



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Nordic Group Limited

Stock code: MR7

Meeting details:

Date: 25 April 2022

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As shown on pages 2 & 3 of the annual report, the group has businesses in:

- System Integration
- Maintenance, Overhaul and Trading
- Precision Engineering
- Scaffolding Services
- Insulation Services
- Petrochemical and Environment Engineering Services
- Cleanroom Air and Water Engineering Solutions

The group is in the process of acquiring all the shares in Starburst Holdings Limited. Starburst specialises in design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for shooting ranges and tactical training mock-ups with clients mainly from Singapore and the Middle East. These clients from the security industries are more exclusive to acquire and are in new regions for the group to tap in.

The company recognised Starburst's expertise in steel and concrete structures which can be applicable to lightweight and durable structures while the group's solutions in electrical and instrumentation, thermal and acoustic insulation as well as scaffolding services can benefit Starburst.

- (i) **Can the board/management quantify the synergies?**
- (ii) **What risk assessment was carried out before the acquisition of Starburst?**
- (iii) **In particular, does the group have the necessary expertise, network and bandwidth to drive the future growth of Starburst?**
- (iv) **What is the intended level of integration of Starburst with the group? And what is the progress made in the integration?**

Q2. As noted in the chairman's statement, oil prices have increased substantially, partly due to the armed conflict between Russia and Ukraine. The increase in oil prices is expected to support the oil majors in their operations and expansion, however the effect may not be realised immediately in the short-term due to lead time. Against this background, the group is cautiously optimistic for its Scaffolding, Insulation and Petrochemical & Environmental Engineering divisions to secure more orders going forward.

- (i) **Can management elaborate further on its strategy to position the group to capture the rebound in demand?**
- (ii) **What are the major opportunities in the next 18-24 months?**
- (iii) **How affected is the group by the shortage of skilled manpower and the wage pressure?**

- (iv) **In addition, with the recent spread of COVID-19 in China, can management provide shareholders with an update on the operational status and the sentiments on the ground?**
- (v) Out of the \$151.6 million worth of contract wins announced, \$90.1 million was secured by Starbust. **Can management provide shareholders with a breakdown of the contract wins by business unit?**

Q3. As at 31 December 2021, the group's cash and cash equivalents amount to \$75.3 million, an increase from \$57.5 million a year ago. As shown in Note 21 (page 99 – Cash and cash equivalents), the full amount of \$75.3 million is not restricted in use and the interest earning balances are not significant.

Total loan and borrowings increased to \$60.3 million due to a drawdown of loans which also increased cash and cash equivalents.

The group is in a net cash position of \$15.1 million as at 31 December 2021.

- (i) **Can management help shareholders understand the group's working capital management practices? What is the benefit of drawing down on loans and holding a relatively substantial cash amount of \$75.3 million when the borrowings are almost as high at \$60.3 million?**

The total cost of the Starburst acquisition is \$59.1 million, to be funded by internal resources and bank borrowings. The group will go from a net cash position to a net debt position. The proforma gearing ratio will be 0.29 times.

- (ii) **Will the board be setting a limit to the group's gearing?**
- (iii) **In addition, what guidance has the board given to management in terms of deal size and deal structure should the group carry out more acquisitions in the future?**

[^]On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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