PNE INDUSTRIES LTD
(Company Registration No. 199905792R)

RESPONSES TO QUERIES FROM SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 23 JANUARY 2025

The Board of Directors (the "**Board**") of PNE Industries Ltd (the "**Company**" or "**PNE**" and collectively with its subsidiaries, the "**Group**") would like to thank shareholders for submitting their questions in advance of the Company's Annual General Meeting ("**AGM**") to be be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 1, Orchid Lodge, Level 2, Singapore 769162 on Thursday, 23 January 2025 at 9.00 a.m.

The Company wishes to provide its responses as follows:

Question 1

There is an increase in the overall revenue and gross profit margin in H2 2024 compared to H1 2024. Was there an increase in average selling prices during the second half of the year?

PNE's Response:

The increase was due mainly to an increase in sales volume during the second half of the year.

Question 2

What percentage does the manufacturing of home appliances (both PCBA and complete box builds) contribute to the group's overall revenue?

PNE's Response:

The manufacturing of home appliances constitutes majority portion of the group's overall revenue.

Question 3

Does the group's home appliance product line cater more towards high-end, mid-range or budget conscious consumers?

PNE's Response:

The group's home appliance product line is primarily targeted at higher to mid-range consumers.

Question 4

In FY 2019 and FY 2020, the group reported revenue of $78M and $61M from three major customers. However, from FY2021 to FY2024, under the information about major customers section, there was only mention of two major customers. Should the shareholders be concerned about the further loss of more major customers?

PNE's Response:

Due to constantly changing market conditions, there will be changes to customers' requirements and orders, which in turn leads to changes in the group's revenue and customer base. The group is focused on broadening its customer base to reduce reliance on a few key customers, aligning with risk management objectives and ensuring long-term stability.

Question 5

Which raw materials have a high impact on the group's cost of sales in FY 2024?

PNE's Response:

There was no particular raw material that significantly impacted the group's cost of sales in FY2024. This is due to the varied designs and materials required by different customers for their respective models, resulting in a diversified cost structure.

Question 6

Could management provide an assessment of the condition of the company's buildings, plant, and equipment? Does management anticipate significant capital expenditures in the next couple of years?

PNE's Response:

The group regularly monitors and maintains its buildings, plant and equipment to ensure that they are kept in good working condition. While no significant capital expenditures are anticipated in the next couple of years currently, due to changing needs and market conditions, such capital expenditures may still be made in future if necessary.

Question 7

Are there any plans to offload any underperforming subsidiaries?

PNE's Response:

There are no plans to offload any subsidiaries at this time. Despite some challenges, these subsidiaries still show potential in their respective markets, and the company remains optimistic about their future performance.

Question 8

On page 52 of the annual report, there is an amount of $9,649,000 under group assets denominated in Singapore dollars in 2024 compared to none in 2023. What is the reason for this increase?

PNE's Response:

This is due to an increase in receivables denominated in SGD.

By Order of the Board

Tan Koon Chwee

Managing Director

16 January 2025