FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 1Q25

The Board of Directors of Frencken Group Limited ("**Frencken**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide a voluntary update on the Group's business and financial performance for the three months ended 31 March 2025 ("1Q25").

1Q25 BUSINESS OVERVIEW

The Group's revenue grew 11.5% year-on-year (yoy) to S$215.8 million in 1Q25 on the back of higher contribution from the Mechatronics Division.

Gross profit margin for 1Q25 expanded to 14.8% from 13.7% in 1Q24 in tandem with improved operating leverage. As a result, the Group registered a 12.0% growth in net profit attributable to equity holders of the Company ("PATMI") of S$10.0 million in 1Q25 compared to S$9.0 million in 1Q24.

	1Q25	1Q24	YoY change
Revenue (S$ m)	215.8	193.6	11.5%
Gross profit margin	14.8%	13.7%	1.1 ppt
PATMI (S$ m)	10.0	9.0	12.0%

REVENUE ANALYSIS

The Mechatronics Division's revenue increased 14.9% yoy to S$195.4 million in 1Q25, driven mainly by higher revenue contribution from the semiconductor segment. The revenue performance of this division's main business segments in 1Q25 is provided below:

- **Semiconductor** segment's revenue gained 33.7% yoy to S$106.2 million on the back of steady sales growth to a key customer in Europe and a strong rebound in sales from the Asia operations. The Group's operations in Asia benefited from a pick-up in demand and reaped rewards from its efforts to broaden product portfolio with key customers in the front-end equipment sector.

- **Medical** segment's revenue increased 1.2% yoy to S$33.1 million due mainly to increased customer orders in Asia.

- **Analytical life sciences** segment's revenue was relatively stable at S$46.0 million in 1Q25 compared to S$46.6 million in 1Q24. Higher sales from Asia operations and increased orders from a major customer in Europe helped to offset softer demand from other customers.

- **Industrial automation** segment's revenue declined 18.7% yoy to S$7.7 million in tandem with slower orders from a key customer in data storage solutions. This was due mainly to a fundamental change in the customer's product to higher capacity data storage solutions, leading to a reduction in their unit volume of shipments.

The IMS Division's revenue decreased 13.9% yoy to S$19.7 million in 1Q25, due mainly to lower contributions from the automotive, and consumer and industrial electronics segments. The Group witnessed a 15.7% decrease in sales to automotive customers to S$14.1 million during 1Q25. Consumer and industrial electronics segment also recorded softer revenue of S$4.1 million in 1Q25, down 14.0% yoy.

In terms of revenue breakdown by business segments, the semiconductor segment accounted for 49% of Group revenue in 1Q25. Analytical life sciences and medical segments contributed 21% and 15% respectively, while the industrial automation and automotive segments each made up 4% and 7% of revenue in 1Q25.

BALANCE SHEET HIGHLIGHTS

As at 31 March 2025, the Group had total assets of S$730.2 million, including cash and cash equivalents of S$145.8 million. Total liabilities stood at S$284.7 million, of which total borrowings amounted to S$74.0 million. The Group had shareholders' equity of S$442.0 million, equivalent to a net asset value of S$1.03 per share. At the end of 1Q25, the Group remained in a sound financial position with net cash of S$71.8 million and a total debt-to-equity ratio of 16.7%.

BUSINESS SEGMENT OUTLOOK

The heightened global trade tensions and current unpredictability of trade policies have led to greater economic uncertainties and dimmed the world's growth prospects. Companies worldwide are grappling with repercussions of the sweeping USA tariffs on costs, supply chain, market demand, inflation rates and foreign currency markets.

Presently, Frencken does not envisage the USA tariffs to have a significant direct impact on its sales. Based on historical financial information, shipments to the USA accounted for only around 9% of the Group's revenue in FY2024, of which a majority of these exports were shipped from Singapore (approximately 6% of FY2024 revenue). Moreover, the import tariffs would be borne by customers based on the incoterms. Nonetheless, the Group expects the operating conditions to remain challenging and volatile.

Frencken believes its proven business model built on market diversity and strong partnerships with market leaders fortifies the Group's resilience against economic volatility to thrive over the long term. This core focus gives the Group a distinct advantage in the current environment of escalating trade war risks. Based on its tenet of "Global Reach, Local Expertise", Frencken has over the past years embarked on strategic initiatives to develop well-balanced capabilities across its global sites through internal knowledge and technology transfers.

As a result of these efforts, the Group is in a unique position today to leverage its global infrastructure across Asia, Europe and the USA to enable "local-for-local" and/or supply chain diversification solutions for customers and seize opportunities that may arise from the shifts in global trade.

Thus far, the Group has not witnessed any major changes to its business programs with key customers. The Group remains in close engagement with them to ensure prompt response to their needs and reinforce Frencken's standing as their strategic manufacturing partner.

In parallel with its tariff assessment on procurement of raw materials, the Group is working on several mitigating measures. These include ongoing discussions with relevant parties on supply chain adjustments and cost pass-through where applicable. To navigate the turbulent market conditions, the Group shall stay agile and vigilant while ensuring business and financial resilience.

Based on current indicators, and barring any adverse changes to customers' programs or the operating environment due but not limited to the fallout from tariff policies, the Group anticipates moderate revenue growth in 1H25 compared to 2H24. Notwithstanding this, the Group maintains a cautious view against the backdrop of increasing geopolitical and macroeconomic uncertainties.

Anticipated revenue performances of key business segments	1H25 versus 2H24
Semiconductor	Higher
Medical	Higher
Analytical life sciences	Stable
Industrial Automation	Stable
Automotive	Lower

On behalf of the Board,

Dennis Au
Executive Director

20 May 2025

About Frencken Group Limited

Frencken Group is a Global Integrated Technology Solutions Company that serves world-class multinational companies in the aerospace, analytical life sciences, automotive, healthcare, industrial and semiconductor industries.

Frencken Group operates on a worldwide scale through its established local presence of 19 operating sites and over 3,600 employees across Asia, Europe and the USA. Working in partnership with its growing base of global customers, the Group unites the strengths of its strategically located businesses to create value for a wide variety of end-user markets.

Leveraging on its advanced technological and manufacturing capabilities, Frencken Group provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions. The Group's extensive solutions span from product conceptualisation, integrated design, prototyping, new product introductions, supply chain design and management, state-of-the-art value and volume manufacturing services to logistics solutions.

INVESTOR RELATIONS CONTACT
Lisa Heng | mobile 9090 9887 | email lisa.heng@frenckengroup.com