



FRONTKEN CORPORATION BERHAD

PRESS RELEASE

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FRONTKEN POSTED A PROFIT AFTER TAX OF RM30.0 MILLION FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

Frontken delivered a third quarter 2023 profit after tax ("PAT") of RM30.0 million, a decrease of 21% as compared to last year's corresponding quarter, mainly due to a RM5.6 million withholding tax paid in relation to the dividend received from its Taiwan subsidiary in the current quarter as compared to withholding tax of RM1.9 million paid last year. The foreign exchange gain also decreased by RM1.7 million as compared to the previous year corresponding quarter. If the Group were to exclude the withholding tax, foreign currency exchange and under provision of incentive from an incorrect advice on the financial treatment of certain benefits in the preceding year corresponding quarter from the equation, the current quarter's performance would have been only 3% lower than the corresponding quarter in spite of the very challenging operating environment.

The Group's revenue for the current quarter ended 30 September 2023 decreased marginally by approximately 1% compared to the preceding year corresponding quarter. The Group's subsidiaries in Taiwan and Malaysia recorded a slightly lower revenue compared to the preceding year corresponding quarter due partly to weaker demand from its semiconductor customers. However, The Group's subsidiaries engaged in the oil and gas industry in Singapore and Malaysia performed better in the third quarter of 2023 due to better demand in that industry.

The Group's revenue was 10% higher as compared to the immediate preceding quarter due to higher contributions from all its subsidiaries. The PAT decreased by 14% due to the withholding tax paid for the dividend received from its Taiwan subsidiary. If the Group were to exclude the withholding tax and foreign currency exchange from the equation, the current quarter's performance would have been 5% higher than the immediate preceding quarter.

For the nine months ended 30 September 2023, the Group's revenue of RM368.7 million was 3% lower than that achieved in the previous corresponding period.

The PAT of the Group decreased by 11% as compared to previous corresponding period mainly due to lower revenue and higher tax payments. If the Group were to exclude the withholding tax, foreign currency exchange and under provision of incentive from an incorrect advice on the financial treatment of certain benefits in the previous

corresponding period, the current period performance would have only been 2% lower than the preceding year corresponding period.

The Semiconductor Industry Association announced that the global semiconductor industry sales during the month of August 2023 totaled USD44.0 billion, an increase of 1.9% compared to July 2023 but 6.8% less than August 2022. Global semiconductor sales ticked up on a month-to-month basis for the sixth consecutive month in August, demonstrating a slow-and-steady increase in market demand during the middle of the year. Global sales were down again in August compared to last year, but the year-to-year decrease was smaller than at any point since October 2022, providing optimism for continued momentum in the months ahead.

As for the oil and gas industry, the Group is cautiously optimistic that its business will be stronger compared to last year due to increased orders from the various contracts for provision of engineering services, manpower supply and also mechanical rotating equipment services and parts that its have with the oil majors.

Amidst the positive business developments in the third quarter of 2023, the Group will keep observing the current issues involving geopolitical tension, rising interest rates and inflationary pressure. At the same time, the Group will remain focused on the quality of its services and efficiencies so as to maintain its competitiveness and to deliver long term value to its stakeholders.