



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 1Q26

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 2026 (“1Q26”).

1Q26 BUSINESS OVERVIEW

During 1Q26, the Group’s Mechatronics operations in Asia (“Mechatronics Asia”) recorded continued revenue growth. This positive sales momentum provided a buffer against the anticipated easing in business volume at the Mechatronics operations in Europe (“Mechatronics Europe”) as previously guided in the Company’s FY2025 results announcement.

As Mechatronics Europe positions itself for a pick-up in business activity in the second half of this year, the Group envisages improving momentum for the remainder of the year. It also expects to deliver higher revenue and profit in FY2026 as key customers’ outlook remain positive.

For 1Q26, the Group reported revenue of S\$202.0 million and gross profit margin of 14.4%. Net profit attributable to equity holders of the Company (“PATMI”) for 1Q26 totalled S\$8.0 million which included a foreign exchange loss of S\$1.1 million.

	1Q26	1Q25	yoy change
Revenue (S\$ m)	202.0	215.8	(6.4%)
Gross profit margin	14.4%	14.8%	(0.4ppt)
PATMI (S\$ m)	8.0	10.0	(20.2%)

REVENUE ANALYSIS

The Mechatronics Division’s revenue decreased 7.7% yoy to S\$180.4 million in 1Q26. This was due mainly to lower revenue contributions from the semiconductor and analytical life sciences segments of Mechatronics Europe. The revenue performance of this division’s main business segments in 1Q26 is provided below:

- **Semiconductor** segment’s revenue eased 7.0% yoy to S\$98.8 million. Mechatronics Asia registered robust sales growth from its key front-end and back-end semiconductor equipment customers during 1Q26. This partially cushioned against the decrease in sales from Mechatronics Europe, which saw a moderation in orders of an advanced module for EUV systems from its peak level in 2025.
- **Medical** segment’s revenue improved 5.0% yoy to S\$34.7 million due mainly to increased customer orders in Europe.
- **Analytical life sciences** segment’s revenue declined 21.2% yoy to S\$36.2 million as customer demand in Mechatronics Europe remained soft in 1Q26.

- **Industrial automation** segment's revenue was relatively stable at S\$7.6 million. This was contributed mainly by a key data storage customer's capital expenditure on upgrading and maintenance of assembly and test lines.

The APS Division's revenue increased 4.3% yoy to S\$20.5 million in 1Q26, driven primarily by a 12.0% growth in sales to automotive customers to S\$15.8 million. This more than offset a 5.2% decline in sales from consumer and industrial electronics segment to S\$3.9 million in 1Q26.

In terms of revenue breakdown by business segments, the semiconductor segment accounted for 48.9% of Group revenue in 1Q26. Analytical life sciences and medical segments contributed 17.9% and 17.2% respectively, while the industrial automation and automotive segments each made up 3.8% and 7.8% of revenue in 1Q26.

BALANCE SHEET HIGHLIGHTS

As at 31 March 2026, the Group had total assets of S\$774.3 million, including cash and cash equivalents of S\$142.0 million. Total liabilities stood at S\$285.3 million, of which total borrowings amounted to S\$26.6 million. The Group had shareholders' equity of S\$485.4 million, equivalent to a net asset value of S\$1.13 per share. At the end of 1Q26, the Group remained in a sound financial position with net cash of S\$115.4 million and a total debt-to-equity ratio of around 5.5%.

OPERATING ENVIRONMENT AND OUTLOOK

Operating Environment

The macroeconomic environment remains uncertain amid geopolitical conflicts, as well as the ongoing and evolving trade tensions and policies. The conflict in the Middle East has contributed to disruptions in energy markets and supply chain cost pressures, while weighing on the outlook for global growth. Despite these challenges and volatility in the foreign exchange markets, we remain focused on strengthening operational resilience, maintaining discipline in execution and responding to changing market conditions with agility.

While there have been no major disruptions to the Group's supply of key raw materials, it has taken proactive steps to build buffer stock so as to ensure it has sufficient inventory to cater to anticipated demand. The Group will generally pass on any increases in material and operating costs arising from the Middle East conflict to customers, albeit with a time lag.

Backed by its market and geographical diversity, sound financial position and strong customer partnerships with market leaders, the Group's resilient business model will enable it to navigate volatile market conditions and thrive over the long term.

Outlook / Plans

The Group is optimistic about the opportunities ahead and maintains a positive outlook for FY2026. This is supported by strong projections of key customers, the Group's resilient business fundamentals, strengthened capabilities and continued focus on operational execution.

- **Strategic focus for sustainable and profitable growth**

The Group will maintain a diverse portfolio that provides exposure to technology businesses of varying growth and stability profiles for better resilience.

Its strategic focus in the next phase is to capitalise on current tailwinds and emerging opportunities for core businesses as well as build new growth engines, through organic and/or inorganic avenues.

To support its growth plans to reach and go beyond the S\$1 billion revenue mark, Frencken has embarked on an organisational alignment initiative to build a scalable and efficient infrastructure. This

multi-phase initiative will see a centralisation of horizontal functions to raise productivity, improve resource deployment and extract cost efficiencies in the future.

- **Core businesses' outlook / New business pillars**

Frencken is well-positioned to ride the current semiconductor upcycle as it serves market-leading OEMs across a broad spectrum of chip manufacturing processes from wafer fabrication to assembly and test.

Mechatronics Asia's growth in 1Q26 was driven by sustained demand from key front-end and back-end semiconductor equipment customers. It currently sees a positive growth trajectory supported by active semiconductor programs in volume production, multiple First Articles and new projects as the division continues to build on future pipeline and wallet share.

Mechatronics Europe is proactively aligning its capacity and resources as engagements with a key semiconductor customer reaffirm a recovery in order flow from the second half of FY2026.

The medical segment is poised for stable growth as the Group continues to support its customers in Europe. It also plans to explore opportunities with other prospective customers from the healthcare equipment sector in Asia.

While the analytical life sciences business was slow in 1Q26 due to subdued demand in Europe, the Group believes this situation could stabilise in the latter part of this year.

To support higher business volumes, the Mechatronics Division has recently increased its production capacity in Malaysia.

In Singapore, the construction of a new facility is currently on track for completion in the first quarter of 2027, and be operationally-ready by the second half of FY2027. This new building is a timely development that will position the Group to capitalise on opportunities in the semiconductor sector which is expected to continue growing beyond 2026.

Based on key customers' outlook, the APS Division's automotive radar antenna business is anticipated to reach an inflection point in FY2026. Production of radar antennas is anticipated to ramp up from the second half of this year and should help counterbalance the impact from legacy automotive products that are at the end of their lifecycle.

The APS Division is also working to develop new growth catalysts beyond automotive solutions. The division has collaborated with partners to introduce a new generation of plastic gearbox for service robots and humanoids to prospective customers.

- **Anticipated revenue performances of key business segments**

Based on current indicators and barring any unforeseen circumstances, the anticipated revenue performances of key business segments for first half of FY2026 ("1H26") are shown below.

	1H26 versus 1H25
Semiconductor	Mechatronics Asia – Higher Mechatronics Europe – Lower
Medical	Higher
Analytical life sciences	Lower
Industrial Automation	Stable
Automotive	Higher

Total revenue for 1H26 is envisaged to be broadly in line with 1H25, though unfavourable foreign currency movements and the time lag for cost pass-throughs could have a higher-than-expected impact on the bottom line. Notwithstanding this, the Group foresees stronger business momentum in 2H26 to support revenue and profit growth for FY2026, barring any adverse changes in external environment and volatility in foreign exchange markets.

On behalf of the Board,

Dennis Au
Executive Director

19 May 2026

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 18 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

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