AVI-TECH HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 202002889W)
(the "**Company**")

RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RELATION TO THE COMPANY'S FY2025 ANNUAL REPORT

The Board of Directors ("**Board**") of Avi-Tech Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to questions raised by the Securities Investors Association (Singapore) in relation to the Company's Annual Report for the financial year ended 30 June 2025 (the "**FY2025 Annual Report**") and wishes to provide the following responses to the questions:

Q1. For the financial year ended 30 June 2025, the group reported revenue of $21.6 million, a decrease of $3.5 million or 13.9% from $25.1 million in FY2024. Revenue has fallen for two consecutive years from $34.9 million in 2023 to $25.1 million in 2024 and $21.6 million in 2025. This is also more than a third lower than revenue in FY2019 (pre-COVID).

In fact, revenue of $21.6 million appears to be the lowest revenue recorded by the group since its listing in 2007.

Management disclosed that the group expanded its capabilities and customer base across key markets and established strategic partnerships in China and the United States and has secured Original Equipment Manufacturer ("OEM") and Original Design Manufacturer ("ODM") collaborations with overseas and local partners.

i. **For better shareholder understanding, can management specify the number of new customers acquired in the past two years and state the contribution of those new customers to the group consolidated revenue?**
ii. **What specific new technical capabilities has the group acquired, and what identifiable growth opportunities or addressable markets have these capabilities opened up?**
iii. **Given the rapid growth of AI adoption, can management provide insight into the proportion of its revenue stream that is derived from AI-related products and services, and how this is expected to evolve in the future?**

Based on the geographical breakdown, USA's importance has increased as consolidated revenue declined.

Geographical segments

The Group operates in five principal geographical areas namely, Singapore, USA, China, Malaysia and Philippines.

The revenue by geographical segments are based on location of customers. Segment assets (non-current assets excluding financial assets) with carrying amount of $10,785,000 (2024: $12,468,000) are based on the geographical location of the assets and capital expenditure which is in Singapore (country of domicile).

	2025 $'000	2024 $'000
Revenue from external customers		
Singapore	3,086	6,735
USA	8,857	9,294
China	4,266	3,667
Malaysia	1,961	3,042
Philippines	1,849	1,522
Others[1]	1,573	815
	21,592	25,075

(1) Includes Switzerland, Germany, Taiwan and Vietnam.

iv. **Has the group been directly or indirectly impacted by recent geopolitical developments, such as tariffs or trade restrictions affecting semiconductors or automotives? If so, what mitigation strategies has management implemented?**

v. **Does the group have sufficient management bandwidth and expertise to pursue simultaneous growth in the United States and China given the current fluidity and complexities of the global trading environment?**

vi. **Has the board critically assessed the progress made by the group in China? If so, can the board state whether it is satisfied with progress and list the KPIs used to reach that judgement?**

Company's response:

Given commercial sensitivities and in the interests of preserving its negotiating position with customers, the Group is unable to disclose the specifics of new customers and technical capabilities. The decline in revenue for FY2025 reflects an environment with softer demand and delayed customer projects. Notwithstanding such challenges, the Group has continued to expand its customer base and strengthen partnerships in key markets, including China and the United States, while focusing on operational efficiency and cost management.

The Group continues to invest in staff training and capability development, particularly in technical skills and competencies, so as to enhance profitability, competitiveness and support long-term growth. The Group also watches the market for potential opportunities to grow its business through mergers and acquisitions.

Our broad-based manufacturing segment remains engaged with customers in AI-related and other high-technology industries, and we continue to explore OEM and ODM collaborations to capture new business opportunities. Given that AI is a nascent area of technology, the Group will monitor developments with respect to AI and consider any viable opportunities that arise. While the U.S. market has contributed more significantly to the Group's revenue mix, Management remains focused on ensuring sustainable growth, maintaining financial discipline, and creating long-term shareholder value.

The Group is not immune to recent geopolitical developments, including tariffs and trade restrictions affecting the semiconductor and automotive sectors. These developments have added complexity to global supply chains and business planning. Management continues to monitor the situation closely and has implemented measures to mitigate potential impacts, including cost management, operational efficiency enhancements, and strategic diversification of supply sources and markets. These initiatives are supported by the Group's strong balance sheet and prudent financial management.

The Group has the management bandwidth and resource capability to pursue growth in both the United States and China. Dedicated regional teams, supported by Group-level oversight, have been established to manage operations, navigate regulatory and market complexities, and ensure alignment with the Group's overall business strategy.

The Group monitors progress in China through regular reporting, including monitoring of revenue trends, market presence, project execution, and customer engagement metrics. As the Group's expansion plans in China are ongoing, the Board receives periodic updates and works closely with Management to review business performance and developments in China, while allowing Management to focus on operational execution and strategic initiatives.

Q2. In the letter to shareholders, the chief executive officer and executive chairman stated the group, faced with evolving strategic priorities, consolidated its Burn-in Services business segment into the Engineering Services business segment. This was done to streamline workflow, enhance efficiency, and improve the group's agility in responding to dynamic market trends.

Prior to FY2025, the company had three operating divisions:

- **Burn-In and related services ("Burn-in Services"),**
- **Burn-In boards and boards-related products ("Manufacturing and PCBA Services"), and**
- **Engineering services and equipment distribution ("Engineering")**

In FY2025, the Engineering Services business segment registered revenue of just $7.8 million. This represents a significant decline of 38% compared to the combined revenue of $12.5 million from burn-in services ($5.4 million) and engineering ($7.1 million) in FY2024.

In fact, revenue from the burn-in services segment has been on a downtrend for years.

FY2016 - $8.97 million
FY2017 - $9.07 million
FY2018 - $10.11 million
FY2019 - $10.54 million
FY2020 - $11.11 million
FY2021 - $6.66 million
FY2022 - $6.34 million
FY2023 - $6.25 million
FY2024 - $5.41 million
FY2025 - ???

i. **Does the sharp decline in revenue and the consolidation of the two divisions into a single "Engineering Services" unit suggest that the group is progressively scaling down or phasing out its burn-in services operations?**
ii. **For transparency, what was the revenue contribution from Burn-in services in FY2025? Has the group maintained its technological edge in this area? Could management elaborate on the new technical capabilities or process improvements introduced in the past 1-2 years?**
iii. **What guidance or strategic direction has the board given to management regarding the future of its burn-in services business?**

Company's response:

The consolidation of the Burn-in Services and Engineering segments into a single "Engineering Services" segment was undertaken to streamline operations, enhance cost efficiency, and strengthen the Group's adaptability to changing market conditions. The consolidated financial figures of the "Engineering Services" segment can be found in the Company's FY2025 Annual Report. This integration allows for more effective resource utilisation and greater agility in meeting customers' evolving requirements. The decline in revenue for FY2025 reflects an environment with softer demand and delayed customer projects. The Group continues to provide burn-in and related engineering services to key customers, while optimising capacity and resources in line with business conditions.

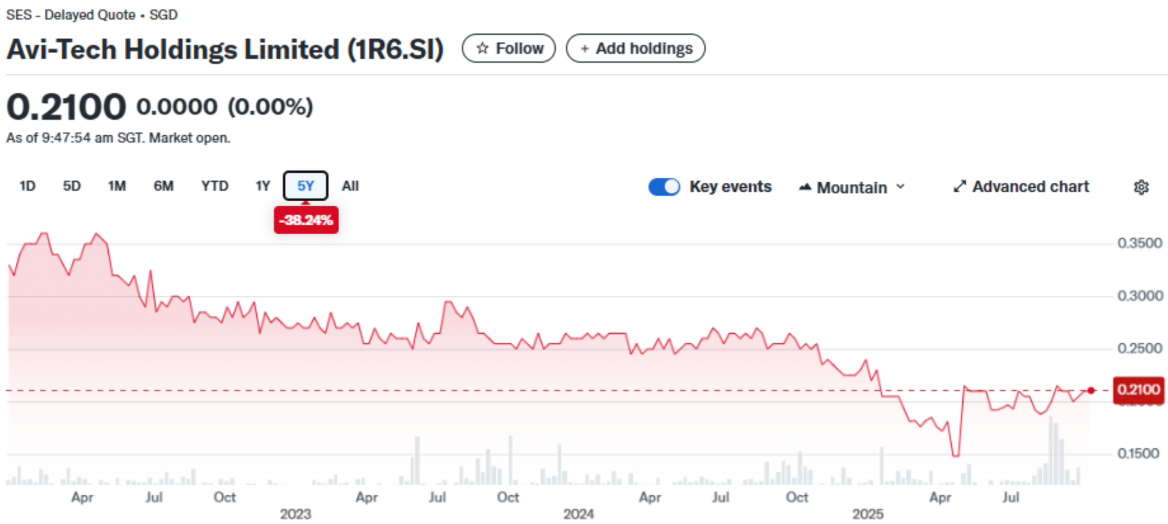
Management regularly reviews the performance and relevance of each business segment to ensure prudent resource deployment to, and sustained competitiveness of, each segment. These reviews support the Group's focus on its core technical strengths, while remaining ready to capture future opportunities.

The Board is kept informed of segment performance on a monthly basis, and works closely with Management to assess business sustainability, explore strategic options, and ensure long-term value creation for shareholders.

Q3. According to the SGX Stock Screener[1], the company trades at a price-to-book ratio of 0.7 times and has a market capitalisation of approximately $36 million. The enterprise value is negative $1.5 million given that the group held cash balance of $37.4 million as at 30 June 2025.

Out of the $29.0 million raised at IPO in 2007, $4.7 million remains unutilised.

The 1-year and 5-year share price performances are negative 16% and negative 38% respectively.



(Source: https://sg.finance.yahoo.com/quote/1R6.SI/)

Stock exchanges and regulators worldwide, including Tokyo Stock Exchange (TSE) and Korea's Financial Services Commission (FSC), have been pushing for improved corporate valuations. The Monetary Authority of Singapore (MAS) has formed a review group to strengthen the equity market, focusing on improving liquidity and fair valuation for listed companies.

- **i.** **What has been the total shareholder return (TSR) over the past 5, 10 and 15 years? Has the board tracked the TSR and is it satisfied with the company's performance?**
- **ii.** **Can the board quantify how it assesses its entrepreneurial leadership and value creation? Please provide the KPIs used (for example ROIC, NAV per share, TSR versus peers).**

The negative enterprise value suggests that the market is unaware of or does not value of the group's growth prospects.

- **iii.** **What were the substantive discussion points at board level about the company's low market valuation, particularly when the STI is at all-time highs?**
- **iv.** **How is the board, particularly the independent directors, addressing the company's persistent undervaluation and track record in value creation? What strategic measures, such as a share buyback programme, special dividend, asset sales, dual listing, or a strategic review, are being considered or implemented to improve capital efficiency and shareholder returns?**

[1] https://investors.sgx.com/market/securities?code=1R6&type=stocks

Company's response:

The Board is aware of the Company's current market valuation and share price performance. While share price movements are ultimately driven by market perception and broader macroeconomic factors beyond the Company's direct control, the Board and Management remain focused on strengthening the Group's fundamentals, which remains key to generating long-term shareholder value.

The Board's key priorities include maintaining strong corporate governance standards, driving business growth and profitability, sustaining a healthy balance sheet, and ensuring effective cost and risk management. In addition, the Board places emphasis on succession planning, sustainability, and corporate citizenship as part of the Group's long-term strategy to enhance resilience and stakeholder confidence.

The Group continues to focus on improving its operating performance, identifying new growth opportunities, and enhancing capital efficiency. These efforts, supported by prudent financial management and disciplined investment, are aimed at positioning the Group for sustainable growth. The Board and Management will continue to review initiatives that can improve overall shareholder value in a responsible and measured manner.

BY ORDER OF THE BOARD

Lim Eng Hong
Chief Executive Officer &
Executive Chairman

22 October 2025