MENCAST HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company registration no.: 200802235C)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

Background

Mencast Holdings Ltd. (the "Company", and together with its subsidiaries, the "Group") was placed on the watch-list under the financial entry criteria ("Financial Criteria Watch-list") pursuant to Rule 1311(1) of the Listing Manual on 6 June 2019 as it recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S$40 million over the last 6 months.

The Company remains on the Financial Criteria Watch-list (hereinafter referred to as the "Watch-list") as at the date of this announcement as the Company did not meet the Financial exit criteria pursuant to Rule 1314(1) of the Listing Manual (the "Financial Exit Criteria").

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the "Board") wishes to provide an update on its efforts and the progress made in meeting the Financial Exit Criteria.

Update on the Unaudited Financial Performance and Financial Position

Please refer to the announcement dated 28 February 2022 on the unaudited financial statements of the Group for the financial year ended 31 December 2021 for an update on the Group's financial position and any material developments that may have an impact on its financial situation.

The Group reported a total revenue of S$51.3 million for the financial year ended 31 December 2021, as compared to S$46.9 million last year same period. Net profit attributable to equity holders of the Company were approximately S$6.5 million for both reporting periods.

Despite the COVID-19 situation and uncertain business conditions, the Group's continuing operations achieved a 9.4% increase in revenue, from $46.9 million last year to $51.3 million in FY2021. For the second time in the last 5 years, the Group's continuing operations also reported a net profit before tax, recording $4.8 million and $5.9 million (including non-recurring, non-cash gains and losses) in FY2021 and FY2020 respectively. This has led to an improved net asset position of the Group, from a low of $19.4 million as of 31 December 2019 to $31.5 million as of 31 December 2021.

Excluding non-recurring gains and non-cash allowances for impairment on property, plant & equipment and disposal group classified as held for sale, government and other grants such as job support scheme, foreign workers levy and property tax rebates (as highlighted in Part E, note 5, paragraph 2, 3, 4, 5, 7 and note 17(b)), the Group's continuing and discontinued operations (Part E, note 5, para 17(d)) would have recorded an adjusted net profit before tax of $3.3 million for the financial year ended 31 December 2021, as compared to an adjusted loss before tax of $3.1 million in FY2020. The Group also ended the reporting year with an EBITDA and cash position of $18.1 million and $14.3 million, respectively.

With the completion of the debt restructuring exercise (as announced on 26 August 2020), the uplifting of the Company's going concern issue in previous year, a stronger balance sheet and a net profit position in FY2021, such positive developments had reflected the effectiveness of management's intensive effort in executing the Group's turnaround roadmap for the last 3 years.

Update on Efforts for Satisfying Financial Exit Criteria

The Board endeavours to review the available options to meet the Financial Exit Criteria, taking into account of the lackluster market conditions and uncertainties surrounding the global economy in light of the COVID-19 situation. The Company will remain focused on efforts to improve its financial performance.

The Group remains positive over the demands from its customers who are in the marine, offshore, oil and gas industry, which has shown signs of recovery. Persistent and rising crude oil prices had also injected some market optimism in these sectors. It will continue to stay focused on capturing opportunities that complement or expand its engineering, fabrication & manufacturing businesses, and MRO services.

The Group continues to make good progress in executing its expansion plan in enhancing the waste treatment plant capacity under the Energy segment. It is currently working with various government agencies in respect of meeting the health, safety, environmental and regulatory requirements. This segment will intensify its efforts to grow its customer base with new customers, as well as meeting higher demands from recurring customers.

The Group remains committed to execute its turnaround strategies, to remain prudent and focus on operational cost containment to ensure resiliency across its business segments as well as to drive growth by exploring viable opportunities both in Singapore and overseas, and to seek out strategic partners and potential investments to expand and boost the performance and net asset value of the Company.

The Company is aware of the 5th June 2022 deadline given by SGX-ST to meet the Financial Exit Criteria. The Company will, in the meantime, provide Shareholders with quarterly update on its efforts and the progress made in meeting the Financial Exit Criteria.

If any material development occurs between the quarterly updates, the Company will make immediate announcement of such development.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENNDLE
Executive Chairman & Chief Executive Officer
28 February 2022

About Mencast

Mencast Holdings Ltd. and its subsidiaries ("Mencast” or the "Group") is a regional maintenance, repair and overhaul ("MRO") solutions provider for the global Offshore, Oil & Gas and Marine sectors. Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

For more information on Mencast, visit http://www.mencast.com.sg

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