MUN SIONG ENGINEERING LIMITED

(Incorporated in the Singapore)

(Company Registration No 196900250M)

GUIDANCE TO THE FINANCIAL PERFORMANCE AND POSITION OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2025

Mun Siong Engineering Limited (the "**Company**"), together with its subsidiaries and equity-accounted investee (the "**Group**"), wishes to provide guidance on its first quarter financial performance ended 31 March 2025.

The Group had on 20 February 2020 announced that it will discontinue with quarterly reporting of the Company and the Group financial statements. The Company will now announce the financial statements of the Company and the Group on a half-yearly basis, in compliance with the amended listing rules, announced by the SGX-ST on 7 February 2020.

The Board of Directors would like to provide guidance on the Group's financial performance and position in view of the current uncertain economic environment. This guidance is part of our continuous engagement between the Board of Directors and the various stakeholders such as shareholders, investors, business partners and employees.

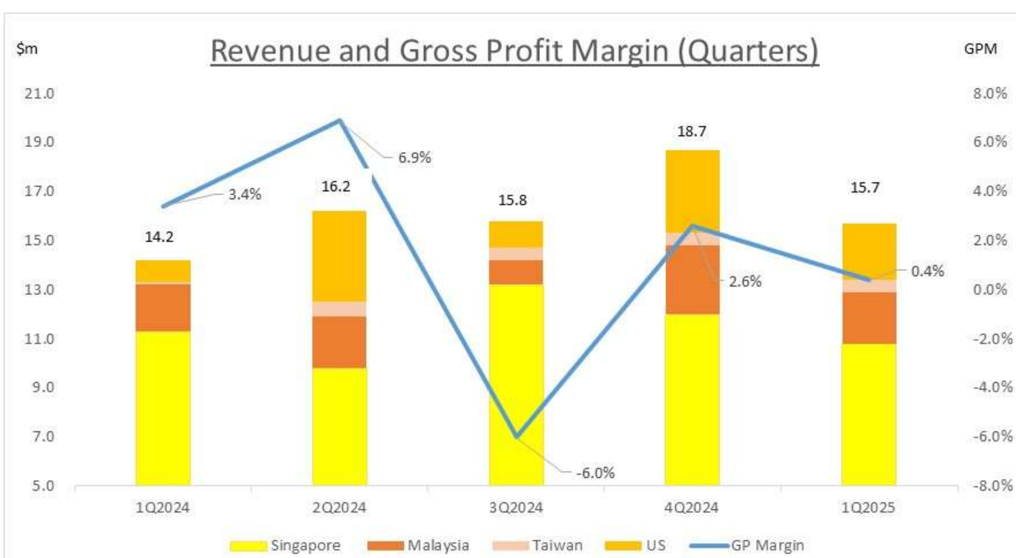
It should be noted that the information below is based on the Group's management accounts and they were prepared on the accounting principles described and consistent with the Group's Annual Report FY2024. The Group's auditors, Messrs KPMG LLP, have not reviewed these management accounts and the guidance statement given below. The statement contained in the paragraph "Financial Performance and Position Guidance" should not be construed as a forward-looking statement relating to the Group's future performance. In the event there are material changes in our business or the operating environment that we are working in, we will make the necessary announcement on the SGX-ST.

Shareholders and investors should consult their stockbrokers, bank managers, solicitors and other professional advisers if they have any doubt about the actions that they should take.

Review of Financial Performance

Summary of the Group Financial Performance:

Revenue	1Q2025	1Q2024	Variances	
	$'000	$'000	$'000	%
Singapore	10,836	11,270	(434)	-3.9%
Taiwan	463	109	354	324.8%
Malaysia	2,131	1,888	243	12.9%
US	2,337	859	1,478	172.1%
Total Revenue	15,767	14,126	1,641	11.6%
Cost of Sales	15,705	13,644	2,061	15.1%
Gross Profit	62	482	(420)	-87.1%
Gross Profit margin	0.4%	3.4%		



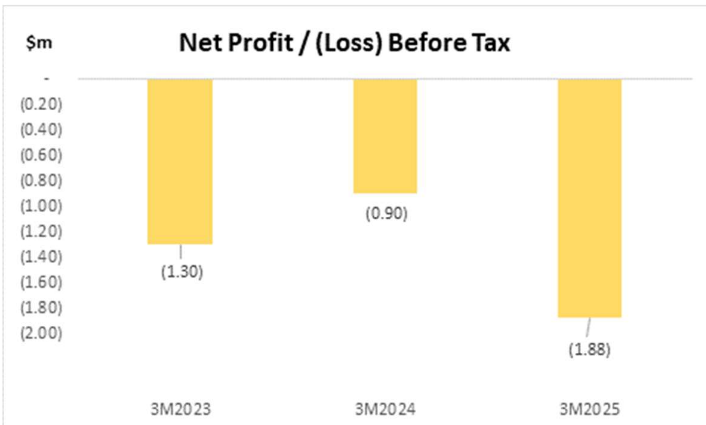
Results for the Period Ended 31 March 2025 ("1Q2025")

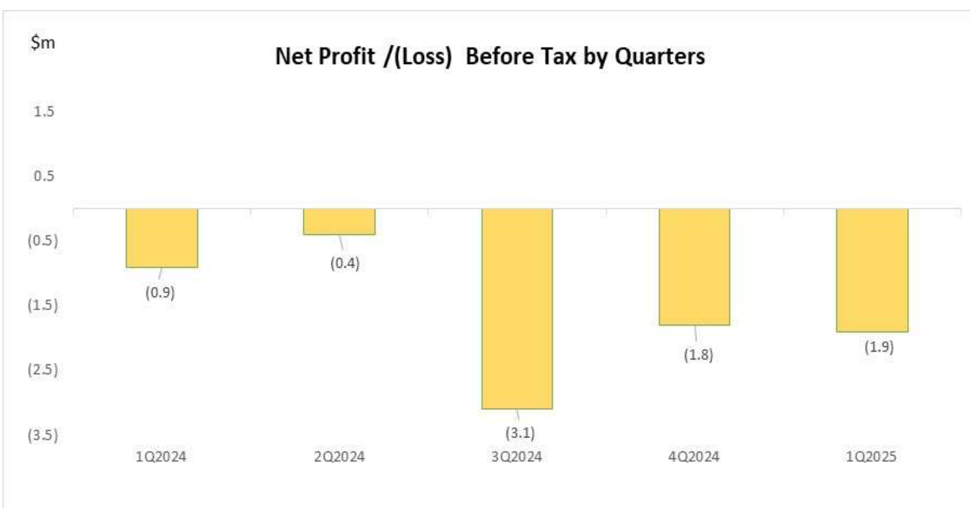
Revenue and Gross Profit Margin:

The Group achieved a revenue of $15.8 million in 1Q2025, an increase of $1.6 million or 11.6% against the corresponding quarter (1Q2024) revenue of $14.1 million.

Both the lower gross profit and gross margin in 1Q2025 was due to contributions from the Singapore and Malaysia operations. The US operations continued to reduce its gross loss for 1Q2025, an improvement of $$0.3 million or 57.0% against the corresponding quarter.

Net profit /(loss) before tax:





The administrative costs in both quarters were comparable. For the current quarter, it incurred $2.0 million of administration expenses (1Q2024: $1.9 million), an increase of $0.1 million or 5.3%.

The Group also recognized other incomes of $0.2 million in 1Q2025 as compared to $0.1 million in 1Q2024. The increase was due to gain on disposal of fixed assets.

In the current quarter, the Group incurred an exchange loss of $0.2 million as compared to an exchange gain of $0.3 million in 1Q2024. This was due to the weakening of USD dollars against the SGD dollars.

The Group recorded a net loss before tax of $1.9 million and $0.9 million for 1Q2025 and 1Q2024 respectively. Lower gross profit contributions from the Singapore and Malaysia operations contributed to the wider net loss in the current quarter. Although the US operation is still in a net loss position for the current quarter, the net losses were reduced by $0.2 million or 27.8%.

The Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") for 1Q2025 and 1Q2024 was negative $1.0 million and negative $0.2 million respectively.

Review and Updates by Operations:

Singapore Operations:

It registered revenue of $10.8 million in 1Q2025, a decline in revenue of $0.4 million or 3.9% against the corresponding quarter of $11.3 million. The decline in revenue was due to:

a. The Bukom plants and facilities—longstanding contributors to our revenue—were sold to a consortium in early 2024, with the transaction finalized on 31 March 2025. During the transition period, which included legal completion and the handover process, operational activities at the site were significantly reduced. Additionally, our coverage area at Bukom was scaled down prior to the completion of the transaction, as the new owner implemented a revised operating strategy aimed at increasing the number of service providers at the site. This change was also reflected in our third-quarter performance guidance issued on 12 November 2024.

b. Some of our business partners have reduced or deferred their maintenance work.

The lower gross profit and gross margin was due to:

a. Cost cutting by our business partners;

b. Transition delays were experienced at a newly assigned coverage area for a long-standing business partner who renewed their long-term maintenance service contract in the fourth quarter of 2024. As part of the mobilization process, we incurred initial setup costs, including expenditures related to workforce onboarding and site-specific familiarization.

Malaysia Operations:

Revenue increased by $0.2 million or 12.9% to $2.1 million in 1Q2025. The decline in gross profit and gross margin was due to:

a. Our business partner in Malaysia has been slow in approving our final claims for the completed job orders (including jobs completed in 2024). Per our accounting policy, costs are recognized when they are incurred. The final revenue amount will be recognized subsequently when the final billing value is approved and billed; and

b. Productivity efficiency was lower as additional time was required to upskill newly hired employees, in line with our efforts to reduce reliance on certain subcontractors for manpower supply.

Taiwan Operations:

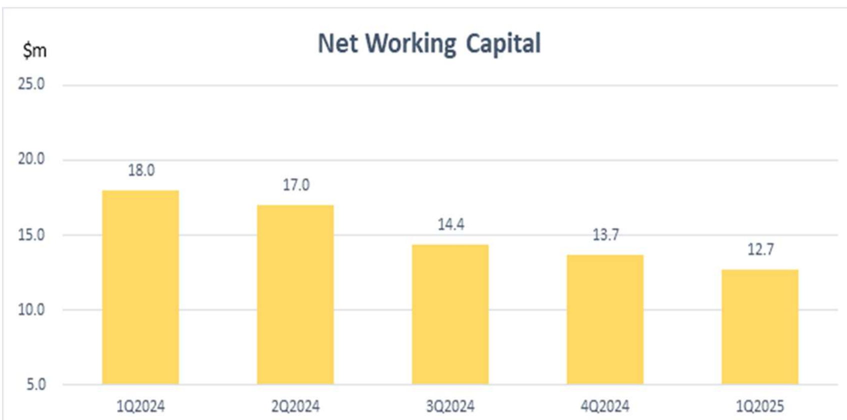
It achieved revenue of $0.5 million in the current quarter, an increase of $0.4 million as compared to revenue of $0.1 million in the corresponding quarter. It registered gross profit in the current quarter as compared to a gross loss in the corresponding quarter. It executed smaller dollar value jobs in the current quarter.

North America Operations:

It achieved revenue of $2.3 million in the current quarter, an increase of $1.5 million or 172.1% against the corresponding quarter. The higher revenue in the current quarter was due to the execution of shutdown cleaning activities for a few customers including a plant operator (with 270,000 barrels per day processing capacity). This job was completed in April 2025.

Review of financial position of the Group as at 31 March 2025

As at 31 March 2025, the Group's shareholders' funds stood at $44.8 million (31 December 2024: at $46.6 million and 31 March 2024: at $50.9 million). The net tangible assets per share as at 31 March 2025 were at 7.7 cents per share (31 December 2024: at 8.0 cents per share; 31 March 2024: at 8.8 cents per share). The decline in both the shareholders' funds and net tangible assets per share were attributed to the operating losses incurred for the period under review.



Net working capital (current assets less current liabilities) as at 31 March 2025 was $12.7 million (31 December 2024: $13.7 million; 31 March 2024: $18.0 million). Comparing 31 March 2025 and 31 December 2024, the decline in net working capital was $1.0 million or 7.1%. Please see the table below for explanations:

<table>
<tr><th colspan="4">Changes in net working capital between 31 March 2025 and 31 December 2024</th></tr>
<tr><td></td><td></td><td>$’ million</td><td>Explanations</td></tr>
<tr><td>Contract assets (net of impairment and contract liabilities)</td><td>↑</td><td>2.2</td><td>The Singapore and Malaysia business partners are taking a longer time to process and approve our claims in 1Q2025. The net contract asset balances increased by $0.8 million and $0.7 million respectively. The contract assets also increased by $0.6 million at US operations due to execution of shutdown cleaning activities for a few customers in March 2025.

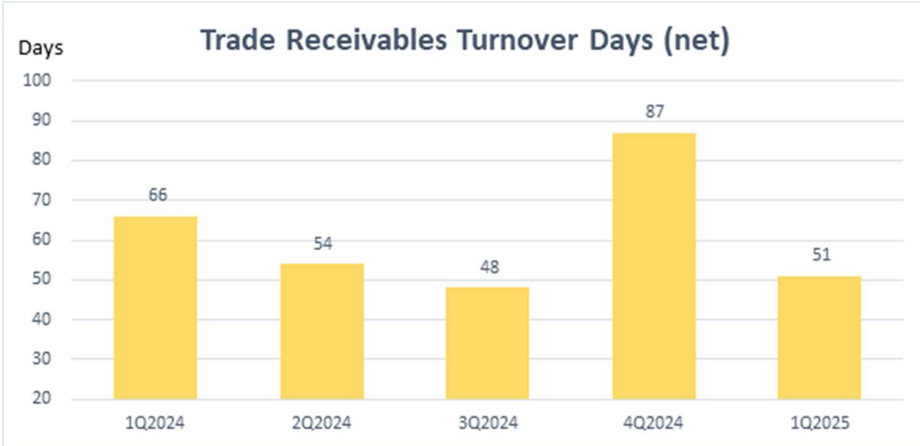
Save for the existing impairment of contract assets of $52,000 brought forward from FY2024, no impairment was deemed necessary for the remaining contract asset balances as there is no credit risk or dispute to it.

Although there has been modest progress by our Malaysian business partner in approving completed job orders, the Malaysia Operations still account for 41.7% of total contract asset balances as of the reporting date (31 December 2024: 46.0%). Management remains actively engaged with our business partner to expedite the finalisation of outstanding claims.</td></tr>
<tr><td>Trade receivables</td><td>↓</td><td>(6.6)</td><td>The decrease was due to the conversion of trade receivables into cash.</td></tr>
<tr><td>Bank and cash</td><td>↑</td><td>1.3</td><td>The net increase in bank and cash was due to realisations from our trade receivables offset by 1Q2025 operating losses, supplier payments and the repayment of loans and lease liabilities of $1.6 million.

The Group did not purchase any significant fixed assets in the first quarter ended 31 March 2025.</td></tr>
<tr><td>Trade and other payables and accruals</td><td>↓</td><td>(0.6)</td><td>The decrease was due to timing of payments of payables.</td></tr>
<tr><td>Borrowings (current liabilities)</td><td>↓</td><td>(1.6)</td><td>The Group re-paid $1.6 million of loans and lease liabilities for the quarter ended 31 March 2025.

The total shareholder loans, from the controlling shareholder, remain at $1.8 million as at 31 March 2025.</td></tr>
<tr><td>Others – current assets</td><td>↓</td><td>(0.1)</td><td>Others – decline in tax recoverable and inventory balances.</td></tr>
<tr><td>Net changes</td><td>↓</td><td>(1.0)</td><td></td></tr>
</table>

Trade receivables as at 31 March 2025 were $8.9 million (31 December 2024: $15.4 million and 31 March 2024: $10.2 million). As at 25 April 2025, the Group realized $3.3 million or approximately 37.3% of its outstanding trade receivables as at 31 March 2025. No impairment was deemed necessary for the remaining outstanding trade receivable balances.



The decrease in trade receivables turnover days from 87 days (31 December 2024) to 51 days (31 March 2025) was mainly due to the realization of trade receivables balances.

The bank and cash balances as at 31 March 2025 stood at $11.5 million (31 December 2024: $10.3 million and 31 March 2024: $12.6million). Refer to the above table for the explanation in the increase of cash balances of $1.3 million between 31 March 2025 and 31 December 2024.

Total borrowings including lease liabilities as at 31 March 2025 were $5.9 million (31 December 2024: $7.5 million and 31 March 2024: $3.5 million).

	As at 31-Mar-25 $'000	As at 31-Dec-24 $'000	As at 31-Mar-24 $'000
Bank loans - Temporary Bridging loans (to be fully repaid in August 2025)	604	926	1,881
Working capital loan (including invoice financing)	1,941	3,172	-
IPT Loan -working capital	1,823	1,808	-
Lease liabilities including hire purchase (secured)	1,494	1,547	1,626
	5,862	7,453	3,507
Gross Debt ratio	13.1%	16.0%	6.9%

The Group borrowed $1.8 million from the executive chairlady/controlling shareholder ("Interested Party Transaction Loan" or "IPT loan") in FY2024 for the Group's working capital needs. The IPT loans comprise of SGD 1.5 million and RM 1.0 million (equivalent to SGD323,000) and currently bear interest rates at 2.8% pa and 3.00% pa respectively. The SGD and RM IPT loans will mature in May 2025.

Financial Performance and Position Guidance

Due to persistent weakness in the Singapore market—characterized by low job volumes, small contract values, and tight margins—revenues from the Malaysia and North America operations have become increasingly important. Collectively, these two regions contributed 26.0% of total revenue in FY2024, marking a significant increase from 9.3% in FY2023. The outlook for the Singapore market remains challenging, with its revenue contribution of 71.2% in FY2024 and further weakness anticipated in FY2025. While the North America operations continue to report operating losses, these losses are narrowing, driven by notable revenue growth. Meanwhile, the Malaysia operations are experiencing steady improvement, with revenue contribution of 12.1% in FY2024—an increase of 75.1% as compared to FY2023.

Revenue from the Malaysia Operations has been on steady growth over the past financial years. However, in recent months, we continue to experience delays – despite no objections/disputes - in obtaining approval from our business partner for our completed works, affecting our cash flow and revenue recognition (without their approval we recognized only the full costs without the final revenue amount). To date, $3.3 million of completed work orders are pending approval – an increase from $2.7 million at the end of FY2024.

PIM, our US operations, has made encouraging progress, with revenue improving and gross losses narrowing from 39.8% in FY2023 to 6.1% in FY2024, and showing similar trends in 1Q2025 compared to 1Q2024, as outlined above. However, the risk of a potential recession in the North American economy remains a concern. Additionally, a weaker USD/SGD exchange rate poses further challenges, as most of the Group's financial obligations are denominated in SGD, which is also our reporting currency. These factors could weaken or delay PIM's emergence as a significant contributor to our overall Group's revenue.

In late FY2024, the Singapore operation implemented a significant manpower reduction—cutting over 10% of its directly employed foreign workforce—to align its cost structure with a challenging business outlook characterized by lower job volumes and tighter margins. Additional cost-cutting measures may be required to achieve breakeven and preserve cash flow.

By order of the Board

Cheng Woei Fen
Executive Chairlady

8 May 2025