AZTECH GLOBAL LTD.
(Company Registration No.: 200909384G)
(Incorporated in the Republic of Singapore on 27 May 2009)

RESPONSES TO QUESTIONS RECEIVED FROM SIAS IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD AT 10.00 A.M. ON 11 APRIL 2025

The Board of Directors of Aztech Global Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following responses to the questions raised by the Securities Investors Association (Singapore) on 27 March 2025.

Q1. For the financial year ended 31 December 2024, revenue declined by 30.6% from $896.3 million to $621.6 million, primarily due to weaker customer demand in Internet-of-Things (IoT) devices and data communication products in the latter half of the year. Despite the drop in revenue, net profit margin remained stable at 11.3%.

The company previously reported an order book of $304.4 million as at 30 July 2024[1] and $142 million as at 1 October 2024[2], as disclosed in its 6M and 9M 2024 results presentations. However, during the FY2024 results presentation on 25 February 2025[3], the order book update was excluded.

(i) For the benefit of shareholders, can management clarify the rationale for discontinuing order book updates in the latest results presentation? Given the sharp decline from $304.4 million in July 2024 to $142 million in October 2024, does this decision reflect concerns about further contraction or order volatility?

(ii) What is the current order book position?

(iii) Does management believe that the decision to withhold order book updates has affected investor confidence? Will management commit to disclosing the order book on a regular basis?

<u>Company's response to Q1(i), (ii) and (iii) as follows:</u>

During the Covid-19 pandemic years, supply chains were disrupted, leading to component and material shortages. As a result, the Group's customers placed orders up to 12 months in advance. With the long order lead times, order books provided meaningful insights to the Group's outlook.

As the supply chain situation improved post-pandemic, the Group's order lead times normalised and shortened considerably. Hence, order books do not necessarily provide a meaningful assessment of the Group's outlook to shareholders.

[1] https://links.sgx.com/FileOpen/1H%202024%20Results%20Presentation.ashx?App=Announcement&FileID=813413
[2] https://links.sgx.com/FileOpen/3Q%202024%20Business%20Performance%20Update%20Presentation.ashx?App=Announcement&FileID=823324
[3] https://links.sgx.com/FileOpen/FY2024%20Results%20Presentation.ashx?App=Announcement&FileID=834152

The Group is of the view that accurate information relating to its outlook should be provided to investors. Since order books no longer provide such information, the Group decided to discontinue order book updates.

The Group does not believe that the decision to not disclose its order book will affect investors' confidence as the Group provides sufficient information in its results for investors to assess the Group's performance. The Group had included in section 4 of its full year financial announcement released on 25th February 2025 details of significant trends and competitive conditions which may affect the Group in the next operating period and the next 12 months.

The Group will consider providing order book updates in the future if it is of the view that the order books accurately represent its outlook.

Q2. North America has historically been the group's largest market, contributing an average of $698 million in 2022 and 2023 – accounting for over 81% of total revenue. However, in 2024, revenue derived from North America declined by $231 million to $491 million.

(i) Does management have any insights on the key drivers behind the sharp decline in underlying demand? How much of it is due to geopolitical tensions, supply chain disruptions, or demand shifts?

<u>Company's response:</u>

As set out on pages 13 and 21 of the Group's Annual Report 2024, the decline was primarily due to the reduction in the sales volumes of IoT devices and data-communication products as a result of reduced demand from customers in the latter part of 2024.

The Group is unable to comment how much of the reduced orders are affected by geopolitical tensions and demand shifts. Nevertheless, the Group shall continue to work closely with its customers to manage the orders.

(ii) What is the group's current customer concentration risk? Can management disclose the revenue contribution from the top 1, top 2, and top 3 customers?

<u>Company's response:</u>

As stated on page 123 of the Annual Report 2024, approximately $556.681 million or 90% of the Group's revenue was derived from 2 external customers and the balance revenue was derived from the remaining customers.

Due to confidentiality obligations with its customers, the Group is unable to provide a detailed breakdown of each customer's revenue generation.

(iii) What specific strategy is management implementing to reverse the revenue decline? What are the profiles of the seven new customers secured during the year? How do they compare with existing major customers in terms of scale, product mix, and order volumes?

<u>Company's response:</u>

The Group refers to pages 14 and 22 of its Annual Report 2024. The Group is prioritising proactive customer engagement across 6 key segments, namely, security, consumer, communications, health-tech, industrial, and automotive. It is also focusing on developing a deeper understanding of customers' evolving needs, industry trends and technological advancements to design customer-centric solutions in order to achieve higher recurring sales.

In the press release issued together with the Group's full year results announcement on 25 February 2025, the Group reported that it had secured 7 new customers in the communications, consumer, health-tech and industrial segments, with commercial production expected in FY2025. The Group is unable to disclose the profiles of the 7 new customers secured due to its confidentiality obligations.

While these new customers are smaller in scale compared to the Group's existing major customers, the Group is working closely with all customers to develop and manufacture their products to ramp up revenue.

(iv) With regard to the group's proprietary expansion into smart lighting and cameras, has any key customer expressed concerns about potential competition?

<u>Company's response:</u>

As the Group's proprietary expansion into smart lighting and cameras involves different technologies and targets different market segments, the Group does not foresee competition with its key customers. The Group exercises caution in ensuring that all customers' interests are always protected. The Group confirms that its key customers have not expressed concerns about potential competition to date.

Q3. As noted in the letter to shareholders, the group consolidated its Malaysian operations to its 300,000 sq ft manufacturing facility in Pasir Gudang, Johor. The facility has been upgraded with new plastic injection machines, increasing production capacity and capabilities. An additional automated production line is being added to the facility, with commissioning expected in Q2 2025.

(i) What specific cost advantages does the Pasir Gudang facility provide compared to the group's previous manufacturing footprint?

(ii) What are the new capabilities introduced with the upgraded facility, and what are their key applications? Do these new capabilities enable the group to enter new market segments?

<u>Company's response to Q3(i) and (ii) as follows:</u>

With the addition of plastic injection moulding machines at the Group's facility in Pasir Gudang, Malaysia ("Malaysia facility"), the facility is now able to provide plastic injection moulding services within the same facility, in addition to other manufacturing services out of the said Malaysia facility. This improves the overall efficiency and consequentially provides cost advantages to the Group and its customers.

In addition to its existing ISO 9001, ISO 14001 and ISO 45001 certifications, the Malaysia facility has also secured the ISO 13485 certification in September 2024 (see page 21 of the Annual Report 2024).

With the ISO 13485 certification, the Malaysia facility can now serve the medical device industry, meeting customer and regulatory requirements. This progress supports the Group's strategy of broadening its reach and expanding its customer base.

In China, the group has rationalised its manufacturing capacity in Dongguan and merged its R&D centers in Dongguan and Shenzhen.

(iii) What is the current scale of operations in Dongguan following the rationalisation?

(iv) Given the current geopolitical landscape, what is the group's long-term strategic plan for the downsized Dongguan facility? Is a full exit from manufacturing operations in China under consideration within the next 3–5 years?

(v) Concurrently, is the group actively pursuing new business opportunities with China-based customers to leverage its Dongguan facility?

<u>Company's response to Q3(iii), (iv) and (v) as follows:</u>

The Group has reduced the number of production lines in Dongguan by relocating some of its lines, including plastic injection lines, to the Group's Malaysia facility. The Group's facility in Dongguan, China ("Dongguan facility") is operating at an average of 30% of its previous capacity following the rationalisation.

The Group does not envisage a full exit from its manufacturing operations in Dongguan as the electronics manufacturing supply chain in China remains robust. Furthermore, the Dongguan facility can still support customers globally who are not affected by the US tariffs.

The Group is pursuing new business opportunities and will continue to support its customers whose products are manufactured at the Dongguan facility. The Group successfully implemented Manufacturing Execution System ("MES") at the Dongguan facility to automate workflows at its surface-mount technology lines. The MES is being progressively integrated with the Group's Electronic Data Interchange and Enterprise Resource Planning systems as part of the transition towards lean manufacturing. With the implementation of the Group's digital transformation and automation roadmap and initiatives at its Dongguan facility, the Group is able to ramp up the production capacity to meet the demands of its customers when required. Currently, there are no China-based customers at the Dongguan facility.

BY ORDER OF THE BOARD
AZTECH GLOBAL LTD.

Pavani Nagarajah
Company Secretary
3 April 2025