



GLOBAL INVACOM GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200202428H)

RESPONSE TO QUESTIONS RAISED BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) (“SIAS”) IN RESPECT OF THE COMPANY’S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”)

The Board of Directors (the “**Board**”) of GLOBAL INVACOM GROUP LIMITED (“**Global Invacom**”, the “**Company**”, together with its subsidiaries, the “**Group**”) would like to respond to the following questions raised by SIAS in respect of its annual report for FY2021 as follows:

Question 1:

In the Data Over Satellite (“DOS”) segment, the group serves service providers that includes Hughes Network Systems, Viasat and Gilat Satellite Networks. The group has boosted its capabilities in the DOS segment with the acquisitions of Skyware Global, Skyware Technologies and Apexsat. The business’ core focus is now on the higher-growth and much-publicised DOS market.

- (i) **Can management help shareholders quantify the addressable market/size of the opportunities in the DOS segment given the group’s capabilities and position?**

Company’s Response:

The global satellite data services market was valued at US\$6.09 billion in 2020, and is projected to reach US\$45.85 billion by 2030, registering a CAGR of 22.5% from 2021 to 2030 (source: Allied Market Research <https://www.alliedmarketresearch.com/satellite-data-services-market-A06428>).

- (ii) **What are the realised benefits from the group’s acquisition of Skyware Global, Skyware Technologies and Apexsat? Have the acquisitions created long-term shareholder value?**

Company’s Response:

These acquisitions, which are now quite historical, created a number of strategic benefits for the Group, namely; expanded the Company’s product set; increased our geographical sales footprint; and expand our customer reach.

- (iii) **Given the competition in the marketplace, what is the competitive advantage of the group in DOS? How successful is the group at converting these opportunities into firm orders/contracts that generated profits for shareholders?**

Company’s Response:

The Group has a diverse range of products geared to transmitting, receiving and the distribution of DOS signals. It is this product set, customer reach and market expertise which management believes the Company is ideally placed to capitalise.

We would also add that the Company has over 40 years of design and build capabilities, alongside a significant operational footprint – which includes a strong global presence.

Lastly, the Group has stock availability across Asia, America and Europe, and has the capacity to offer a one stop shop for customers, enabling the Group to 'bundle' deals to meet exacting customer requirements.

(iv) What is the progress made in the development of a low-cost Ka-band user terminal and a larger enterprise solution for use with DOS that was awarded European Space Agency funding?

Company's Response:

Steady progress has been made in fulfilling this contract and the Company remains on-track to deliver terminals to market in 2024 to meet the surge in demand for connectivity to non-geostationary satellite orbit ("NGSO") constellations. Significantly, Global Invacom is responsible for designing and manufacturing the fully integrated user terminal which aims to give remote and under-connected communities across the globe access to affordable satellite broadband by offering service providers and operators constellations.

Question 2:

In FY2014, the company listed on the London AIM market, raising gross proceeds of US\$15 million. The dual listing was said to strengthen the group's leading position as an international research and development-led manufacturer of Satellite Communications equipment and peripheral applications provider to the global satellite industry.

As at 31 December 2014, equity attributable to owners of the company amounted to US\$60.1 million while the group had a net-debt-to-equity ratio of 7.2%. Net debt was US\$4.3 million.

As at 31 December 2021, equity attributable to owners of the company has decreased to US\$47.4 million while the net-debt-to-equity ratio has increased to 40.4%. Net debt amounts to US\$19.1 million.

The company has not paid a dividend since it declared a final cash dividend of 0.525 Singapore cent per share for FY2014.

(i) Can the board help shareholders understand if it has been effective at providing entrepreneurial leadership and setting the strategic objectives for the group? The company has lost US\$(13) million in the past 7 years and it has taken on more debt as at 31 December 2021.

Company's Response:

The Company has delivered steady progress since first listing on AIM but the last two years have been challenging for businesses in general and not just Global Invacom.

Whilst overall demand and customer traction remains good, the current financial year remains challenging. Although the impact of the COVID-19 pandemic is easing, management remains vigilant as to the financial impact of any potential future lockdowns. Elsewhere, supply shortages within the semiconductor sector, and ongoing inflationary pressure across international shipping, wages (particularly in the US) and raw materials (including steel), will likely impact the performance of the business in the current financial year.

- (ii) **What were the key performance indicators used to measure the performance of management? Is the board satisfied with the performance of management and with the level of value creation?**

Company's Response:

As disclosed in our annual report for FY2021, the Group has in place a remuneration policy for Executive Directors and key management personnel which comprises of a fixed and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a cash bonus scheme that is results-based with a trigger set around three key targets, two of which were financial based on revenue and profit before tax and one was a soft target based on new product introduction.

Given the current trading macroeconomics and aftermath of the COVID-19 pandemic, the Board remains satisfied with the performance of management.

- (iii) **Would the independent directors be carrying out a strategic review to assess the company's grow-by-acquisition strategy?**

In July 2021, the company appointed Gordon Blaikie as an executive director and Derek Arthur Henry Grice as the group's new chief technology officer. Anthony Brian Taylor remains as the executive chairman of the board.

Company's Response:

The Company is not wholly reliant on acquisition to grow the business. However, the Board is embarking on a strategic review.

- (iv) **Can management (re)state its priorities for 2022? How is management going to improve the financial and operational performance to deliver long term value to shareholders?**

Company's Response:

- Seek to further mitigate supply shortages within the semiconductor sector, and ongoing inflationary pressure across international shipping, wages (particularly in the United States) and raw materials (including steel).
- Further evaluate the Group's manufacturing footprint to best service the Group's blue chip customer base.
- Enhance, develop and leverage the Group's blue chip customer base.

Question 3:

The group's internal audit function in FY2021 was outsourced to Nexia TS Risk Advisory Pte. Ltd. The internal auditor (IA) reports directly to the chairman of the audit and risk committee (ARC) on audit matters and the CEO on administrative matters.

The ARC approves the hiring, removal, evaluation and compensation of the internal audit function. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC. The ARC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the company. The internal audit function is also adequately staffed with persons with the relevant qualifications and experience.

(i) What was the scope of the internal audit in 2021?

Company's Response:

The scope of internal audit for FY2021 covers two entities, Global Invacom Limited (“**GIL**”) and The Waveguide Solution Ltd (“**TWS**”). The processes in scope for GIL and TWS are as follows:

GIL

- Production management;
- Cash management;
- Fixed assets management;
- Human resource and payroll; and
- Follow up on previous internal audit reports.

TWS

- Revenue, receivables and collection;
- Procurement, payables and payment;
- Production management;
- Inventory management; and
- Follow up on previous internal audit reports.

(ii) Can the ARC confirm that the operating subsidiaries in other countries were included in the internal audit?

Company's Response:

Yes, key operating subsidiaries in other countries are included as part of a 4-year internal audit plan.

(iii) Given the closure of national borders, was the scope and the effectiveness of the IA affected?

Company's Response:

No, the scope and effectiveness of IA was not affected by the closure of national borders.

(iv) What were the key findings and the recommendations by the internal auditor?

Company's Response:

There were no major findings arising from the internal audit.

BY ORDER OF THE BOARD

Anthony Brian Taylor
Executive Chairman

23 April 2022