



(Incorporated in the Republic of Singapore on 14 August 2015)
(Company Registration Number: 201531866K)

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD AT 10.30 A.M. ON 21 APRIL 2022 (THE "AGM")

The board of directors (the "**Board**") of Secura Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to thank shareholders of the Company ("**Shareholders**") for submitting their questions in advance of the AGM and have set out below the responses to the following substantial and relevant questions received:

Question 1:

With the Progressive Wage Model ("PWM"), how much of the increase in cost are you able to pass on to your clients? Are the existing contracts loss making with the PWM? If yes, how much would the loss be on a monthly basis?

Company's Response

The PWM for the security industry was initiated in 2016. It had been refined periodically (every 2-3 years) and the target wage level for each period is transparent. We have been able to price in the increase in wage costs (including the current year's employer's CPF rate adjustment for senior workers) into contracts with corresponding upward fee revision in the defined periods. In addition, our adopted strategy of pursuing higher quality contracts with more attractive margins supports our ability to pass on the wage increments into the contracted fees with our clients.

We typically enter into contracts with clear visibility of PWM's impact on our business and will not take on loss making projects. In fact, the key challenge on sustaining our margins is not due to PWM but rather the management of deployment especially during the last few months as we witnessed an exceptional shortfall in manpower when many officers were infected with the Omicron variant of the COVID-19 virus. In such situations, we were penalised for the shortfall in manpower and our margins were weakened as we needed to source for alternatives.

Question 2:

What is your competitive advantage over other companies in the same security space?

Company's Response

Our security guarding business entails prompt salary payments to the officers, thereby placing substantial demands on our cash flow requirements. Our clients typically take approximately 60 days on average to settle our fees upon invoicing. Having a strong cash position matters because we foresee that the security industry will undergo consolidation, especially when the government wage grants are curtailed and cash flow becomes a greater challenge. As a result, we believe that only firms with a strong cash position will survive over the long term.

We are also disciplined in our debt collections and whereby less than 3% of our overdue trade receivables as at 31 March 2022 are beyond 60 days.

Our status as a listed company also enhances our ability to attain low cost of funding and with support from our strong capitalisation, we will have the ability to secure projects of larger quantum.

Question 3:

Your associate Custodio Technologies Pte. Ltd (“CTPL”) has been loss making. What are the development plans for CTPL and when can it turn profitable?

Company’s Response

We have impaired in full our investment in CTPL as at 31 December 2020.

There have been several development plans driven by the management team of CTPL and in particular their CyVestiGO product which can help to identify ransomware attack, is gaining traction both locally and overseas, and barring unforeseen circumstances, paving the way for a return to profitability.

BY ORDER OF THE BOARD

Kan Kheong Ng
Executive Director and Chief Executive Officer

Lim Siok Leng
Executive Director and Chief Financial Officer

14 April 2022

This announcement has been prepared by the Company and has been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “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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