IPS SECUREX HOLDINGS LIMITED
(Company Registration No. 201327639H)
(Incorporated in Singapore)
(the "Company")

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")

The Board of Directors ("**Board**" or "**Directors**") of IPS Securex Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the questions raised by SIAS in relation to the Company's annual report for the financial year ended 30 June 2026 ("**FY2026**") (the "**Annual Report**").

The Company sets out below the responses to the questions raised by SIAS.

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Annual Report.

Q1. The group's revenue increased by approximately $9.4 million, or 83.8%, from $11.3 million in FY2025 to $20.7 million in FY2026. However, cost of sales rose by 88.3% or by approximately $6.3 million to $13.4 million, mainly due to higher direct material costs. As a result, gross profit margin decreased from 36.7% to 35.2%. The annual report also attributes the weaker margin to lower customer demand for higher-margin maintenance support services. To better understand the group's products and services, shareholders can refer to the project references on pages 18 to 29 of the annual report.

4B. Profit or loss and reconciliation

	Group	
	2026	**2025**
	$	**$**
Revenue by segment		
Security solutions	**18,608,817**	7,942,074
Maintenance and leasing	**2,127,294**	3,340,701
	20,736,111	11,282,775
Gross profit by segment		
Allocated amounts:		
– Security solutions	**5,798,950**	1,667,607
– Maintenance and leasing	**1,232,977**	2,222,556
	7,031,927	3,890,163
Unallocated amounts:		
– Other income	**34,796**	63,584
– Allowance for expected credit loss – (loss)/reversal	**(200)**	7,439
– Administrative expenses	**(6,688,274)**	(5,429,885)
– Other operating expenses	**(31,210)**	(15,773)
– Net finance costs	**(29,635)**	(5,742)
	317,404	(1,490,214)

(Source: company annual report; emphasis added)

The breakdown of revenue and gross profit by segment is shown in Note 4 and reproduced above.

(i) What are the Group's key ongoing projects under the maintenance and leasing segment, and what are their respective contract values, remaining contract periods and expected revenue contributions? Looking ahead, what specific opportunities are in the pipeline to secure additional projects and customers?

Company's response

The Group's Maintenance and Leasing Business comprises maintenance support services, leasing services and recurring technology-based security solutions services. Contracts for maintenance support services typically range from one to five years, while lease-and-maintenance contracts are generally entered into for a period of at least seven years. Please refer to page 16 of the Annual Report for an introduction to the Group's Maintenance and Leasing Business.

The revenue of the Maintenance and Leasing Business segment is largely supported by a key ongoing contract with a government agency in Southeast Asia for the provision of integrated security solutions which includes system implementation, support services as well as seven years of maintenance services following the completion of the implementation of each system. Please refer to the Company's announcements dated 15 January 2019 and 9 January 2020 for details of this project. Save as disclosed, there are no other material ongoing projects under the Maintenance and Leasing Business segment.

Due to the confidentiality and commercial sensitivities of the Group's business and projects, the Group is unable to disclose further details on the abovementioned contract and ongoing tender discussions. As mentioned in the Annual Report, the Group continues to develop technology-enabled recurring services including Smart Pump Monitoring services and cloud-based CCTV solutions which could allow the Group to develop longer-term customer relationships and opportunities for system expansion, upgrades and additional services.

(ii) In his statement to shareholders, the CEO also highlighted his focus on building a stronger recurring income base to create a more balanced and sustainable business model.

What percentage of FY2026's revenue could be considered recurring? What recurring revenue mix is management targeting over the next three years, and which services or customer segments are expected to drive the increase?

Company's response

In FY2026, the revenue contributed by the Group's Maintenance and Leasing Business amounted to S$2,127,294, representing approximately 10.3% of the total revenue of S$20,736,111, of which approximately 7.7% of the Group's total revenue was considered recurring revenue.

As mentioned above and in the Annual Report, the Group intends to progressively increase its recurring revenue through expansion of maintenance and service contracts and development of technology-enabled recurring services, including Smart Pump Monitoring services and cloud-based CCTV solutions. The Group is actively pursuing opportunities to grow its recurring revenue base to the extent practicable, taking into account its available resources and prevailing market opportunities. Rather than prescribing a specific target for its recurring revenue mix, the Group's focus is on maximising the growth of this segment where suitable opportunities arise.

(iii) In addition, the group provides critical services such as smart pump monitoring, cloud-based CCTV solutions, and drone threat detection, where service failures or operational mishaps may result in financial loss or claims. What contractual protections, insurance coverage and operational controls does management have in place to mitigate these risks? How does the board assess whether the existing safeguards are adequate relative to the potential financial exposure?

Company's response

In respect of the potential financial exposure in the case of service failures or operational mishaps in the critical services provided by the Group, the Group mitigates such risks through (a) clearly defined contractual terms, (b) proactive incident management and timely service recovery measures, (c) insurance policies taken up by the Group taking into account its contractual obligations, project scope and requirements to minimise service disruption and potential liabilities, and (d) insurance policies required by the Group to be taken up by its subcontractors (where applicable, the insurance policies to include the relevant Group entity and the customer as insured parties or additional insureds). The coverage of such insurance policies will be subject to the terms, limits and exclusions of the respective policies.

The Group also manages operational risks through (a) project delivery process which generally includes the review of customer requirements, solution design, product selection, procurement, system configuration, installation coordination, testing and commissioning, customer training and handover; and (b) its enterprise risk management framework where, among others, the Management will assess the nature and extent of risks to the Group on a regular basis and the AC will review the annual and periodic risk reports. Please refer to pages 64 and 65 of the Annual Report for details of the Group's enterprise risk management framework.

The Board's overall assessment of the adequacy of the risk mitigations draws on internal and external audit work, risk reports and Management assurances. The Board, with the concurrence of the AC, is of the view that internal controls and risk management systems, including the abovementioned safeguards against potential financial exposure and operational risks, were adequate and effective as at the date of the Annual Report.

Q2. Despite reporting a profit of $317,404 for FY2026, the group recorded net cash outflows from operating activities of $56,551. As at 30 June 2026, cash and cash equivalents stood at $2.13 million, following receipt of a $0.3 million loan from a related party.

(i) Contract assets increased by $1.5 million, and stood at $2.10 million as at 30 June 2026. What accounted for the $1.5 million increase in contract assets, and to what extent does it reflect normal billing and certification timing rather than delays in billing and customer acceptance?

CONTRACT ASSETS

	Group	
	2026	**2025**
	$	**$**
At beginning of year	**212,534**	270,402
Consideration for work completed but not billed	**2,095,641**	638,540
Transferred to trade receivables	**(577,564)**	(696,408)
At end of year	**1,730,611**	212,534

Company's response

With reference to pages 13 and 104 of the Annual Report, the increase in contract assets of approximately S$1.5 million was mainly attributable to revenue recognised for work completed where billings had yet to be raised as at 30 June 2026. The contract assets will be transferred to trade receivables when the rights to consideration become unconditional. The increase in contract assets was recognised largely in line with contract schedule, reflecting the timing of revenue recognition and contractual billing arrangements.

(ii) What was the specific purpose of the $300,000 loan from the related party, and why were the group's existing cash resources considered insufficient? How was the interest rate of 4.84% determined, and what comparable market rates or alternative financing options did the board consider before approving the transaction?

The range of fixed interest rates per annum paid were as follows:

	Group	
	2026	2025
	% p.a.	% p.a.
Bank loans (secured)	2.50	2.50
Loans from a related party (unsecured)	4.84	–
Lease liabilities	5.25	4.75

During the reporting year, a related party of the Company provided unsecured short-term loans totalling $300,000 to a subsidiary of the Company. The loans bear interest at a fixed rate with accrued interest of $2,919 (2025: Nil) during the reporting year. The loans mature within 91 to 154 days (2025: Nil) from the dates of drawdown.

Company's response

The unsecured short-term loan of S$300,000 was obtained for the purpose of bridging the Group's short-term payment obligations for its ongoing projects and operational commitments, as the Group's cash and cash equivalents position fluctuates from time to time throughout its cash cycle mainly due to timing of payments made and collected, as well as its operational and financing commitments.

The interest rate of 4.84% was benchmarked against prevailing third-party borrowing rates, taking into consideration the unsecured nature and short-term duration of the loans.

The Group utilises various sources of financing, including financial institutions and non-related party lenders, to manage its working capital requirements.

(iii) Who was the related party that provided the loan? Has the company assessed whether the transaction constitutes an interested person transaction under the Catalist Rules, and, if so, whether the applicable announcement and disclosure requirements, including Rule 907 where relevant, have been met?

Company's response

The Company confirms that the lender is not an interested person within the meaning of Chapter 9 of the Catalist Rules. The loan and its principal terms have been disclosed in the FY2026 Annual Report.

Q3. On 16 January 2026, SGX RegCo issued a Regulator's Column on forward guidance, in which the regulator strongly encouraged issuers to provide meaningful forward-looking disclosures.

SGX RegCo noted that forward-looking information consistently ranks highly among the information sought by investors, including institutional investors and research analysts, particularly regarding anticipated earnings and management's strategy for achieving those outcomes. The regulator also clarified that forward guidance does not require auditor sign-off and that issuers are not expected to update guidance immediately for every change in circumstances. Issuers should nevertheless make timely announcements in accordance with existing listing rules relating to material information and price-sensitive developments.

SGX RegCo also highlighted that forward guidance should be viewed as a means for companies to signal confidence, build credibility with investors, and potentially support long-term shareholder value, rather than as a compliance exercise.

The Regulator's Column can be accessed here:
https://www.sgxgroup.com/media-centre/20260116-regulators-column-forward-guidance-why-it-matters-and-how-get-it

(i) Given SGX RegCo's encouragement of forward guidance and its view that such disclosures can enhance investor confidence and credibility, has the board considered providing forward guidance for FY26/27 on the group's performance, outlook, key operating assumptions, and strategic priorities? If not, why not?

Company's response

The Board acknowledges SGX RegCo's encouragement for listed companies to provide meaningful forward-looking disclosures and recognises the importance of keeping Shareholders informed of the Group's business direction and strategic priorities.

Given the project-based nature of the Group's business, its financial performance may be influenced by factors such as, among others, the timing of project awards, implementation schedules and the development of recurring services. Accordingly, the Board considers that providing quantitative revenue or earnings guidance for FY2027 at this juncture may not provide a sufficiently reliable indication of the Group's future performance.

The Group will continue to provide Shareholders with relevant qualitative commentary on its business outlook and strategic direction, as well as timely disclosures of material developments in accordance with the applicable Catalist Rules.

BY ORDER OF THE BOARD

Ong Beng Chye
Non-Executive Chairman
22 October 2026

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*This announcement has been prepared by IPS Securex Holdings Limited ("**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 announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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