



Media Release

IPS Securex FY2022 net profit increases 176% to S\$0.3 million

- Revenue growth of 217.0% in Security Solutions Business to S\$11.5 million
- Expiry of long-term 7-year lease-and-maintenance contract caused Maintenance and Leasing Business to contract by 15.4% to S\$4.3 million

Singapore, 25 August 2022 – IPS Securex Holdings Limited (“IPS Securex”, or the “Company”, and together with its subsidiaries, the “Group”), a leading provider of security products and integrated security solutions with an established regional presence in the Asia Pacific, today announced the results for its financial year ended 30 June (“FY”) 2022.

Financial Highlights

In S\$ million unless otherwise stated	FY2022	FY2021	Increase/(Decrease) % change
Revenue	15.8	8.7	81.4
Gross profit	5.8	4.1	39.6
Profit/(loss) before tax	0.3	(0.03)	N.M.
Profit/(loss) for the year	0.3	0.1	176.0

Mr Kelvin Lim, (“林青宋”) Executive Director and Group CEO of IPS Securex commented: “The threat of terrorism still exists even though it took a back seat with the onset of COVID-19 pandemic and has been also overshadowed by other macro events. Nonetheless, as our customers

in Asia re-assess their security concerns, we are well positioned to help them with the upgrading and enhancement of their security infrastructure and equipment, some of which are long overdue due to the COVID-19 pandemic and other factors. The opening up of country borders and VTL travel lanes means that we can now better engage with our customers to understand their latest requirements, and also visit our existing and new principals to understand their latest product developments so as to expand our product range of cutting-edge equipment and solutions for Asia.”

In FY2022, the Group’s revenue increased by approximately 81.4% to S\$15.8 million from S\$8.7 million in FY2021.

Revenue from the Group’s Security Solutions Business increased by approximately 217.0% to S\$11.5 million in FY2022 from S\$3.6 million in FY2021. This was mainly attributable to an increase in revenue from the sale of security products to customers in Singapore of S\$127,000, in Indochina¹ of S\$39,000, in Rest of Southeast Asia² of S\$557,000, and partially offset by a decrease in East Asia³ of S\$231,000 and in Others⁴ of S\$11,000; and an increase in revenue from providing integrated security solutions in Singapore of S\$7.4 million.

Conversely, the Group’s revenue from its Maintenance and Leasing Business decreased by approximately 15.4% from S\$5.1 million in FY2021 to S\$4.3 million in FY2022. This was mainly due to the expiry of a long-term 7-year lease-and-maintenance contract entered into with the Housing Development Board in October 2014 for the Alert Alarm System in several blocks of residential housing for senior citizens of S\$480,000, a decrease in revenue from the provision of maintenance support services to a customer in Singapore of S\$348,000, and partially offset by an increase in revenue from the provision of maintenance support services to customers in Rest of Southeast Asia of S\$48,000.

¹ “Indochina” includes Myanmar, Thailand, Laos, Cambodia and Vietnam.

² Rest of Southeast Asia” includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

³ “East Asia” includes China, Hong Kong, South Korea and Japan.

⁴ “Others” includes Australia, United States of America and India.

In FY2022, the Group's cost of sales increased by 119.4% from S\$4.6 million in FY2021 to S\$10.0 million in FY2022. This was mainly due to the net increase in direct material costs and a higher proportion of integrated security solutions undertaken by the Group which had a higher cost base relative to revenue. As a result of the above, gross profit increased by approximately 39.6% from S\$4.1 million in FY2021 to S\$5.8 million in FY2022.

The Group's other income fell by 67.9% to S\$309,000 in FY2022 from S\$963,000 in FY2021. This was mainly due to the decrease in government grants and subsidies of S\$649,000, a decrease in write-back of allowance for doubtful debts of S\$45,000, which was partially offset by an increase in gain on disposal of plant and equipment of S\$8,000, sales of scrap metal of S\$5,000 and miscellaneous income of S\$28,000.

The Group's administrative expenses increased by approximately 10.6% from S\$4.9 million in FY2021 to S\$5.4 million in FY2022 and this was mainly due to an increase in employees' remuneration and benefit expenses. Other operating expenses increased by approximately 191.8% from S\$97,000 in FY2021 to S\$284,000 in FY2022. This was mainly due to an increase in inventory written off of S\$60,000, an increase in allowance for doubtful debts of S\$175,000 and an increase in bank charges of S\$9,000; partially offset by a decrease in allowance for inventories obsolescence of S\$26,000, a decrease in impairment of plant and equipment of S\$30,000, and miscellaneous expenses of S\$1,000.

In FY2022, the Group's finance income increased by approximately 566.7% to \$15,000 from S\$2,000 in FY2021. This was mainly due to a net increase in foreign exchange gain of S\$14,000 and partially offset by a decrease in interest earned of S\$1,000. On the other hand, finance costs fell by approximately S\$28,000 or 18.0% from S\$158,000 in FY2021 to S\$129,000 in FY2022. This was mainly due to the net decrease in interest expense of S\$12,000 due to a lower utilisation of credit facilities and the absence of a foreign exchange loss (net) relating to trade payables of S\$16,000 in FY2021.

The Group's tax expenses increased by approximately S\$154,000 from a tax credit of S\$122,000 in FY2021 to a tax expense of \$32,000 in FY2022. The increase was attributable to the profit before tax that the Group recorded in FY2022, compared to a loss before tax incurred in FY2021. Overall, the Group posted a net profit of S\$0.3 million in FY2022, which was a 176.0% increase from S\$0.1 million in FY2021. This translates into an earnings per share of 0.05 Singapore cents for FY2022 compared to 0.02 Singapore cents in FY2021.

Financial Position

As at 30 June 2022, the Group's net assets were approximately S\$8.9 million, with cash and cash equivalents of approximately S\$8.5 million. Net asset value per share as at 30 June 2022 remains unchanged at 1.8 Singapore cents as compared to 30 June 2021.

Outlook

In recent years, terrorism in Southeast Asia experienced a steep decline after the onset of the COVID-19 pandemic in 2020. In addition, the climate crisis, the Myanmar coup, the Russia-Ukraine war, and competitive tensions between China and the U.S. have also dwarfed the relative severity of terrorism. However, a momentary lull in attacks does not mean the lack of a threat, as analysts have noted that terrorist groups in Southeast Asia have ceased combat operations during the pandemic and kept a lower profile in order to regroup. With the better management of the COVID-19 pandemic with widespread vaccination facilitating the opening of country borders and the resumption of travel, authorities in Southeast Asia are now concerned about the migration of foreign terrorist fighters supporting local attacks. As such, the authorities are updating their equipment and systems to deal with this, and the Group in response will also continue to acquire and broaden its suite of security products and solutions to keep its customers in the region on the cutting edge.

With the relaxing of COVID-19 rules and regulations in Singapore, the Group's work processes and manpower allocation for ongoing projects has normalised and manpower recruitment improving in 2022. Furthermore, the resumption of travel with Vaccinated Travel Lane ("VTL") rules between countries, has not allowed the Group to physically engage with its overseas customers and suppliers where practicable. However, with recent inflationary pressures and logistics disruptions affecting the global economy, the Group continues to monitor its operating environment diligently in efforts to mitigate any unforeseen project delays and equipment cost increases, which includes working with the principals on delivery schedules and including clauses in customer contracts to cover possible cost increases.

As countries in the region resume their social and economic activities with COVID-19, the Group is seeing a resumption of tenders and projects. The Group will continue to engage with customers to understand their current situational requirements and evolving needs, so as to provide them with the latest security products and solutions supported by quality maintenance services.

The Group experienced a decline in revenue from its Maintenance and Leasing Business in FY2022 mainly due to the expiry of certain maintenance contracts, where systems being previously maintained have been decommissioned. The Group has other ongoing projects, which upon completion, will have new maintenance contracts established.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About IPS Securex Holdings Limited (www.ips-securex.com)

IPS Securex is one of Singapore's leading providers of security products and integrated security solutions to commercial entities and government bodies and agencies in the Asia Pacific.

Since 2000, it has been providing security products and integrated security solutions for various security requirements including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. It is a one-stop security solutions provider - from the supply of a broad range of security products, the design, installation, testing and commissioning of integrated security solutions, to the provision of maintenance support and leasing services to its customers. Carrying over 100 types of security products, the Group has distribution rights for some of its products spanning across 17 countries in the Asia-Pacific including Singapore, Cambodia, Brunei, Vietnam, Indonesia, Malaysia, Thailand, Myanmar, Philippines, Laos, China (Hong Kong and Macau), Australia, India, Sri Lanka, Japan, South Korea and Taiwan.

Over the years, IPS Securex has received several sales, business and branding awards and built an accomplished reputation in the security products and solutions industry. Some of its awards include the Enterprise 50 Award in 2009, the Singapore SME 500 Company Award in 2010, the Top 100 Singapore Excellence Award (Platinum) in 2013, the Asia Pacific Brands Award in 2014 and Singapore Corporate Award 2015 – Merit Award for Best Investor Relations (First-Year Listed Companies).

Issued on behalf of	:	IPS Securex Holdings Limited
For media enquires contact	:	Mr Ivan Hong / Mr Gerald Woon
Email / DID / Mobile	:	ivanhong@cogentcomms.com / (65) 6704 9287 / (65) 9055 8883 woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364

*This media release has been prepared by the Company and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("**Sponsor**"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This media release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

The contact person for the Sponsor is Mr. David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.