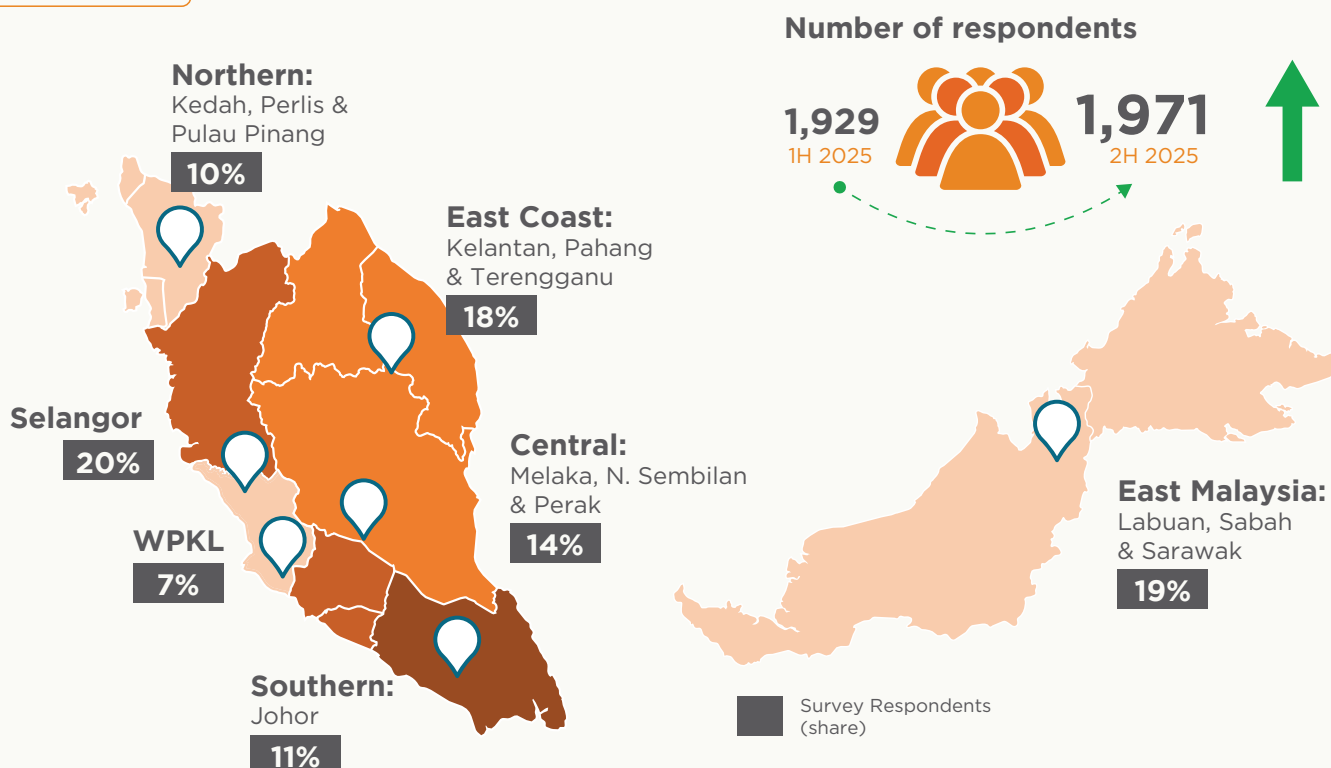
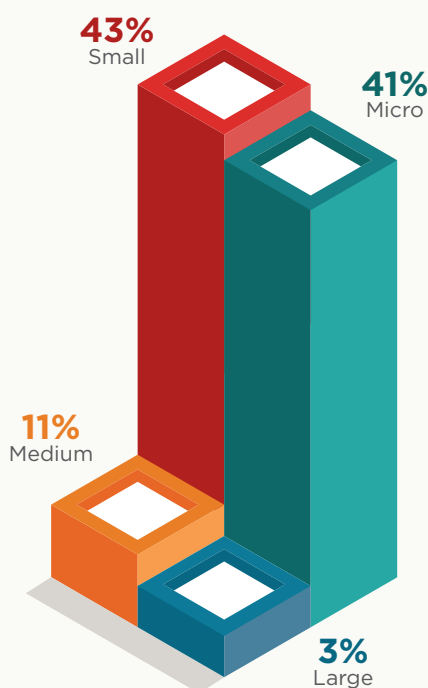


PROFILE

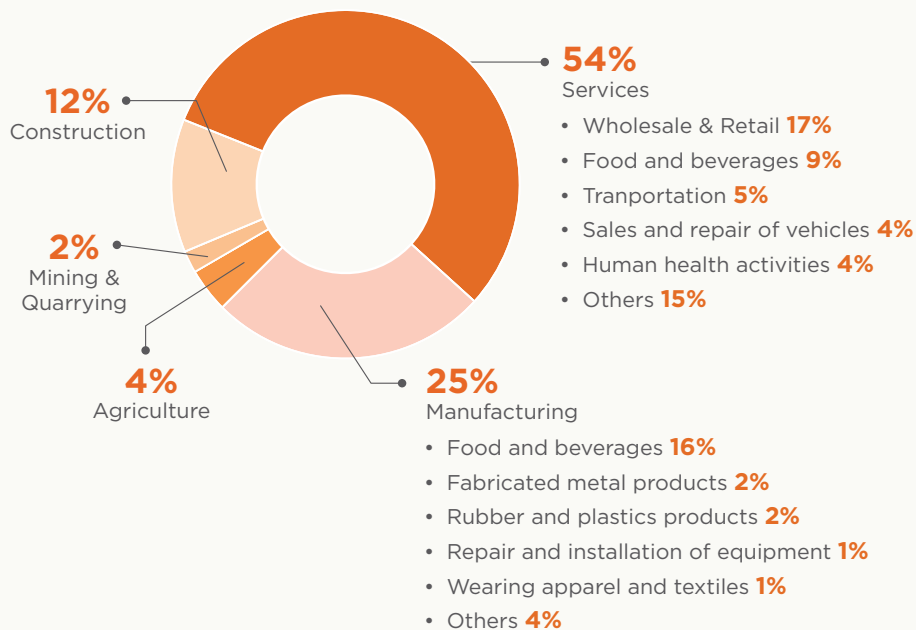
1 State/ Region



2 Size of business



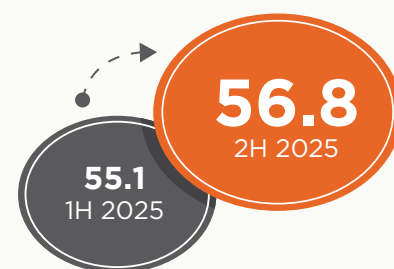
3 Type of sector



Note: All figures are rounded; they might not add up to 100%
Source: SME Bank Economic Research

RESULT (1/5)

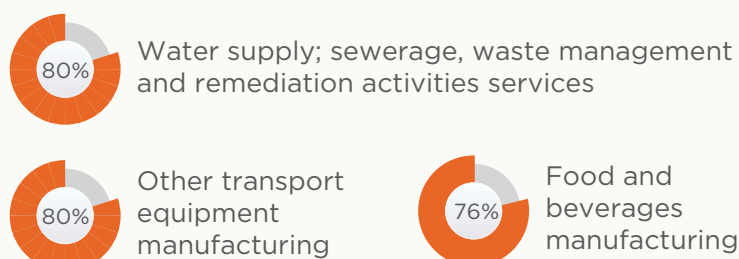
Micro, small, and medium enterprises (MSMEs) continue to assess their future activity more positively as reflected by higher index of **56.8 in 2H 2025** (2H: 55.1). The improved trajectory was mainly supported by MSMEs' better expectation on economic growth, sales, expansion and employment which offset the more pessimistic assessment of costs.



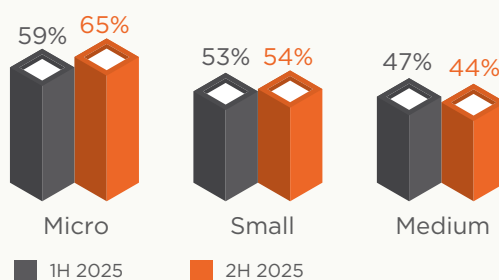
1 More respondents expect the economy to grow in the coming months, predominantly in micro enterprises



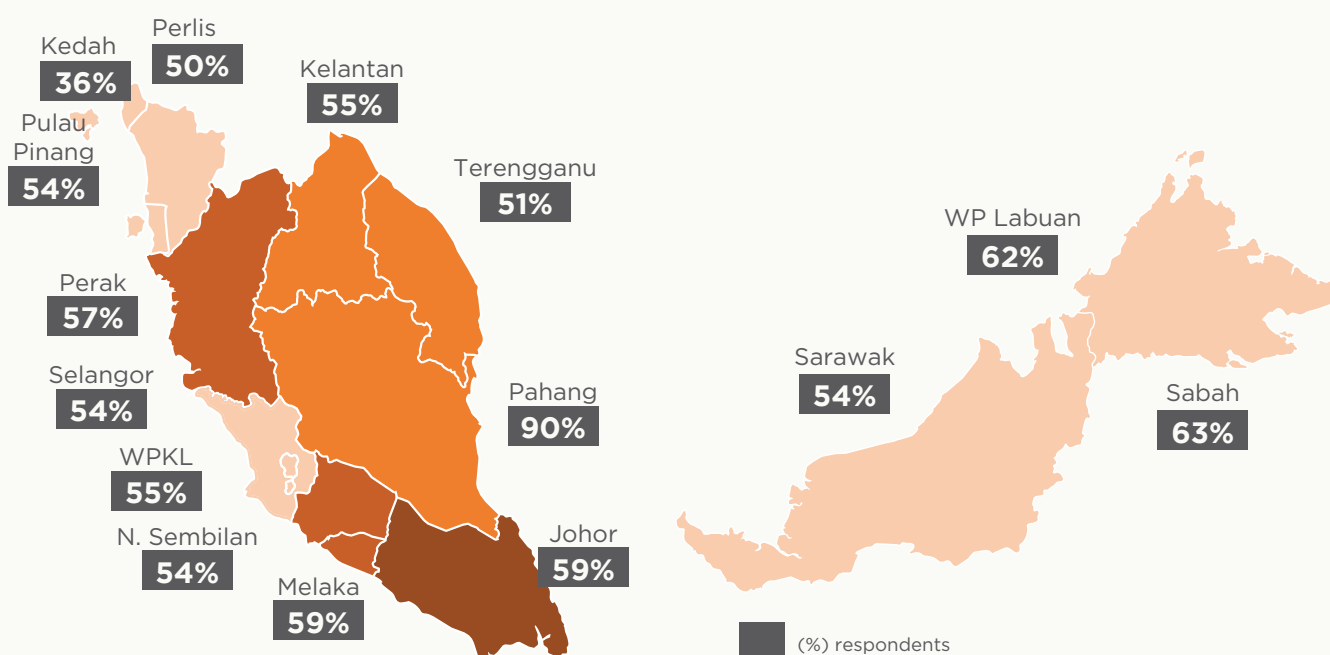
Top 3



Economic growth expectation



Positive economic outlook by state

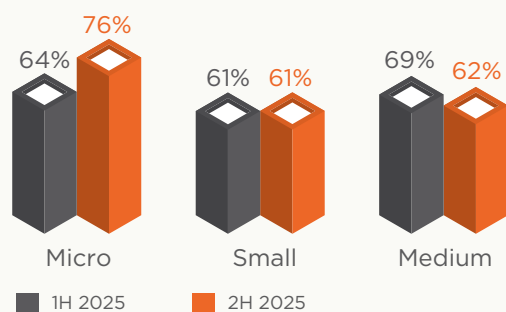


Note: All figures are rounded; they might not add up to 100%
Source: SME Bank Economic Research

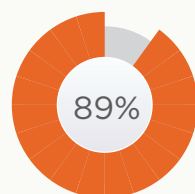
RESULT (2/5)

2 Aligned with economic growth, MSMEs show stronger optimism for future sales

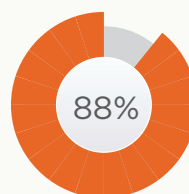
(2H 2025: 68%; 1H 2025: 63%)



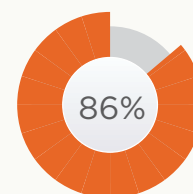
Top 3



Printing & recorded materials manufacturing



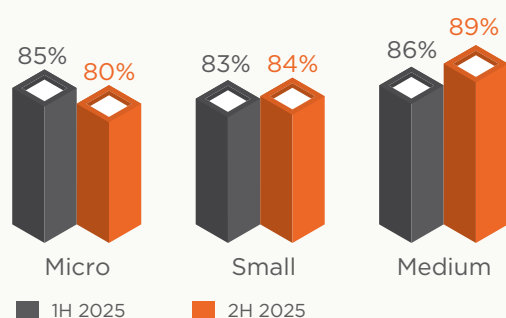
Furniture manufacturing



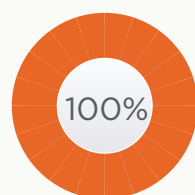
Food and beverages manufacturing

3 MSMEs continue to face high-cost environment, with more respondents expect cost to rise

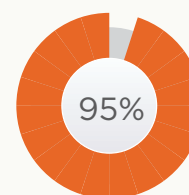
(2H 2025: 84%; 1H 2025: 83%)



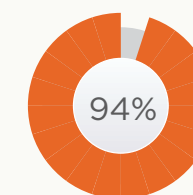
Top 3



Other transport equipment manufacturing

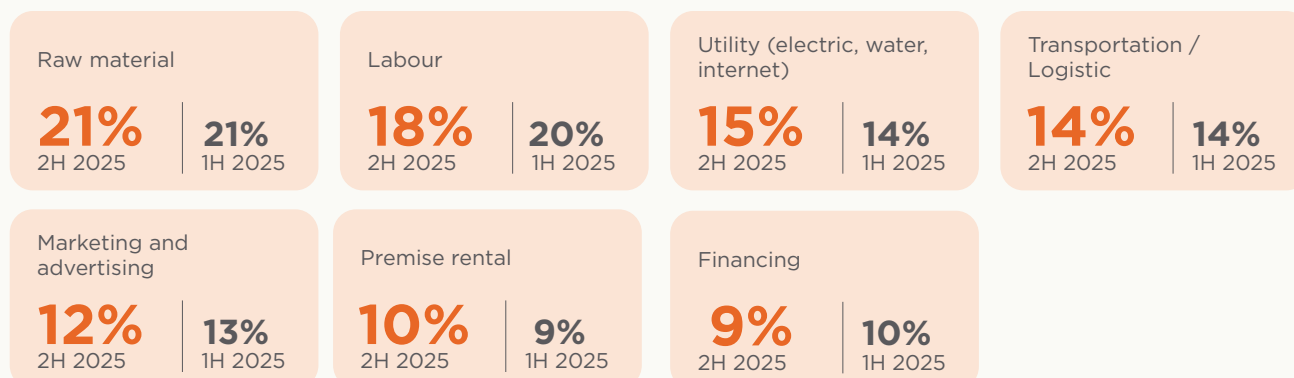


Wearing apparel and textiles manufacturing



Education services

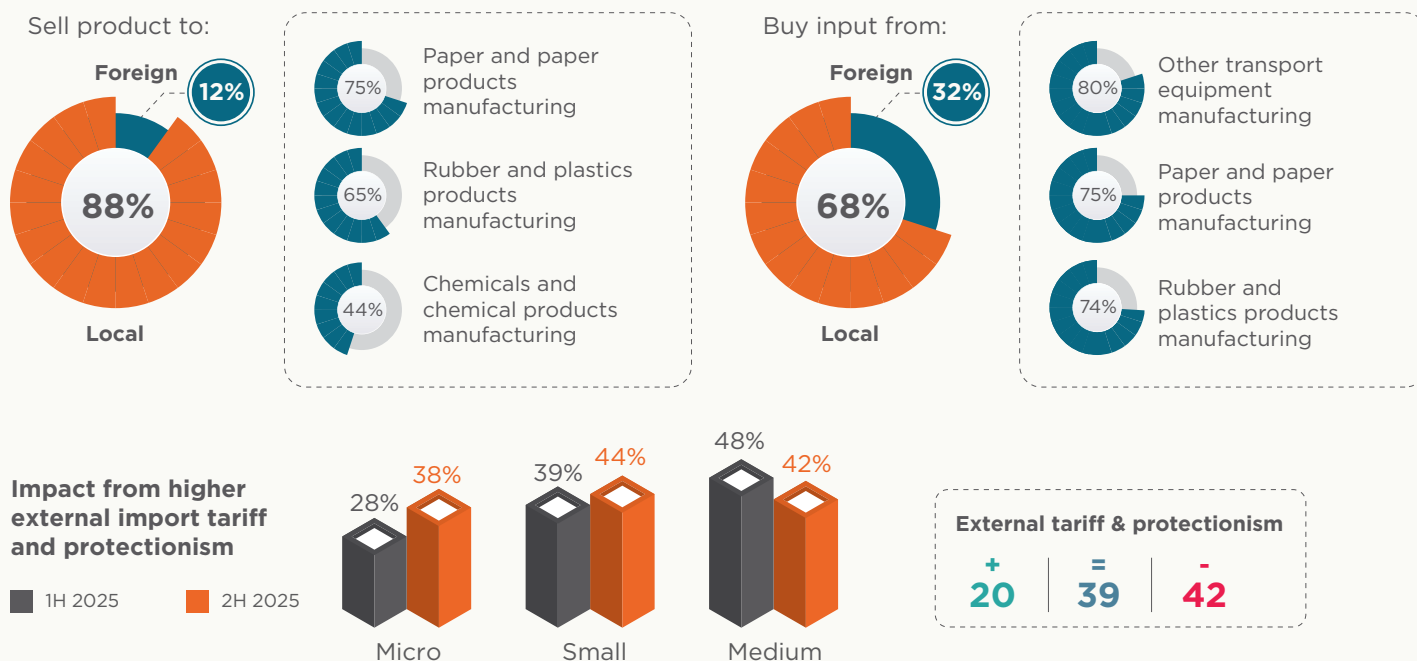
Factors contributing to higher cost



Note: All figures are rounded; they might not add up to 100%
Source: SME Bank Economic Research

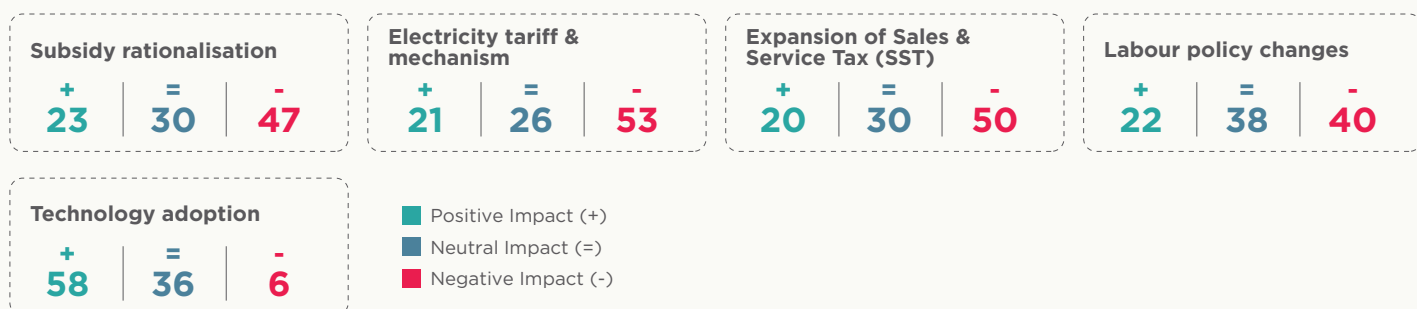
RESULT (3/5)

4 Despite primarily selling to the local market, MSMEs are negatively affected by rising external import tariffs



5 MSMEs are feeling the heat from subsidy rationalisation, SST expansion and utilities tariff hike...

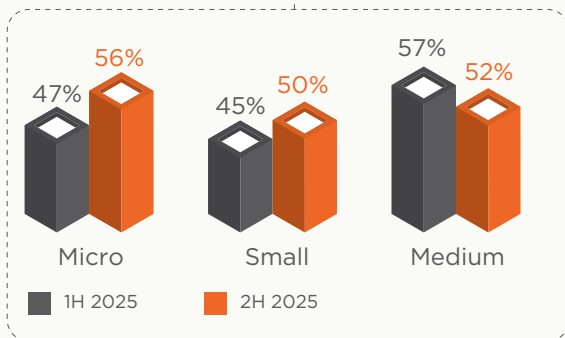
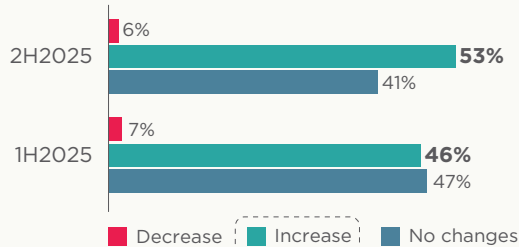
...while remain positive on technology adoption



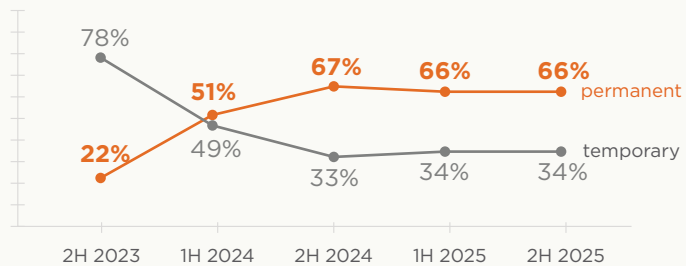
Note: All figures are rounded; they might not add up to 100%
Source: SME Bank Economic Research

RESULT (4/5)

6 MSMEs aim to expand workforce, a shift from previous status quo



Continuous preference for permanent staff over temporary roles since 1H 2024



Top 3 sectors that are hiring:



7 MSMEs are prioritising expansion as their main focus

Expansion plan

74% 2H 2025 | **64%** 1H 2025

Marketing/branding

66% 2H 2025 | **58%** 1H 2025

Technology adoption

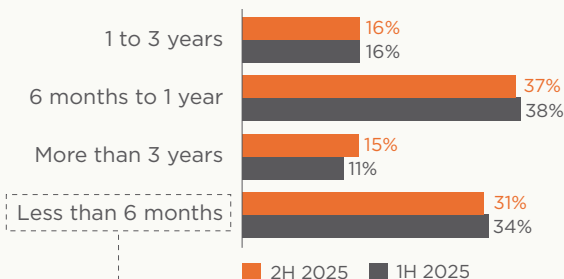
65% 2H 2025 | **56%** 1H 2025

Cost savings

63% 2H 2025 | **56%** 1H 2025

8 Cash reserves improve across MSMEs...

...micro firms remain most vulnerable.



32% Medium | **24%** Small | **39%** Micro

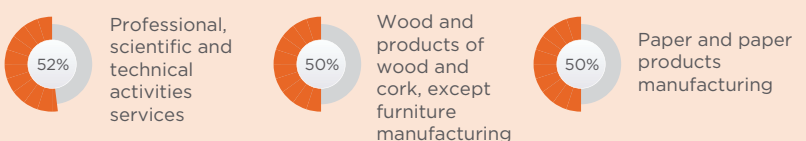
6 months above

Resilient sectors



Less than 6 months

Vulnerable sectors



RESULT (5/5)

9 Despite improved financial resilience, 81% of MSMEs still seek financing

91%
Medium

82%
Small

77%
Micro

Purpose of financing (% respondents)

Financing for working capital	52%
Financing for business expansion	41%
Financing related to sustainability practices	5%
Financing for technology adoption	2%

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