

RECLAIMS GLOBAL LIMITED
(Company Registration No: 201834755M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SINGAPORE INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (“**Board**”) of Reclaims Global Limited (“**Company**”) together with its subsidiaries (“**Group**”) refers to questions from the Singapore Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report for the year ended 31 January 2025 and would like to set out in this announcement its responses to the queries.

The questions are extracted and presented below, followed by the Company’s response.

SIAS’ Questions:

Q1. For the financial year ended 31 January 2025, the group’s revenue increased significantly from \$24.3 million to \$44.4 million, driven by higher contributions across all business segments. In particular, revenue from excavation services more than doubled to \$30.5 million, with the segment contributing \$5.18 million in operating result before interests and income taxes and other unallocated items (“ORBIT”).

(i) What were the key drivers behind the more than doubling of revenue in the excavation services segment? Were they project-specific or reflective of sustained demand trends?

Company’s Response:

Current increased market demand resulted in the Group’s excavation services securing several project wins in both public and private sectors. The Group hopes that such demand sustain as long as possible.

(ii) What is the group’s competitive advantage in the segment and how sustainable is the increased revenue?

Company’s Response:

Depth of experience in project execution coupled with effective cost control remains the Group’s main competitive advantage in the segment. The Group strives to sustain its momentum in this segment, which is project based, by continuing to build on our project bidding capabilities to achieve project wins in the long run.

Separately, the media recently reported that contracts totalling \$4.75 billion have been awarded for the substructure and airside infrastructure of Changi Airport Terminal 5, with construction slated to begin later this May.

(iii) What strategic positioning and pre-qualification benchmarks does the group currently meet to access national infrastructure tenders like Changi T5? What gaps remain, and what is the roadmap to strengthen eligibility?

Company’s Response:

The Group leverages on its competitive advantages in the industry, as elaborated on in the response to Q1(ii). Our subsidiary, Reclaims Enterprise Pte Ltd, is registered with the Building and Construction Authority (“**BCA**”) contractor registry, enabling us to provide construction related goods and services to government and public sector organisations. The BCA registration and grading consider factors such as paid up capital, net worth, and performance history. Please refer to our Sustainability Report

embedded in the Annual Report under the “Regulatory Compliance” section for the different grading and licenses under our belt. In the longer run, we strive to enhance our project execution experiences while balancing our resources as we progress towards the next level of capability.

Q2. The “impairment allowance on trade receivables and contract assets” is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period. As noted in the KAM, trade receivables and contract assets, amounting to \$8.15 million (net of allowance of \$1.27 million) and \$5.05 million respectively as at the end of the reporting year, are significant to the group.

(i) Can the audit committee elaborate on the reasons for the increased impairment allowance?

Company’s Response:

The additional allowance primarily pertains to a single customer. This customer has outstanding balance that extended beyond the average payment terms and had notified the Group of financial challenges affecting its ability to repay. As a result of the increased credit risk, management has concluded that an impairment allowance is necessary for this customer.

While trade receivables turnover improved from 106 days to 67 days as at 31 January 2025, gross trade receivables past due increased to \$3.61 million.

(ii) What are the profiles of customers with long-outstanding receivables and what recovery actions has management taken?

Company’s Response:

We have prior experience working with these customers. They are private groups of companies in the construction sector with significant years of operations. The management closely monitors the repayment status on an ongoing basis and sends frequent chasers via calls and emails as and when necessary.

(iii) Does the increased impairment indicate deterioration in customer credit quality or an opportunity to further improve the group’s credit risk assessment processes?

Company’s Response:

Although the increased impairment is primarily due to a single customer, given the increased uncertainty in the business environment, it is necessary to assess customer creditworthiness on a more stringent approach. As such, assessments are carried out on a monthly basis, and existing customers with long outstanding balances that cross credit assessment thresholds will trigger an impairment allowance to be made. The Group has also made changes to tighten credit terms based on transaction type and payment history.

Q3. For FY2025, the company paid an interim dividend of \$0.01 per share (paid on 25 September 2024) and recommended a final one-tier tax-exempt dividend of \$0.002 per share, the latter amounting to \$262,000. The total dividend payout for the year is \$1.57 million. The company does not have a formal dividend policy (Provision 11.6 of the Code of corporate governance; page 63). The dividend track record can be seen on the company’s Corporate Actions page on SGX.

(i) Can the board explain the rationale for the differing quantum between the interim and final dividends, especially given that the group’s revenue and profit do not exhibit seasonality? What guiding metrics, such as payout ratio, net cash position, growth capex needs, are used?

Company's Response:

The amount of dividend is determined based on the Group's net cash position and capex needs. The general business environment will also be taken into consideration in such decisions. The Board strives to be consistent in the quantum and timing in order to provide stability and clarity for investors.

(ii) What is the group's target capital structure, and how does the board balance reinvestment needs with returning capital to shareholders?

Company's Response:

The Group does not seek to achieve any target capital structure. However, the Board is always mindful of the need to efficiently deploy resources to generate good returns for investors. Resources are prioritised for reinvestment needs before any returning of capital to shareholders will be considered.

(iii) Given the group's strong balance sheet and sustained profitability, would the board consider instituting a formal dividend policy to reinforce enhance capital discipline, improve transparency, and signal confidence in the group's ability to generate sustainable free cash flow?

Company's Response:

A formal dividend policy may not be optimal for the Group's interests, as the Group's cashflow is still very much dependent on the nature and quantum of project wins. Availability of sufficient cashflow is critical to strategic bidding of projects and the early stages of executions especially when net cash outflows are expected. Dividends also depend on the earnings, financial position, capital needs, general business conditions, and plans for expansion of the Group. Moreover, not having a formal dividend policy provides financial flexibility, allowing us to adapt to market changes and adjust our strategies as needed.

By Order of the Board

Tan Kok Huat
Executive Director and CEO
16 May 2025

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange 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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