

NORDIC GROUP LIMITED

(Registration No: 201007399N)

Condensed Consolidated Financial Statements

For the second half year and financial year ended 31 December 2022

Condensed Consolidated Financial Statements

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group					
		<u>2H2022</u>	<u>2H2021</u>	<u>Change</u>	<u>12M2022</u>	<u>12M2021</u>	<u>Change</u>
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4G	82,995	53,893	54	162,758	103,065	58
Cost of sales		(60,296)	(40,084)	50	(117,012)	(75,267)	55
Gross profit		22,699	13,809	64	45,746	27,798	65
Other income and gains	5	2,334	763	206	3,018	1,623	86
Distribution costs		(875)	(308)	184	(1,640)	(775)	112
Administrative expenses		(10,859)	(7,305)	49	(21,316)	(13,316)	60
Finance costs	6	(1,297)	(298)	335	(2,022)	(567)	257
Other losses	5	(2,692)	(354)	660	(1,422)	(287)	395
Profit before tax	7	9,310	6,307	48	22,364	14,476	54
Income tax expense	8	(73)	(228)	(68)	(1,511)	(600)	152
Profit for the period/year		<u>9,237</u>	<u>6,079</u>	52	<u>20,853</u>	<u>13,876</u>	50
Other comprehensive (loss) / income:							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of tax		(1,491)	173	(962)	(1,039)	371	(380)
Other comprehensive (loss)/income for the year, net of tax:		<u>(1,491)</u>	<u>173</u>	(962)	<u>(1,039)</u>	<u>371</u>	(380)
Total comprehensive income for the period/year		<u>7,746</u>	<u>6,252</u>	24	<u>19,814</u>	<u>14,247</u>	39
Profit attributable to owners of the parent, net of tax		9,120	6,079	50	20,673	13,876	49
Profit attributable to non-controlling interests, net of tax		117	–	NA	180	–	NA
Profit, net of tax		<u>9,237</u>	<u>6,079</u>	52	<u>20,853</u>	<u>13,876</u>	50
Total comprehensive income attributable to owners of the parent		7,629	6,252	22	19,634	14,247	38
the non-controlling interests		117	–	NA	180	–	NA
		<u>7,746</u>	<u>6,252</u>	24	<u>19,814</u>	<u>14,247</u>	39
Earnings per share							
Earnings per share currency unit		<u>Cents</u>	<u>Cents</u>		<u>Cents</u>	<u>Cents</u>	
Basic and diluted	9	<u>2.4</u>	<u>1.6</u>	50	<u>5.3</u>	<u>3.6</u>	47

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Condensed Statements of Financial Position

	Notes	Group		Company	
		31/12/2022 \$'000	31/12/2021 \$'000	31/12/2022 \$'000	31/12/2021 \$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	11	47,601	32,099	5,757	5,991
Right-of-use assets		5,514	3,109	1,557	1,615
Goodwill	12	40,421	29,552	–	–
Intangible assets		3,487	55	–	–
Investments in subsidiaries		–	–	1,350	1,350
Deferred tax assets		1,703	394	–	–
Total non-current assets		98,726	65,209	8,664	8,956
<u>Current assets</u>					
Inventories		19,440	14,542	–	–
Trade and other receivables	13	39,389	24,419	18,652	39,300
Other assets	14	24,339	12,759	685	1,019
Cash and cash equivalents		55,915	75,337	22,502	5,043
Total current assets		139,083	127,057	41,839	45,362
Total assets		237,809	192,266	50,503	54,318
EQUITY AND LIABILITIES					
<u>Equity attributable to owners of the parent</u>					
Share capital	15	24,864	22,439	24,864	22,439
Treasury shares	15	(112)	(2,614)	(112)	(2,614)
Retained earnings		84,945	76,994	8,900	15,786
Other reserves	16	319	816	–	–
Total equity	17	110,016	97,635	33,652	35,611
<u>Non-current liabilities</u>					
Provisions	18	–	51	–	–
Deferred tax liabilities		2,818	2,916	43	49
Loans and borrowings	19	16,781	2,575	3,803	–
Financial liabilities – lease liabilities		5,657	3,157	1,607	1,644
Total non-current liabilities		25,256	8,699	5,453	1,693
<u>Current liabilities</u>					
Provisions	18	1,232	2,377	–	–
Income tax payable		2,388	915	147	95
Loans and borrowings	19	55,326	57,687	8,256	14,511
Financial liabilities – lease liabilities		219	226	36	37
Trade and other payables	20	35,465	23,830	2,959	2,371
Other non-financial liabilities	21	7,907	897	–	–
Total current liabilities		102,537	85,932	11,398	17,014
Total liabilities		127,793	94,631	16,851	18,707
Total equity and liabilities		237,809	192,266	50,503	54,318

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Condensed Statements of Changes in Equity

	Total <u>equity</u> \$'000	Attributable to <u>parent sub-total</u> \$'000	Share <u>capital</u> \$'000	Treasury <u>shares</u> \$'000	Retained <u>earnings</u> \$'000	Other <u>reserves</u> \$'000	Non- Controlling <u>interests</u> \$'000
Group:							
Current period:							
Opening balance at 1 January 2022	97,635	97,635	22,439	(2,614)	76,994	816	–
Changes in equity:							
Total comprehensive income for the year	19,814	19,634	–	–	20,673	(1,039)	180
Transfer from retained earnings (Note 16B)	–	–	–	–	(542)	542	–
Acquisition of subsidiaries (Note 24(a))	13,180	–	–	–	–	–	13,180
Acquisition of non-controlling interest without a change in control (Note 24(b))	(17,946)	(4,586)	–	–	(4,586)	–	(13,360)
Dividends paid (Note 10)	(7,594)	(7,594)	–	–	(7,594)	–	–
Purchase of treasury shares (Note 15)	(112)	(112)	–	(112)	–	–	–
Sale of treasury shares (Note 15)	5,039	5,039	2,425	2,614	–	–	–
Closing balance at 31 December 2022	110,016	110,016	24,864	(112)	84,945	319	–
Previous period:							
Opening balance at 1 January 2021	88,836	88,836	22,439	(2,374)	68,326	445	–
Changes in equity:							
Total comprehensive income for the year	14,247	14,247	–	–	13,876	371	–
Dividends paid (Note 10)	(5,208)	(5,208)	–	–	(5,208)	–	–
Purchase of treasury shares (Note 15)	(240)	(240)	–	(240)	–	–	–
Closing balance at 31 December 2021	97,635	97,635	22,439	(2,614)	76,994	816	–

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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>Company:</u>				
Current period:				
Opening balance at 1 January 2022	35,611	22,439	(2,614)	15,786
Changes in equity:				
Total comprehensive income for the year	708	–	–	708
Dividends paid (Note 10)	(7,594)	–	–	(7,594)
Purchase of treasury shares (Note 15)	(112)	–	(112)	–
Sale of treasury shares (Note 15)	5,039	2,425	2,614	–
Closing balance at 31 December 2022	<u><u>33,652</u></u>	<u><u>24,864</u></u>	<u><u>(112)</u></u>	<u><u>8,900</u></u>
Previous period:				
Opening balance at 1 January 2021	40,285	22,439	(2,374)	20,220
Changes in equity:				
Total comprehensive income for the year	774	–	–	774
Dividends paid (Note 10)	(5,208)	–	–	(5,208)
Purchase of treasury shares (Note 15)	(240)	–	(240)	–
Closing balance at 31 December 2021	<u><u>35,611</u></u>	<u><u>22,439</u></u>	<u><u>(2,614)</u></u>	<u><u>15,786</u></u>

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Consolidated Statement of Cash Flows

	<u>12M2022</u> \$'000	<u>12M2021</u> \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	22,364	14,476
Adjustments for:		
Interest expense	2,022	567
Interest income	(171)	(89)
Negative goodwill	(1,120)	–
Gain on disposal of property, plant and equipment	(680)	(42)
Depreciation of property, plant and equipment	4,081	3,540
Depreciation of right-of-use assets	257	172
Amortisation of intangible assets	3,051	305
Foreign exchange adjustment unrealised gain	(487)	(168)
Operating cash flows before changes in working capital	<u>29,317</u>	<u>18,761</u>
Inventories	(3,055)	(3,347)
Trade and other receivables	(10,370)	(3,055)
Other assets	12,220	(2,775)
Provisions	(1,196)	474
Trade payables	2,788	843
Other non-financial liabilities	7,010	(7)
Net cash flows from operations	<u>36,714</u>	<u>10,894</u>
Income taxes paid	(1,712)	(970)
Net cash flows from operating activities	<u>35,002</u>	<u>9,924</u>
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries (Note 24 (c))	(34,323)	–
Acquisition of non-controlling interest (Note 24 (b))	(17,946)	–
Purchase of property, plant and equipment	(879)	(723)
Purchase of right-of-use assets	(43)	–
Disposal of property, plant and equipment	3,318	59
Interest received	171	89
Net cash flows used in investing activities	<u>(49,702)</u>	<u>(575)</u>
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(7,594)	(5,208)
Increase in loans and borrowings	26,614	18,530
Interest paid	(1,860)	(467)
Lease liabilities – principal and interest portion paid	(360)	(405)
Loans and borrowings paid	(26,147)	(4,141)
Purchase of treasury shares	(112)	(240)
Sale of treasury shares	5,039	–
Net cash flows (used in) / from financing activities	<u>(4,420)</u>	<u>8,069</u>
Net (decrease) increase in cash and cash equivalents	(19,120)	17,418
Effects of exchange rate changes on the balance of cash held in foreign currencies	(302)	407
Cash and cash equivalents, statement of cash flows, beginning balance	<u>75,337</u>	<u>57,512</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>55,915</u>	<u>75,337</u>

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Notes to the condensed consolidated financial statements 31 December 2022

1. General

The company is incorporated in Singapore with limited liability. The condensed consolidated financial statements for the second half year ended 31 December 2022 (“2H2022”) and full year ended 31 December 2022 (“12M2022”) 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 2H2022 and 12M2022 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 2022.

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 2022.

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
2H2022					
Revenue by segment					
Total revenue by segment	46,777	40,349	–	(4,131)	82,995
Inter-segment sales	(3,118)	(1,013)	–	4,131	–
Total revenue	43,659	39,336	–	–	82,995
Recurring EBITDA					
Inter-segment expenses	6,264	7,647	(78)	628	14,461
Adjusted EBITDA	169	459	–	(628)	–
Finance costs	6,433	8,106	(78)	–	14,461
Amortisation of intangible assets	(277)	(706)	(314)	–	(1,297)
Profit for the period	(1,148)	(603)	–	–	(1,751)
	5,008	6,797	(392)	–	11,413
Unallocated:					
Interest income					144
Depreciation of property, plant and equipment					(2,075)
Depreciation of right-of-use assets					(172)
Income tax expenses					(73)
Profit for the period					9,237
2H2021					
Revenue by segment					
Total revenue by segment	28,411	29,863	–	(4,381)	53,893
Inter-segment sales	(3,689)	(692)	–	4,381	–
Total revenue	24,722	29,171	–	–	53,893
Recurring EBITDA					
Inter-segment expenses	2,933	3,853	543	1,205	8,534
Adjusted EBITDA	465	740	–	(1,205)	–
Finance costs	3,398	4,593	543	–	8,534
Amortisation of intangible assets	(48)	(144)	(106)	–	(298)
Profit for the period	(16)	(123)	–	–	(139)
	3,334	4,326	437	–	8,097
Unallocated:					
Interest income					34
Depreciation of property, plant and equipment					(1,731)
Depreciation of right-of-use assets					(93)
Income tax expenses					(228)
Profit for the period					6,079

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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
12M2022					
Revenue by segment					
Total revenue by segment	100,134	70,207	–	(7,583)	162,758
Inter-segment sales	(5,578)	(2,005)	–	7,583	–
Total revenue	<u>94,556</u>	<u>68,202</u>	<u>–</u>	<u>–</u>	<u>162,758</u>
Recurring EBITDA					
Inter-segment expenses	1,131	1,324	–	(2,455)	–
Adjusted EBITDA	15,451	14,759	1,394	–	31,604
Finance costs	(503)	(1,055)	(464)	–	(2,022)
Amortisation of intangible assets	(2,052)	(999)	–	–	(3,051)
	<u>12,896</u>	<u>12,705</u>	<u>930</u>	<u>–</u>	<u>26,531</u>
Unallocated:					
Interest income					171
Depreciation of property, plant and equipment					(4,081)
Depreciation of right-of-use assets					(257)
Income tax expenses					(1,511)
Profit for the year					<u>20,853</u>
12M2021					
Revenue by segment					
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>
Recurring EBITDA					
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)
Profit for the year					<u>13,876</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
As at 31 December 2022				
Reportable segment assets	13,737	4,063	–	17,800
Unallocated:				
Cash and cash equivalents				55,915
Inventories				19,440
Trade and other receivables, and other assets				45,928
Property, plant and equipment				47,601
Other non-current assets				51,125
Total group assets				<u>237,809</u>
As at 31 December 2021				
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
Total group assets				<u>192,266</u>

4D. Liabilities and reconciliations

	<u>Project services</u> \$'000	<u>Maintenance services</u> \$'000	<u>Others</u> \$'000	<u>Group</u> \$'000
As at 31 December 2022				
Reportable segment liabilities	1,949	5,958	–	7,907
Unallocated:				
Provisions				1,232
Trade and other payables				35,465
Loans and borrowings				72,107
Financial liabilities – lease liabilities				5,876
Income tax payable and deferred tax liabilities				5,206
Total group liabilities				<u>127,793</u>
As at 31 December 2021				
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
Total group liabilities				<u>94,631</u>

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

4E. Geographical information

	Revenue				Non-current assets	
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>						
China	8,568	13,895	31,181	24,947	3,076	3,788
Singapore	63,980	39,998	107,165	75,657	93,863	61,027
Malaysia	6,850	–	15,722	2,461	84	–
United States	1,785	–	1,785	–	–	–
Middle East	1,812	–	6,905	–	–	–
	<u>82,995</u>	<u>53,893</u>	<u>162,758</u>	<u>103,065</u>	<u>97,023</u>	<u>64,815</u>

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

4F. Other material items and reconciliations

Capital expenditures of \$879,000 (31 December 2021: \$723,000) 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			
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Services	36,295	34,105	90,290	66,963
Sale of goods	27,934	17,766	42,380	31,652
Construction contracts	18,766	2,022	30,088	4,450
Total revenue	<u>82,995</u>	<u>53,893</u>	<u>162,758</u>	<u>103,065</u>

Revenue classified by timing of revenue recognition:

	Group			
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Point in time	27,934	17,766	42,380	31,652
Over time	55,061	36,127	120,378	71,413
Total revenue	<u>82,995</u>	<u>53,893</u>	<u>162,758</u>	<u>103,065</u>

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5. Other income and gains and (other losses)

	Group			
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables – (loss) / reversal	(12)	122	(1)	122
Reversal for impairment on other receivables	7	73	7	76
Foreign exchange adjustments (losses)/gains	(2,131)	(86)	(896)	395
Gain on disposal of property, plant and equipment	729	12	680	42
Government grant	205	522	699	673
Interest income	144	34	171	89
Allowance for impairment on inventories – (loss)	(549)	(207)	(525)	(287)
Negative goodwill (Note 24)	1,120	–	1,120	–
Other income/(losses)	129	(61)	341	226
Net	<u>(358)</u>	<u>409</u>	<u>1,596</u>	<u>1,336</u>
Presented in profit or loss as:				
Other income and gains	2,334	763	3,018	1,623
Other losses	(2,692)	(354)	(1,422)	(287)
Net	<u>(358)</u>	<u>409</u>	<u>1,596</u>	<u>1,336</u>

6. Finance costs

	Group			
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense	1,218	248	1,860	467
Interest on lease liabilities	79	50	162	100
Total finance costs	<u>1,297</u>	<u>298</u>	<u>2,022</u>	<u>567</u>

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

	Group			
	<u>2H2022</u>	<u>2H2021</u>	<u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Amortisation of intangible asset	1,751	139	3,051	305
Depreciation of right-of-use asset	172	93	257	172
Depreciation of property, plant and equipment	2,075	1,731	4,081	3,540
Job Support Scheme included in administrative expense	–	339	–	899
Job Support Scheme and Foreign Workers Levy Rebate included in cost of sales	22	1,357	1,469	2,543
	<u>22</u>	<u>1,357</u>	<u>1,469</u>	<u>2,543</u>

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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>2H2022</u>	<u>2H2021</u>	<u>Group</u> <u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Current tax expense:</u>				
Current tax expense	1,436	439	2,947	937
<u>Deferred tax income</u>				
Deferred tax income	(1,363)	(211)	(1,436)	(337)
Total income tax expense	<u>73</u>	<u>228</u>	<u>1,511</u>	<u>600</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>2H2022</u>	<u>2H2021</u>	<u>Group</u> <u>12M2022</u>	<u>12M2021</u>
	\$'000	\$'000	\$'000	\$'000
Numerators: earnings attributable to equity:				
Profit attributable to equity holders	<u>9,120</u>	<u>6,079</u>	<u>20,673</u>	<u>13,876</u>
Denominators: weighted average number of equity shares				
Basic and diluted	<u>387,736</u>	<u>388,000</u>	<u>392,644</u>	<u>388,179</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>12M2022</u>	<u>12M2021</u>	<u>12M2022</u>	<u>12M2021</u>
	cents	cents	\$'000	\$'000
Final tax exempt (one-tier) dividend paid	0.608	0.362	2,359	1,405
Interim tax exempt (one-tier) dividend paid	1.162	0.780	4,645	3,027
Special tax exempt (one-tier) dividend paid	0.152	0.200	590	776
Total dividends paid in the year	<u>1.922</u>	<u>1.342</u>	<u>7,594</u>	<u>5,208</u>

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11. Property, plant and equipment

During the year ended 31 December 2022, the group acquired assets amounting to \$879,000 (31 December 2021: \$723,000) and disposed of assets with net book value amounting to \$2,638,000 (31 December 2021: \$17,000).

12. Goodwill

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Cost:		
At beginning of the year	29,552	29,552
Addition	10,869	–
At end of the year	<u>40,421</u>	<u>29,552</u>

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

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'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	7,101	7,101
Starburst Holding Limited and subsidiaries	10,869	–
Net book value at end of the year	<u>40,421</u>	<u>29,552</u>

The goodwill was tested for impairment at the end of the reporting year 31 December 2022. No impairment allowance was required because the carrying amounts of all cash-generating units were lower than their estimated recoverable amounts. The recoverable amounts of cash-generating units have been measured based on the value in use method. The value in use was measured by management. The value in use is a recurring fair value measurement (Level 3).

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

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Valuation technique and Unobservable inputs</u>		
<u>Discounted cash flow method:</u>		
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs.		
Multiheight Scaffolding Pte Ltd	13%	13%
Austin Energy (Asia) Pte Ltd	13%	15%
Ensure Engineering Pte Ltd	13%	13%
Starburst Holdings Limited	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.

13. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	34,872	23,399	–	–
Less allowance for impairment	(130)	(195)	–	–
Subsidiaries	–	–	18,652	21,619
Retention receivables	4,647	1,085	–	–
Net trade receivables – subtotal	<u>39,389</u>	<u>24,289</u>	<u>18,652</u>	<u>21,619</u>
<u>Other receivables:</u>				
Outside parties	–	81	–	–
Less allowance for impairment	–	(7)	–	–
Subsidiaries	–	–	–	17,681
Grant receivables	–	56	–	–
Net other receivables – subtotal	<u>–</u>	<u>130</u>	<u>–</u>	<u>17,681</u>
Total trade and other receivables	<u><u>39,389</u></u>	<u><u>24,419</u></u>	<u><u>18,652</u></u>	<u><u>39,300</u></u>

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Movements in above allowance on trade receivables:</u>				
At beginning of the year	195	368	–	–
Charge/(Reversed) for trade receivables to profit or loss included in (other income and gains)/other losses	1	(122)	–	–
Foreign exchange adjustments	–	(3)	–	–
Used	(66)	(48)	–	–
At end of the year	<u>130</u>	<u>195</u>	<u>–</u>	<u>–</u>
<u>Movements in above allowance on other receivables:</u>				
At beginning of the year	7	83	–	–
Reversal for other receivables to profit or loss included in other income and gains	(7)	(76)	–	–
At end of the year	<u>–</u>	<u>7</u>	<u>–</u>	<u>–</u>

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13. Trade and other receivables (cont'd)

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

There are no collateral held as security and other credit enhancements for the trade receivables.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2021: 30 to 90 days). But some customers take a longer period to settle the amounts.

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

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Top 1 customer	3,081	3,247
Top 2 customers	5,100	4,997
Top 3 customers	<u>7,068</u>	<u>6,430</u>

14. Other assets

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Contract assets	9,957	1,915	–	–
Unbilled revenue	7,843	7,745	628	1,000
Prepayments	989	436	53	10
Advances to suppliers	2,469	1,951	–	–
Deposits to secure services	3,081	712	4	9
	<u>24,339</u>	<u>12,759</u>	<u>685</u>	<u>1,019</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 2022	388,000	22,439	(2,614)	19,825
Treasury shares purchased (a)	<u>(264)</u>	<u>–</u>	<u>(112)</u>	<u>(112)</u>
At end of the period 30 June 2022	387,736	22,439	(2,726)	19,713
Treasury shares sold (b)	<u>12,000</u>	<u>2,425</u>	<u>2,614</u>	<u>5,039</u>
At end of the period 31 December 2022	<u><u>399,736</u></u>	<u><u>24,864</u></u>	<u><u>(112)</u></u>	<u><u>24,752</u></u>
Previous 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><u>388,000</u></u>	<u><u>22,439</u></u>	<u><u>(2,614)</u></u>	<u><u>19,825</u></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 25 April 2022. During the reporting year, the company acquired 263,900 ordinary shares (31 December 2021: 900,000 ordinary shares) on the Singapore Stock Exchange and held as treasury shares. The total is 263,900 (31 December 2022: 12,000,000) treasury shares.
- (b) On 8 July 2022, the company sold 12,000,000 treasury shares at the price of \$0.42 for each share to Edward Lim Chin Wah and Yap Tin Foo for an aggregate consideration of \$5,039,000. They were the Chairman and Executive Director and Managing and Executive Director of Starburst Holdings Limited (Note 24) respectively. They are currently employed by the company as advisers to the Executive Chairman of the company.

16. Other reserves

	<u>Group</u>	
	<u>31/12/2022</u> \$'000	<u>31/12/2021</u> \$'000
Foreign currency translation reserve (Note 16A)	(559)	581
Statutory reserve (Note 16B)	<u>878</u>	<u>235</u>
Total at the end of the year	<u><u>319</u></u>	<u><u>816</u></u>

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16. Other reserves (cont'd)

16A. Foreign currency translation reserve

	Group	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
At beginning of the year	581	210
Exchange differences on translating foreign operations	<u>(1,140)</u>	<u>371</u>
At end of the year	<u>(559)</u>	<u>581</u>

The currency translation reserve accumulates all foreign exchange differences.

16B. Statutory reserve

	Group	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
At beginning of the year	235	235
Transferred from retained earnings	542	–
Foreign exchange adjustments	<u>101</u>	<u>–</u>
At end of the year	<u>878</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:

	Group		Company	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Numerators: net asset value	<u>110,016</u>	<u>97,635</u>	<u>33,652</u>	<u>35,611</u>
	'000	'000	'000	'000
Denominators: number of ordinary equity shares	399,736	388,000	399,736	388,000
Net asset value per share (cents)	<u>27.5</u>	<u>25.2</u>	<u>8.4</u>	<u>9.2</u>

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18. Provisions

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
<u>Non-current:</u>		
Warranties	–	51
Total non-current portion	<u>–</u>	<u>51</u>
<u>Current:</u>		
Warranties	1,232	2,377
Total current portion	<u>1,232</u>	<u>2,377</u>
Total non-current and current	<u><u>1,232</u></u>	<u><u>2,428</u></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.

19. Loans and borrowings

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Non-current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	–	2,575	–	–
Bank loans (Note 19B)	7,137	–	3,803	–
<u>Financial instruments with fixed interest rates:</u>				
Bank loan (secured) (Note 19A)	9,644	–	–	–
Total non-current portion	<u>16,781</u>	<u>2,575</u>	<u>3,803</u>	<u>–</u>
<u>Current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Bank loans (secured) (Note 19A)	15,600	23,250	6,600	13,250
Bank loans (Note 19B)	35,823	24,880	1,656	–
Invoice financing (Note 19B)	3,191	8,296	–	–
<u>Financial instruments with fixed interest rates:</u>				
Bank loans (secured) (Note 19A)	712	1,261	–	1,261
Total current portion	<u>55,326</u>	<u>57,687</u>	<u>8,256</u>	<u>14,511</u>
Total non-current and current	<u><u>72,107</u></u>	<u><u>60,262</u></u>	<u><u>12,059</u></u>	<u><u>14,511</u></u>
Presented as:				
Secured	25,956	27,086	6,600	14,511
Unsecured	46,151	33,176	5,459	–
Total loans and borrowings	<u><u>72,107</u></u>	<u><u>60,262</u></u>	<u><u>12,059</u></u>	<u><u>14,511</u></u>

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19. Loans and borrowings (cont'd)

The non-current portion is repayable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
Due within 2 to 5 years	10,131	2,575	3,803	–
Due more than 5 years	6,650	–	–	–

The range of floating interest rates paid was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
Bank loans and invoice financing	1.07% to 4.85%	1% to 1.75%	1.07% to 4.68%	1% to 1.35%

The range of fixed interest rates paid was as follows:

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

19A. Bank loans (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 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. This loan was fully repaid during the year.
 - c. Loan repayable in 30 quarterly instalments of \$200,000 from June 2018. Although the loan is for a period of 7.5 years from June 2018, it has been classified as “current” because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period/year.
 - d. Loan repayable over 2 years from September 2020 with quarterly instalments of \$633,467. The weighted average interest rate is 1.35% per annum. The loan has been fully repaid in June 2022.

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19. Loans and borrowings (cont'd)

19A. Bank loans (secured) (cont'd)

- e. Loan repayable over 240 months from May 2015 with monthly instalment of approximately \$62,500. This loan arose from the acquisition of Starburst Group and is secured by a leasehold property, legal assignment of proceeds from certain projects, charge on cash in current account, fixed deposit of not less than \$2.1 million and a first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policies taken out on the lives of certain advisors of the company and a corporate guarantee from a subsidiary. The company is in the process of re-negotiating these terms. The weighted average interest rate is 2.04% 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. Loan repayable over 4 years from January 2022 with monthly instalment of about \$145,000 at floating interest rates.
3. Loan repayable over 36 months from January 2023 with monthly instalment of \$138,888.
4. 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	
	31/12/2022	31/12/2021
	\$'000	\$'000
Undrawn borrowings and trade lines	59,584	46,407
Undrawn foreign exchange lines and interest rate swap	34,100	34,900
Total undrawn borrowing facilities	<u>93,684</u>	<u>81,307</u>

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

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20. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	32,465	23,830	2,959	2,371
Net trade payables – subtotal	32,465	23,830	2,959	2,371
<u>Other payables:</u>				
Amount owing to Eratech Vendors (Note 24)	3,000	–	–	–
Net trade payables – subtotal	3,000	–	–	–
Total trade and other receivables	35,465	23,830	2,959	2,371

21. Other non-financial liabilities

	<u>Group</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Deferred revenue	803	897
Advances from customers	5,764	–
Contract liabilities	1,340	–
Total other non-financial liabilities	7,907	897

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>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	95,304	99,756	41,154	44,343
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	113,448	87,475	16,661	18,563

23. Commitments

	<u>Company</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Corporate guarantee in favour of subsidiaries	61,848	46,551
<u>Group</u>		
	<u>31/12/2022</u>	<u>31/12/2021</u>
	\$'000	\$'000
Total commitments on short-term leases at year end date	3,544	1,293

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24. Acquisition of subsidiaries

(a) Acquisition of subsidiaries

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

As a result of the acquisition on 24 January 2022, a goodwill of \$10.9 million is recognised during the financial year.

On 25 August 2022 the group acquired 100% of the share capital in Eratech Pte Ltd (incorporated in Singapore) and from that date the group gained control. It became a subsidiary. The transaction was accounted for by the acquisition method of accounting.

	Pre- acquisition book value under SFRS(I) \$'000	At fair value \$'000
<u>2022: Starburst Group and Eratech Pte Ltd</u>		
Intangible assets – customer relationship	–	1,163
Intangible assets – order backlog	–	5,319
Property, plant and equipment	22,178	21,667
Right-of-use asset	2,544	2,544
Inventories	1,843	1,843
Trade and other receivables	4,600	4,600
Other assets	23,800	23,800
Cash and cash equivalents	13,865	13,865
Trade and other payables	(5,847)	(5,847)
Lease liabilities	(2,691)	(2,691)
Loans and borrowings	(11,377)	(11,377)
Income tax payable	(267)	(267)
Net assets	<u>48,648</u>	<u>54,619</u>

The goodwill arising on acquisition is as follows:

Consideration transferred	51,188
Non-controlling interest at fair value	13,180
Fair value of identifiable net assets acquired	<u>(54,619)</u>
Goodwill arising on acquisition	<u>9,749</u>
Goodwill (Note 12)	10,869
Negative goodwill (Note 5)	<u>(1,120)</u>
	<u>9,749</u>

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24. Acquisition of subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

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

	From date of acquisition in <u>2022</u> \$'000	For the reporting year <u>2022</u> \$'000
Revenue	31,836	38,594
Profit before income tax	<u>9,094</u>	<u>10,423</u>

(b) Acquisition of additional interest in subsidiaries

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

The consideration paid for the acquisition of additional interest of 30.3% in Starburst amounted to \$17.9 million and the fair value of the non-controlling interests in Starburst was approximately \$13.4 million.

As a result of the acquisition of additional interest, the group derecognised non-controlling interests of \$13.4 million (including non-controlling interest share of profits of \$0.2 million) and recorded a decrease in equity attributable to owner of the parent of \$4.6 million. The effect of changes in changes in equity during the financial period is summarised as follows:

	\$'000
Non-controlling interest at fair value	13,180
Consideration paid to non-controlling interest	(17,946)
Non-controlling interest share of profits	180
Excess of consideration paid recognised in parent's equity	<u>4,586</u>

The group incurred acquisition related costs of approximately \$245,000 relating to external legal fees and compliance costs and these have been classified as 'administrative' expenses in the condensed interim consolidated statement of profit or loss.

(c) Effect of cash flows of the group

	\$'000
Fair value of purchase consideration	51,188
Amount payable to vendor (Note 20)	(3,000)
Less: cash and cash equivalents in subsidiaries acquired	<u>(13,865)</u>
Excess of consideration paid recognised in parent's equity	<u>34,323</u>
Acquisition of non-controlling interest	<u>17,946</u>

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Other Information Required by Listing Rule Appendix 7.2

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OTHER INFORMATION

1. Review

The condensed consolidated financial statements for 2H2022 and year ended 31 December 2022 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the group

Review of performance for 2H2022 vs 2H2021

Revenue

The group's revenue increased by approximately \$29.1 million or 54%, from approximately \$53.9 million in 2H2021 to approximately \$83.0 million in 2H2022. This increase was mainly attributable to the contribution from the acquisition of Starburst Group and Eratech Pte Ltd ("Eratech") and the increase in project services from Malaysia.

Business segment	2H2022	2H2021	Change	Change
	\$'000	\$'000	\$'000	%
Project services	43,659	24,722	18,937	77
Maintenance services	39,336	29,171	10,165	35
Total	82,995	53,893	29,102	54

Gross profit and gross profit margin

Gross profit for 2H2022 increased by approximately \$8.9 million or 64% from \$13.8 million in 2H2021 to approximately \$22.7 million in 2H2022. Gross profit margin increased from 25.6% in 2H2021 to approximately 27.3% in 2H2022 mainly due to higher revenue from the acquisition of Starburst Group and Eratech and the increase in project services from Malaysia.

Other income and gains

Other income and gains increased approximately \$1.6 million or 206% from approximately \$0.8 million in 2H2021 to \$2.3 million in 2H2022 mainly due to gain on disposal of property and negative goodwill from the acquisition of Eratech. These increases were offset by lower government grant in 2H2022.

Distribution costs

Distribution costs increased \$0.6 million or 184% mainly due to contribution from the acquisition of Starburst Group.

Administrative expenses

Administrative expenses increased approximately \$3.6 million or 49% from approximately \$7.3 million to \$10.9 million mainly due to the contribution from the acquisition of Starburst Group and Eratech.

Finance costs

Interest expenses increased \$1.0 million or 335% from approximately \$0.3 million to \$1.3 million mainly due to higher loans and borrowings and higher interest rates during the period under review.

Other losses

Other losses increased approximately \$2.3 million or 660% from approximately \$0.4 million in 2H2021 to \$2.7 million in 2H2022 mainly due to higher foreign exchange adjustment loss.

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

Income tax expenses

Effective income tax rates were at approximately 1% for 2H2022 and 4% for 2H2021. The effective tax rate is lower than the statutory rate of 17% mainly due to the utilization of merger & acquisition allowance, unutilised capital allowances carried forward and recognition of deferred tax asset in Malaysia.

Review of performance for 12M2022 vs 12M2021

Revenue

The group's revenue increased by approximately \$59.7 million or 58%, from approximately \$103.1 million in 12M2021 to approximately \$162.8 million in 12M2022. This increase was mainly attributable to the contribution from the acquisition of Starburst Group and Eratech Pte Ltd ("Eratech") and the increase in project services from Malaysia.

Business segment	12M2022	12M2021	Change	Change
	\$'000	\$'000	\$'000	%
Project services	94,555	48,372	46,183	95
Maintenance services	68,203	54,693	13,510	25
Total	162,758	103,065	59,693	58

Gross profit and gross profit margin

Gross profit for 12M2022 increased by approximately \$17.9 million or 65% from \$27.8 million in 12M2021 to approximately \$45.7 million in 12M2022. Gross profit margin increased from 27.0% in 12M2021 to approximately 28.1% in 12M2022 mainly due to higher revenue from the acquisition of Starburst Group and Eratech and the increase in project services from Malaysia.

Other income and gains

Other income and gains increased approximately \$1.4 million or 86% from approximately \$1.6 million in 12M2021 to \$3.0 million in 12M2022 mainly due to gain on disposal of property and negative goodwill from the acquisition of Eratech.

Distribution costs

Distribution costs increased approximately \$0.9 million or 112% from approximately \$0.8 million to \$1.6 million mainly due to contribution from the acquisition of Starburst Group.

Administrative expenses

Administrative expenses increased approximately \$8.0 million or 60% from approximately \$13.3 million to \$21.3 million mainly due to contribution from the acquisition of Starburst Group and Eratech and amortisation of intangible asset of \$3.0 million.

Finance costs

Interest expenses increased \$1.5 million or 257% from approximately \$0.6 million to \$2.0 million mainly due to higher loans and borrowings and higher interest rates during the period under review.

Other losses

Other losses increased approximately \$1.1 million or 395% from approximately \$0.3 million in 12M2021 to \$1.4 million in 12M2022 mainly due to foreign exchange loss and the absence of impairment of inventories offset some of these increases.

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

Income tax expenses

Effective income tax rates were at approximately 7% for 12M2022 and 4% for 12M2021. The effective tax rate is lower than the statutory rate of 17% mainly due to the utilization of merger & acquisition allowance, unutilised capital allowances carried forward and recognition of deferred tax asset in Malaysia.

Statement of Financial Position Review (as at 31 December 2022 compared to 31 December 2021)

Non-current assets

Non-current asset increased approximately \$33.5 million or 51% from approximately \$65.2 million as at 31 December 2021 to approximately \$98.7million as at 31 December 2022. The increase was mainly due to more property, plant and equipment, higher goodwill and intangible asset from the acquisition of Starburst Group and Eratech. This increase was offset by depreciation charge of property, plant and equipment and right-of-use assets and amortisation expense of intangible assets during the period under review.

Current assets

Current asset increased approximately \$12.0 million or 9% from approximately \$127.1 million as at 31 December 2021 to \$139.1 million as at 31 December 2022. This increase was mainly due to higher inventories of \$4.9 million, trade and other receivables of \$15.0 million, unbilled revenue and contract assets of \$8.1 million and prepayment, advance to suppliers and deposit of \$3.4 million. These increases were mainly due to the acquisition of Starburst Group and Eratech and it was offset by lesser cash of \$19.4 million after the payment to the vendors of Starburst Group and Eratech.

Equity

Our capital and reserves increased approximately \$12.4 million or 13% as at 31 December 2022. The increase was due to retention of net profit from 12M2022 of approximately \$20.9 million and sale of treasury shares of \$5.0 million. This was offset by dividend payment of \$7.6 million, purchase of treasury shares of \$0.1 million, transfer from non-controlling interest \$4.6 million and foreign exchange reserve loss of \$1.0 million.

Non-current liabilities

Non-current liabilities increased by approximately \$16.6 million or 190% from approximately \$8.7 million as at 31 December 2021 to approximately \$25.3 million as at 31 December 2022. The increase was mainly due to higher loans and borrowings and financial liabilities – lease liabilities from the acquisition of Starburst Group and Eratech.

Current liabilities

Current liabilities increased approximately \$16.6 million or 19%, from approximately \$85.9 million as at 31 December 2021 to \$102.5 million as at 31 December 2022. The increase was due to higher income tax payable of \$1.5 million, trade and other payables of \$11.6 million and other non-financial liabilities of \$7.0 million. These increases were mainly due to the acquisition of Starburst Group and Eratech. The increase was offset by reduction in loans and borrowings and provisions of \$2.4 million and \$1.1 million respectively.

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

Statement of Cash Flows Review

12M2022

In 12M2022, net cash generated from operating activities amounted to approximately \$35.0 million. We generated net cash of approximately \$29.3 million from operating profits before working capital changes. Working capital cash inflow was approximately \$7.4 million. This was mainly due to decrease in other assets, and increase in trade payables and other non-financial liabilities, offset by cash outflow from increase in inventories, trade and other receivables and decrease in provisions. Operating cash flow from operations of \$36.7 million was reduced by income tax payments of approximately \$1.7 million.

Net cash of approximately \$49.7 million was used in investing activities, mainly from the acquisition of subsidiaries of approximately \$34.3 million and non-controlling interest \$17.9 million, purchase of property, plant and equipment of approximately \$0.9 million. This cash outflow was offset by proceed from disposal of property, plant and equipment of approximately \$3.3 million.

Net cash of approximately \$4.4 million was used in financing activities. This was due to repayment of loans and borrowings of approximately \$26.1 million, dividend payment of approximately \$7.6 million, interest payment of approximately \$1.9 million. This was offset by proceeds from sale of treasury shares of \$5.0 million and new loans and borrowings of \$26.6 million.

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

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

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

Our group has outstanding orders amounting to approximately \$232.5 million comprising \$93.0 million from Projects Services segment and \$139.5 million from Maintenance Services segment as at 31 December 2022.

Certain maintenance contracts are based on unit rates and do not have a contract value upfront. These contract values are estimated based on historical revenue trends and included in our order book reporting.

The deliveries for these orders will spread mainly within the next 36 months. These confirmed orders are however, subject to possible cancellation, deferral, rescheduling or variations by customers.

The high interest rates, geopolitical tensions and inflationary pressures globally posed some near-term headwinds to the group's operations. However, 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 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 Eratech Pte Ltd and opportunities for further M&A, the group will continue to deliver greater value to shareholders in the long run.

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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 0.906 cents.

Total dividend payout for 12M2022 is 2.068 cents per ordinary share to all shareholders. This is an increase of about 1.2 times over 12M2021 dividend payout of 1.74 cents per ordinary share.

(i) 31 December 2022

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date payable and book closure date
Final	Cash	0.906 cents	Tax exempt (One tier)	To be announced at a later date. The proposed final dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting

(ii) 31 December 2021

Name of Dividend	Dividend type	Dividend per ordinary shares	Tax rate	Date paid
Final	Cash	0.608 cents	Tax exempt (One tier)	17 May 2022

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

	<u>12M2022</u> \$'000	<u>12M2021</u> \$'000
Interim dividend paid of 1.162 (2021: 0.780) cents per share	4,645	3,027
Special dividend paid of nil (2021: 0.200) cents per share	–	776
Proposed final dividend of 0.906 (2021: 0.608) cents per share *	3,619	2,359
Proposed special dividend of nil (2021: 0.152) cents per share *	–	590
Total interim, final and special dividend of 2.068 (2020: 1.74) cents per share	<u>8,264</u>	<u>6,752</u>

*Based on 399,736,100 and 388,000,000 ordinary shares being total issued share capital excluding treasury shares as at 31 December 2022 and 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).

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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 23 for more details	Pre-conditional voluntary offer for Starburst Holdings Limited. SG211110THR1GH9
25 August 2022	Acquisition of Eratech Pte Ltd. Refer to note 24 page 23 for more details	Proposed acquisition of entire share capital of Eratech Pte Ltd

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	53	Brother of Chang Yeh Hong, Executive Chairman	CEO of Starburst Group in April 2022.	Astro Chang was appointed as Group Head, Strategic Investments and Projects of the Company on 1 December 2021 and subsequently appointed as CEO of Starburst Group in April 2022.

By Order Of The Board

Chang Yeh Hong
Executive Chairman
25 February 2023