and equipment

	Office and storage space \$'000	Fixtures and fittings \$'000	Computers \$'000	Office equipment \$'000	Motor vehicles \$'000	Machinery and equipment \$'000	Scaffold equipment \$'000	Insulation equipment \$'000	Renovation \$'000	Total \$'000
Cost										
As at 1 July 2019	114	31	87	116	17,556	242	1,356	96	178	19,776
Additions	438	4	36	16	58	16	408	1	93	1,070
Disposals/write-off	–	(2)	–	–	(686)	(9)	(243)	(5)	–	(945)
At 30 June 2020	552	33	123	132	16,928	249	1,521	92	271	19,901
At 30 June 2020	552	33	123	132	16,928	249	1,521	92	271	19,901
Additions	289	2	109	12	18	44	1,389	4	–	1,867
Disposals/write-off	–	–	(5)	(3)	(118)	(5)	(217)	(5)	–	(353)
At 30 June 2021	841	35	227	141	16,828	288	2,693	91	271	21,415
Accumulated depreciation										
At 30 June 2019	–	22	75	40	6,509	94	34	2	112	6,888
Depreciation charge for the year	164	3	7	23	1,707	31	152	10	44	2,141
Disposals/write-off	–	(2)	–	–	(641)	(4)	(20)	(1)	–	(668)
At 30 June 2020	164	23	82	63	7,575	121	166	11	156	8,361
At 30 June 2020	164	23	82	63	7,575	121	166	11	156	8,361
Depreciation charge for the year	244	4	22	25	1,662	34	183	9	16	2,199
Disposals/write-off	–	–	(5)	(1)	(104)	(3)	(46)	(1)	–	(160)
At 30 June 2021	408	27	99	87	9,133	152	303	19	172	10,400
Carrying amounts										
At 1 July 2019	–	9	12	76	11,047	148	1,322	94	66	12,774
At 30 June 2020	388	10	41	69	9,353	128	1,355	81	115	11,540
At 30 June 2021	433	8	128	54	7,695	136	2,390	72	99	11,015

The Group leases motor vehicles under a number of leases. The leased motor vehicles secure the lease obligations. The net carrying amounts of leased motor vehicles amounted to \$5,593,000 and \$5,113,000 as at 30 June 2020 and 30 June 2021 respectively.

6. Intangible assets

	Customer relationships \$'000
Cost	
At 1 July 2019, 30 June 2020 and 30 June 2021	<u>27</u>
Accumulated amortisation	
At 1 July 2019	4
Amortisation charge for the year	<u>4</u>
At 30 June 2020	<u>8</u>
At 1 July 2020	8
Amortisation charge for the year	<u>4</u>
At 30 June 2021	<u>12</u>
Carrying amounts	
At 1 July 2019	<u>23</u>
At 30 June 2020	<u>19</u>
At 30 June 2021	<u>15</u>

7. Fixed deposits and cash and cash equivalents

	Group		Company	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Cash on hand	24	26	-	-
Fixed deposits	146	258	-	-
Cash at bank	9,138	5,490	1,660	10
Cash and cash equivalents	<u>9,308</u>	<u>5,774</u>	<u>1,660</u>	<u>10</u>
Presented on the statements of financial position as:				
Fixed deposits (non-current)	146	258	-	-
Cash and cash equivalents (current)	9,162	5,516	1,660	10
	<u>9,308</u>	<u>5,774</u>	<u>1,660</u>	<u>10</u>
Deposits pledged	<u>(146)</u>	<u>(258)</u>	-	-
Cash and cash equivalents in the statement of cash flows	<u>9,162</u>	<u>5,516</u>	<u>1,660</u>	<u>10</u>

Fixed deposits amounting to \$146,000 and \$258,000 as at 30 June 2021 and 30 June 2020 respectively were pledged to financial institutions for banker's guarantee facilities.

8. Trade and other receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables:				
- third parties	4,362	6,166	–	–
- retention receivable	–	41	–	–
Impairment losses	(282)	(274)	–	–
	<u>4,080</u>	<u>5,933</u>	<u>–</u>	<u>–</u>
Other receivables (non-trade):				
- dividend receivables from subsidiaries	–	–	2,250	2,200
- subsidiaries	–	–	8	–
- grant receivables	237	612	200	–
- others	28	41	–	–
Deposits	312	215	–	–
	<u>4,657</u>	<u>6,801</u>	<u>2,458</u>	<u>2,200</u>
Prepayments	456	1,497	37	–
	<u>5,113</u>	<u>8,298</u>	<u>2,495</u>	<u>2,200</u>

9. Share capital

Group and Company No. of shares

Issued and fully-paid ordinary shares with no par value:

At 3 October 2019 (date of incorporation)	1
Issuance of shares	9,999
Share split	<u>89,990,000</u>
At 30 June 2020	<u>90,000,000</u>
Issue of Shares at IPO	<u>16,000,000</u>
As at 30 June 2021	<u>106,000,000</u>

Issue of ordinary shares

On 10 December 2020, 16,000,000 ordinary shares were issued as a result of the IPO at a price of \$0.20 per share.

There was no change in the Company's share capital since 31 December 2020.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2021 and 30 June 2020.

10. Reserves

The reserves of the Group comprise the following balances

	Group		Company	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
Capital reserve	200	200	–	–
Merger reserve	(8,701)	(8,701)	–	–
Retained earnings	10,555	11,546	1,098	93
Totals	<u>2,054</u>	<u>3,045</u>	<u>1,098</u>	<u>93</u>

Capital reserve

The capital reserve relates to deemed contribution from the Company's shareholders for the acquisition of a subsidiary.

Merger reserve

The merger reserve relates to the difference between the consideration paid and the paid-in capital of entities under common control which were acquired by the Group.

Dividends

The Company did not declare any dividends during the period from 1 July 2020 to 30 June 2021.

11. Loans and borrowings

	Group	
	30 June 2021 \$'000	30 June 2020 \$'000
Non-current		
Term loan (secured)	<u>1,230</u>	–
Current		
Term loan (secured)	3,276	3,001
Trade and receivables factoring facility (secured)	–	566
	<u>3,276</u>	<u>3,567</u>
	<u>4,506</u>	<u>3,567</u>

The Group's term loans are secured by corporate guarantees by the Company, and the factoring facility was secured by joint and several personal guarantees by a director of the Company, and a director of a subsidiary.

One of the Group's term loans is repayable in monthly instalments between 1 July 2021 to 30 June 2025. Nonetheless, the loan contains a callable clause stating that the bank may at their absolute discretion cancel or withdraw the term loan facility. Accordingly, the term loan with a carrying amount of \$3,006,000 (2020: \$3,001,000) has been classified as current liabilities.

The Group entered into a factoring arrangement in March 2020. Under the factoring arrangement, the Group may elect to receive early receipt of their invoices from a bank by factoring the Group's trade receivables. Under the arrangement, a bank agrees to pay amounts to the Group in respect of invoices owned by customers and receives settlement from the Group at a later date. The factoring arrangement was terminated on 31 January 2021.

12. Trade and other payables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables:				
- third parties	680	689	–	–
- GST payable	246	225	–	–
- accrued expenses:				
- third parties	253	94	–	–
Other payables (non-trade):				
- subsidiaries	–	–	–	61
- directors	–	2	–	–
- others	97	2	47	–
Customer deposits	62	3	–	–
Deferred income	19	–	–	–
Accrued operating expenses	161	183	81	16
Accrued salaries and wages	826	685	–	–
Dividends payable	–	2,000	–	2,000
Deferred grant income	326	765	–	–
	<u>2,670</u>	<u>4,648</u>	<u>128</u>	<u>2,077</u>

The non-trade amounts due to subsidiaries and directors are interest-free, unsecured and repayable on demand.

The non-trade amounts due to directors relate to amounts reimbursable to directors during the Group's normal course of business.

The deferred grant income relates to monies received under the Jobs Support Scheme implemented by the Singapore government. The deferred grant income is recognised to the statement of comprehensive income on a systematic basis over the estimated period of economic uncertainty in which the Group recognises the related salary cost.

13 Revenue

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers:				
- Engineering services	3,584	1,974	6,165	5,905
- Transportation services	2,670	2,691	5,207	6,018
- Security and manpower services	3,212	5,277	6,507	11,762
	<u>9,466</u>	<u>9,942</u>	<u>17,879</u>	<u>23,685</u>

Disaggregation of revenue

	Engineering services	Transportation services	Security and manpower services	Total
	\$'000	\$'000	\$'000	\$'000
For the six-months period ended 30 June 2021				
Rendering of service	2,693	2,670	3,212	8,575
Sale of goods	891	–	–	891
Total	<u>3,584</u>	<u>2,670</u>	<u>3,212</u>	<u>9,466</u>
Timing of revenue recognition:				
Overtime	2,693	2,670	3,212	8,575
At a point in time	891	–	–	891
Total	<u>3,584</u>	<u>2,670</u>	<u>3,212</u>	<u>9,466</u>

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total \$'000
For the six-months period ended 30 June 2020				
Rendering of service	1,974	2,691	5,277	9,942
Timing of revenue recognition:				
Overtime	1,974	2,691	5,277	9,942
For the twelve-months period ended 30 June 2021				
Rendering of service	4,692	5,207	6,507	16,406
Sale of goods	1,473	–	–	1,473
Total	6,165	5,207	6,507	17,879
Timing of revenue recognition:				
Overtime	4,692	5,207	6,507	16,406
At a point in time	1,473	–	–	1,473
Total	6,165	5,207	6,507	17,879
For the twelve-months period ended 30 June 2020				
Rendering of service	5,905	6,018	11,762	23,685
Timing of revenue recognition:				
Overtime	5,905	6,018	11,762	23,685

The Group does not disaggregate revenue further as the above are generated in the Singapore market.

14. (Loss)/Profit before tax

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other income				
Government grants	885	1,962	2,776	2,091
Sundry income	–	–	1	28
	<u>885</u>	<u>1,962</u>	<u>2,777</u>	<u>2,119</u>
Finance income				
Interest income from:				
- fixed deposit	–	–	3	3
- current account	4	1	9	1
	<u>4</u>	<u>1</u>	<u>12</u>	<u>4</u>
Finance expense				
Interest expense on:				
Lease liabilities	(25)	(47)	(60)	(109)
Loans and borrowings	(57)	(23)	(119)	(23)
	<u>(82)</u>	<u>(70)</u>	<u>(179)</u>	<u>(132)</u>
Other significant items:				
Depreciation of property, plant and equipment	1,128	1,094	2,199	2,141
Loss on disposal/write-off of property, plant and equipment	13	178	13	211
Amortisation of intangible assets	2	2	4	4
Impairment loss on trade and other receivables	44	304	44	306

15. Tax (credit)/expense

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current period	27	4	27	4
(Over)/Under provision in respect of prior years	(20)	43	(20)	43
	<u>7</u>	<u>47</u>	<u>7</u>	<u>47</u>
Deferred tax expense				
Origination and reversal of temporary differences	(28)	(14)	(28)	21
(Over)/Under provision in respect of prior years	(89)	57	(89)	56
	<u>(117)</u>	<u>43</u>	<u>(117)</u>	<u>77</u>
Total tax(credit)/expense	<u>(110)</u>	<u>90</u>	<u>(110)</u>	<u>124</u>

16. Earnings per share

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021	2020	2021	2020
	Basic and diluted earnings per share (cents)	<u>(0.84)</u>	<u>0.22</u>	<u>(1.00)</u>

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and the following weighted-average number of ordinary shares outstanding.

	30 June 2021 No. of shares '000	30 June 2020 No. of shares '000
Weighted-average number of ordinary shares	<u>98,899</u>	<u>90,000</u>

Diluted earnings per share

As at 30 June 2021 and 30 June 2020, there were no outstanding dilutive potential ordinary shares.

17. Operating segments

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different services, and are managed separately. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group's reportable segments:

- Engineering services

Provision and installation of scaffolding solutions, insulation and passive fire protection systems, HVAC and refrigeration systems, and electrical systems. Provision of workers on contract or ad-hoc basis. Sales of scaffolding materials.

- Transport services

Provision of bus services for public premium service routes, schools, corporates and ad hoc charters.

- Security and manpower services

Provision of security services, cleaning services, manpower staffing for aviation technicians.

- Others

Others relate to unallocated amounts that includes provision of management, treasury and administrative services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total for reportable segments \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
For the six-months period ended 30 June 2021							
External revenues	3,584	2,670	3,212	9,466	–	–	9,466
Inter-segment revenue	219	7	29	255	–	(255)	–
External cost of sales	(2,972)	(2,733)	(2,864)	(8,569)	–	–	(8,569)
Inter-segment cost of sales	(234)	–	(27)	(261)	–	261	–
Finance income	–	–	4	4	–	–	4
Finance costs	(8)	(36)	(38)	(82)	–	–	(82)
Depreciation of property, plant and equipment and amortization of intangible assets	(320)	(801)	(9)	(1,130)	–	–	(1,130)
Reportable segment profit/(loss) before tax	(105)	187	65	147	(1,083)	(2)	(938)
Other material non-cash items:							
- Gain/(Loss) on disposal/write-off of property, plant and equipment	43	(44)	(12)	(13)	–	–	(13)
- Impairment loss on receivables	(44)	–	–	(44)	–	–	(44)
Capital expenditure	1,640	40	19	1,699	–	–	1,699
As at 30 June 2021							
Reportable segment assets	7,398	13,138	6,782	27,318	15,816	(17,130)	26,004
Reportable segment liabilities	4,481	6,066	3,964	14,511	129	(5,280)	9,360

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total for reportable segments \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
For the six-months period ended 30 June 2020							
External revenues	1,974	2,691	5,277	9,942	–	–	9,942
Inter-segment revenue	110	47	–	157	–	(157)	–
External cost of sales	(1,816)	(2,660)	(4,771)	(9,247)	–	–	(9,247)
Inter-segment cost of sales	(110)	–	–	(110)	–	110	–
Finance income	–	–	1	1	–	–	1
Finance costs	(9)	(38)	(23)	(70)	–	–	(70)
Depreciation of property, plant and equipment and amortization of intangible assets	(257)	(820)	(19)	(1,096)	–	–	(1,096)
Reportable segment profit/(loss) before tax	(527)	99	1,149	721	(428)	(2)	291
Other material non-cash items:							
- Loss on disposal/write-off of property, plant and equipment	(173)	(3)	(2)	(178)	–	–	(178)
- Impairment loss on receivables	(275)	(29)	–	(304)	–	–	(304)
Capital expenditure	826	129	45	1,000	–	–	1,000
As at 30 June 2020							
Reportable segment assets	6,300	11,075	8,889	26,264	15,226	(15,146)	26,344
Reportable segment liabilities	2,382	3,285	4,933	10,600	2,131	(1,133)	11,598

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total for reportable segments \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
For the twelve-months period ended							
30 June 2021							
External revenues	6,165	5,207	6,507	17,879	–	–	17,879
Inter-segment revenue	336	15	29	380	–	(380)	–
External cost of sales	(4,745)	(5,234)	(5,904)	(15,883)	–	–	(15,883)
Inter-segment cost of sales	(352)	–	(28)	(380)	–	380	–
Finance income	–	3	9	12	–	–	12
Finance costs	(18)	(70)	(91)	(179)	–	–	(179)
Depreciation of property, plant and equipment and amortisation of intangible assets	(598)	(1,584)	(21)	(2,203)	–	–	(2,203)
Reportable segment profit/(loss) before tax	362	503	719	1,584	(2,681)	(4)	(1,101)
Other material non-cash items:							
- Gain/(Loss) on disposal of property, plant and equipment	43	(44)	(12)	(13)	–	–	(13)
- Impairment loss on trade receivables	(44)	–	–	(44)	–	–	(44)
Capital expenditure	1,462	64	36	1,562	–	–	1,562
As at 30 June 2021							
Reportable segment assets	7,398	13,138	6,782	27,318	15,816	(17,130)	26,004
Reportable segment liabilities	4,481	6,066	3,964	14,511	129	(5,280)	9,360

	Engineering services \$'000	Transportation services \$'000	Security and manpower services \$'000	Total for reportable segments \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
For the twelve-months period ended 30 June 2020							
External revenues	5,906	6,018	11,761	23,685	–	–	23,685
Inter-segment revenue	449	103	–	552	–	(552)	–
External cost of sales	(4,725)	(5,866)	(10,510)	(21,101)	–	–	(21,101)
Inter-segment cost of sales	(442)	(3)	(3)	(448)	–	448	–
Finance income	–	3	1	4	–	–	4
Finance costs	(18)	(92)	(22)	(132)	–	–	(132)
Depreciation of property, plant and equipment and amortisation of intangible assets	(478)	(1,637)	(30)	(2,145)	–	–	(2,145)
Reportable segment profit/(loss) before tax	(127)	(202)	1,670	1,341	(790)	(5)	546
Other material non-cash items:							
- Loss on disposal of property, plant and equipment	(192)	(17)	(2)	(211)	–	–	(211)
- Impairment loss on trade receivables	(275)	(31)	–	(306)	–	–	(306)
Capital expenditure	527	60	45	632	–	–	632
As at 30 June 2020							
Reportable segment assets	6,300	11,075	8,889	26,264	15,226	(15,146)	26,344
Reportable segment liabilities	2,382	3,285	4,933	10,600	2,131	(1,133)	11,598

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items to SFRS(I) measures

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenues				
Total revenue for reportable segments	9,721	10,099	18,259	24,237
Elimination of inter-segment revenue	(255)	(157)	(380)	(552)
Consolidated revenue	<u>9,466</u>	<u>9,942</u>	<u>17,879</u>	<u>23,685</u>
Cost of sales				
Total cost of sales for reportable segments	8,830	9,357	16,263	21,549
Elimination of inter-segment cost of sales	(261)	(110)	(380)	(448)
Consolidated cost of sales	<u>8,569</u>	<u>9,247</u>	<u>15,883</u>	<u>21,101</u>
Profit or loss before tax				
Total profit or loss before tax for reportable segments	147	721	1,584	1,341
Elimination of inter-segment profits	(2)	(2)	(4)	(5)
Unallocated amounts	(1,083)	(428)	(2,681)	(790)
Consolidated profit/(loss) before tax from continuing operations	<u>(938)</u>	<u>291</u>	<u>(1,101)</u>	<u>546</u>

	As at	
	30 June 2021 \$'000	30 June 2020 \$'000
Assets		
Total assets for reportable segments	27,318	26,264
Elimination of inter-segment assets	(17,130)	(15,146)
Other unallocated amounts	15,816	15,226
Consolidated total assets	26,004	26,344
Liabilities		
Total liabilities for reportable segments	14,511	10,600
Elimination of inter-segment liabilities	(5,280)	(1,133)
Other unallocated amounts	129	2,131
Consolidated total liabilities	9,360	11,598

Geographical information

The engineering services, transportation services, and security and manpower services are managed in Singapore.

18. Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Group are considered as key management personnel of the Group.

Key management personnel compensation comprises:

	For the six-month period ended 30 June		For the twelve-month period ended 30 June	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Directors' fees	63	–	63	–
Short-term benefits	572	358	1,027	717
Post-employment benefits (including contribution to defined contribution plan)	42	34	80	69
	42		69	

Other related party transactions

Other than those disclosed elsewhere in the combined financial statements, the significant transactions carried out by the Group with related parties based on terms agreed between the parties are as follows:

	For the six-month period		For the twelve-month period	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Affiliated corporations				
Sales	–	–	–	(261)

19. Subsequent events

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

F. OTHER INFORMATION REQUIRED BY CATALIST LISTING RULE APPENDIX 7C

- 1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed consolidated statement of financial position of Aedge Group Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year FY2021 and certain explanatory notes have not been audited nor reviewed.

- 2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

- 3. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**

(a) Current financial period reported on; and

(b) Immediately preceding financial year.

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net asset value (\$'000)	16,644	14,746	15,688	11,794
Number of ordinary shares in issue ⁽¹⁾ ('000)	106,000	106,000	106,000	106,000
Net asset value per ordinary share (cents)	15.7	13.9	14.8	11.1

Note

(1) For comparison purposes, the calculation for the net asset value per ordinary share for the respective financial years is based on the post-IPO share capital of 106,000,000 shares in issue (excluding treasury shares).

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion on the following: -**

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

A. Consolidated Statement of Comprehensive Income (Full Year FY2021 vs FY2020)

(1) Revenue:

Total revenue decreased by \$5.8 million or 24.5% from \$23.7 million in FY2020 to \$17.9 million in FY2021. The decrease was mainly due to the effects of the prolonged COVID-19 situation.

Revenue from our transport services and our security and manpower services decreased, offset by a slight increase in our engineering services. Engineering services revenue increase slightly due to improvements in the 2nd half of FY2021. Decrease in transport revenue was due to lower utilisation of buses, which resulted from less adhoc bookings, cancellation of school CCA activities, lower ridership of premium bus services, and cancellation of some contracts due to more work-from-home arrangements. Decrease in security and manpower revenue was mainly due to reduction in the number of technicians deployed in the aviation industry

(2) Cost of Sales:

Cost of sales decreased by \$5.2 million or 24.7% from \$21.1 million in FY2020 to \$15.9 million in FY2021. This decrease was in tandem with the decrease in revenue.

(3) Gross Profit:

Due to the decrease in revenue, gross profit decreased correspondingly by \$0.6 million or 22.8% from \$2.6 million in FY2020 to \$2.0 million in FY2021. Overall gross profit margins remained largely unchanged. However, margin for transport services declined slightly due to some fixed costs: depreciation, direct staff costs, maintenance costs.

(4) Other Income:

Other income increased from \$2.1 million in FY2020 to \$2.8 million in FY2021 This was due to government grants received during the year such as those under the Special Employment Credit, the Job Support Scheme, Foreign Workers Levy Rebates, and MAS grant for IPO funding.

(5) Administrative Expenses:

Increase in administrative expenses was mainly due to IPO expenses of \$1.2 million, as well as increase in administrative and management staff costs.

(6) Other Expenses:

Decrease in other expenses was mainly due to lower losses on disposal of property plant and equipment, scaffolding assets, as well as lower impairment losses on trade receivables.

(7) Finance Costs:

Increase in finance costs due to interest costs from bank borrowings, as a result of increase in bank borrowings.

B. Consolidated Statement of Financial Position as at 30 June 2021

(1) Non-Current Assets:

Non-current assets decreased to S\$11.2 million as at 30 June 2021 from S\$11.8 million as at 30 June 2020, due mainly to depreciation of property, plant and equipment, offset by additions during the year.

(2) Current Assets:

Current assets increased marginally to \$14.8 million as at 30 June 2021 from S\$14.5 million as at 30 June 2020. This was due mainly to increase in cash and cash equivalents, partially offset by decrease in trade and other receivables. Increase in cash and equivalent was due to drawdown of a bank facility, as well as proceeds from the IPO. Trade and other receivables decreased accordingly with decrease in contracts and revenue.

(3) Non-Current Liabilities:

Non-current liabilities increased to S\$2.4 million as at 30 June 2021 from S\$1.9 million as at 30 June 2020. This was due mainly to a drawdown of a bank facility, partially offset by decrease in lease liabilities.

(4) Current Liabilities:

Current liabilities decreased to S\$7.0 million at 30 June 2021 from S\$9.7 million as at 30 June 2020 due mainly to decrease in lease liabilities and trade and other payables. Decrease in lease liabilities was due to instalment repayments of leases. Decrease in trade and other payables was due mainly to the payment of dividends declared in June 2020.

C. Consolidated Statement of Cash Flows (FY2021)

(1) Net cash from operating activities in FY2021 amounted to S\$4.7 million. This was due mainly to a positive operating cash flow before working capital changes of S\$1.3 million. Working capital changes amounted to S\$3.3 million due mainly to decrease in trade and other receivables.

(2) Net cash used in investing activities in FY2021 amounted to S\$1.7 million. This was due mainly to acquisition of property, plant and equipment.

(3) Net cash from financing activities in FY2021 amounted to S\$0.6 million. This was due to gross proceeds from the IPO of S\$3.2 million, the drawdown of a bank loan, partially offset by repayments of lease liabilities and loans and borrowings, and payment of dividends.

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

In the 1st Half FY2021 results announced on 9 February 2021, it was stated that the Group does not expect to incur a loss in FY2021. However, as the adverse economic effects from the COVID-19 situation were more prolonged and pronounced than expected, the revenue from all segments of the Groups' business continued to be impacted in the 2nd Half FY2021 (2H FY2021). Therefore, the Company had on 23 July 2021, provided a profit guidance accordingly in the SGX-ST announcement released on 23 July 2021, where it stated that "the Group is expected to report a loss for its 2H FY2021 and Full Year FY2021 results.

6. 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 know factors or events that may affect the group in the next reporting period and the next 12 months.

The Group results will continue to be affected by the impact caused by the prolonged COVID-19 situation. The overall economic condition is not expected to recover fully, and the Group expects that all its business segments shall continue to be adversely affected.

In addition, grants from the Singapore government to provide financial assistance to Singapore companies affected by the COVID-19 situation are expected to decrease.

Despite the challenging environment, the Group remains focused on its efforts to implement its business strategies to increase revenue, and take advantage of any improvements in the economic situation.

7. Dividend Information

(a) Whether an interim (final) ordinary dividend has been declared (recommended):

A final ordinary dividend has been recommended for approval by shareholders' resolution at the Annual General Meeting.

(b) (i) Amount per share: 1 Singapore cent per share

(ii) Previous corresponding period: not applicable, Company was listed on 14 December 2020

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Tax exempt

(d) The date the dividend is payable:

The dividend payable date will be announced later.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:

The date will be announced later.

8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

9. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There were no interested person transactions for S\$100,000 or more for the current financial period under review.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

11. 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(10) in the format below. 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 first held	Details of changes in duties and position held, if any, during the year
Tan Siew Lan	67	Spouse of Chief Executive Officer, who is also a director, and substantial shareholder	Human Resources and Administration Director; 2010	No change
Tan Ah Hwa	65	Sister of Tan Siew Lan	Operations Director (Transport); 2007	No change

12. Use of IPO proceeds

As announced on 12 July 2021, the net proceeds from the IPO exercise have been fully utilized and the utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document dated 3 December 2020.

13. Disclosure on acquisition (including incorporations) and realization pursuant to Rule 706A

The Company did not acquire or dispose shares in any companies during the 2H FY2021.

14. Breakdown of sales

	FY2021 \$'000	FY2020 \$'000	Increase/ (decrease) %
(a) Sales reported for first half year	8,413	13,743	(38.8)
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	(163)	221	nm
(c) Sales reported for second half year	9,466	9,942	(4.8)
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	(828)	201	nm

nm: not meaningful

15. Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2021	FY2020
(a) Ordinary	\$1,060,000 ^(a)	Not applicable
(b) Preference	Not applicable	Not applicable
(c) Total	\$1,060,000 ^(a)	Not applicable

Note:

(a) The proposed final one-tier tax exempt dividends in respect of FY2021 is subject to shareholders' approval at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Poh Soon Keng
Executive Chairman and Chief Executive Officer
27 August 2021