TEHO INTERNATIONAL INC LTD.
(Incorporated in the Republic of Singapore on 10 June 2008)
(Company Registration Number: 200811433K)

RESPONSES TO QUERIES RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON ANNUAL REPORT 2026

The Board of Directors ("**Board**") of TEHO International Inc Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following responses to the queries received from the Securities Investors Association (Singapore) ("**SIAS**") on 21 October 2026 in relation to the Company's Annual General Meeting ("**AGM**"). The Company has not received any questions from shareholders as at the deadline for submission of questions in advance of the AGM.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Annual Report.

1. SIAS's Query:

Would the board and management provide greater clarity on the following operational and financial matters? Specifically:

(i) **Net profit:** The group's overall gross profit margin remained broadly stable at 36.4% in FY2026, compared with 36.3% in FY2025. The Marine & Offshore segment's gross profit margin also improved marginally, from 35.4% to 35.6%.

However, the net profit margin remained low, declining to 2.0% in FY2026 from 2.3% in FY2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 30 June 2026

	Note	Group 2026 $	2025 $
Revenue	17	63,054,653	64,467,643
Cost of sales		(40,096,397)	(41,083,468)
Gross profit		22,958,256	23,384,175
Other operating income		340,898	274,538
Distribution expenses		(1,469,578)	(1,437,465)
Administrative expenses		(14,502,043)	(14,390,104)
Other operating expenses		(4,725,587)	(4,753,648)
Results from operating activities		2,601,946	3,077,496
Finance income	18	14,000	2,505
Finance costs	18	(891,473)	(1,124,749)
Net finance costs		(877,473)	(1,122,244)
Share of results of equity-accounted investees (net of tax)	6	–	–
Profit before tax	19	1,724,473	1,955,252
Tax expense	20	(443,766)	(494,562)
Profit for the year		1,280,707	1,460,690

(Source: company annual report)

What specific measures is management taking to strengthen cost discipline, increase employee productivity and improve operating efficiency, including reducing overheads and raising output per employee without compromising service quality?

(ii) Ropes: How is the group strengthening the competitiveness of its TEHO-branded ropes through product innovation, research and development, and lower-carbon solutions? What percentage of its product portfolio is MEG4 compliant?

(iii) 1 Tuas Lane: Management has committed to expanding the group's leasehold warehouse by 40%. **What is the total committed capital expenditure, and what utilisation rate does management expect after the expansion? Is the additional capacity supported by confirmed orders or contracts, or is it based on anticipated demand? What measurable improvements in operating costs are expected?**

(iv) Property consultancy business: The property consultancy business generated gross profit of approximately $0.8 million annually in FY2023, FY2024 and FY2025, before declining to $0.7 million in FY2026. **What is management's strategy for growing this business, and which client segments or service offerings offer the greatest potential?**

Company's Response:

(i) While the Group maintained a stable gross profit margin of 36.4% in FY2026 (FY2025: 36.3%), net profit margin decreased slightly from 2.3% to 2.0%, mainly due to lower revenue and operating expenses remaining relatively stable.

To improve profitability, the Group is implementing a new Enterprise Resource Planning ("ERP") system to streamline processes, automate workflows and enhance operational visibility. The Group has also recently engaged a consultant to support a group-wide operational excellence initiative aimed at standardising processes, strengthening governance and improving efficiency across its businesses. In addition, the Group continues to optimise inventory levels and working capital management to improve resource utilisation and cost efficiency.

Management believes these initiatives will enhance productivity, scalability and operational effectiveness, supporting the Group's long-term profitability.

(ii) The Group strengthens the competitiveness of its TEHO-branded ropes through close collaboration with reputable manufacturers and the provision of value-added services such as technical support, inspection and testing services. These capabilities enable the Group to meet the evolving requirements of customers in the marine, offshore and industrial sectors.

As at 30 June 2026, 100% of the Group's mooring wires, mooring ropes and tails are MEG4 compliant. The Group will continue to enhance its product offerings to meet industry standards and customer requirements.

(iii) The Group has recently finalised the capital expenditure for the warehouse expansion at 1 Tuas Lane at approximately $5.0 million, with completion expected in the first quarter of calendar year 2028.

The additional capacity is expected to be fully utilised upon completion, as the Group is currently relying on third-party logistics providers for external storage. The expansion will enable the Group to consolidate inventory within its own facility, improve operational efficiency and response time, and enhance inventory management. The Group expects annual cost savings of more than $300,000 from lower external warehousing and related logistics costs.

(iv) The Group's strategy is to expand its outreach to a wider network of bank panels and financial institutions to increase business opportunities. Management will also continue to focus on service quality, client retention and strengthening relationships with key stakeholders to support the growth of the property consultancy business.

2. SIAS's Query

As at 30 June 2026, the group held inventory with a carrying value of $20.9 million. In the operations & business review, management attributed the $2.6 million year-on-year reduction to its continued focus on inventory optimisation.

The following table shows year-end inventory and annual cost of sales over the past seven financial years.

Financial year	Year-end inventory ($ million)	Cost of sales ($ million)
FY2026	20.89	39.93
FY2025	23.52	40.82
FY2024	23.40	37.42
FY2023	22.86	41.01
FY2022	25.09	34.26
FY2021	21.20	33.59
FY2020	22.35	36.35

(Source: company annual reports)

(i) What specific operational changes enabled the group to reduce inventory while continuing to meet customer demand? For example, has management improved demand forecasting, procurement planning, stock replenishment or inventory visibility through systems such as ERP? What measurable improvements has it achieved in inventory turnover, stock ageing and the incidence of stockouts, and how will it ensure that further inventory reductions do not compromise service levels or sales?

(ii) Has the inventory optimisation exercise been completed, or does management intend to reduce inventory further?

(iii) Has the conflict in the Middle East disrupted the group's supply chain, including the availability, lead times or transportation costs of key raw materials and products? To what extent has it affected input costs, freight charges and supplier pricing, and how much of any increase has the group been able to pass on to customers?

Company's Response:

(i) The Group's inventory optimisation efforts focus on working closely with suppliers to reduce lead times, standardising inventory across product ranges where feasible, and aligning inventory levels more closely with market demand. These measures have enabled the Group to reduce inventory holdings while maintaining service levels and supporting customer requirements. The improvement in inventory turnover is reflected in the reduction in inventory levels during FY2026.

The Group continues to monitor inventory turnover, stock ageing and customer demand patterns to ensure inventory levels remain optimised without increasing the risk of stockouts or compromising sales opportunities.

(ii) Inventory optimisation is an ongoing effort rather than a one-time exercise. The Group continuously reviews its inventory levels, taking into account customers demand, suppliers lead times, supply chain conditions and market developments.

Management will continue to optimise inventory where appropriate while ensuring sufficient stock availability to support customer requirements and maintain service levels.

(iii) The disruption to shipping routes in the Middle East has resulted in higher freight costs in certain periods and has contributed to increased cost pressures across parts of the supply chain.

However, the impact on the Group has been manageable due to its diversified supplier base, multiple sourcing options and ability to utilise alternative logistics routes and warehousing locations.

The Group monitors cost developments closely and reviews pricing with customers where appropriate. While certain cost increases may be passed on to customers, this is assessed on a case-by-case basis, taking into consideration market conditions, customer relationships and competitive factors. As such, the extent of cost recovery varies across products and customer segments.

3. SIAS's Query

The attendance of directors at board and board committee meetings is shown on page 25 of the annual report and reproduced below.

Frequency of formal Board and Board Committee meetings, and annual general meeting ("**AGM**"), held and attended by each member for FY2026 are disclosed below:

Types of Meetings / Names of directors	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	AGM
Total held for FY2026	**2**	**2**	**1**	**2**	**1**
Mr Lim See Hoe	2#	2*	1*	2*	1#
Ms Lim Siew Cheng	2	2*	1*	2*	1
Mr Chua Kim Leng	2	2#	1	2	1
Mr Lim Peng Chuan Terence	2	2	1#	2	1
Mr Yee Kee Shian Leon	2	2	1	2#	1
Ms Joanne Khoo Su Nee [1]	1	1	1	1	1

Notes:
Chairman
* By invitation

(Source: company annual report)

(i) Can the board clarify whether it is standard practice for directors who are not members of a particular board committee, including executive directors, to attend that committee's meetings?

Board committees may consider matters directly affecting executive directors, including interested person transactions, executive performance assessments and remuneration, as well as audit findings, financial reporting and internal controls.

(ii) What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?

(iii) Specifically, how does the board ensure that committee meetings remain distinct from full board meetings, with sufficient space for independent directors to deliberate candidly and exercise independent judgement? What safeguards prevent the attendance of non-committee members from undermining the purpose of having separate board committees?

Company's Response:

(i) As a matter of practice, directors who are not members of a particular Board Committee may be invited to attend committee meetings where their attendance would facilitate a better understanding of the matters being discussed. However, only committee members participate in the committee's deliberations and decision-making processes.

Where matters involve actual or potential conflicts of interest, the relevant directors will recuse themselves and abstain from the discussion and decision-making process in accordance with the Group's corporate governance practices and applicable regulatory requirements. In particular, directors do not participate in discussions relating to their own remuneration or performance assessments. The Audit & Risk Committee also meets with the external and internal auditors without the presence of management and non-committee members periodically.

(ii) Board Committee meetings are conducted in a manner that allows Committee members to review and discuss matters independently and objectively. Where matters relate to or affect a director, the director concerned will abstain from the discussion and decision-making process. If necessary, certain matters might be discussed without the presence of the executive directors.

This ensures that Board Committees are able to exercise independent judgement while carrying out their respective responsibilities.

(iii) The Board Committees operate within clearly defined terms of reference and are responsible for reviewing matters within their respective mandates. While non-committee members may be invited to attend meetings where appropriate, only committee members participate in the deliberation and decision-making process. Where needed, private meetings are held by the Committee members without the presence of the executive directors.

The Board also has procedures in place for directors to abstain from discussions and decisions where there is an actual or potential conflict of interest, thereby safeguarding the independence and effectiveness of the Board Committees.

BY ORDER OF THE BOARD

Lim See Hoe
Executive Chairman and Chief Executive Officer
26 October 2026

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and 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. The contact person for the Sponsor is Ms Audrey Mok (Tel: (65) 6232 3210) at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.