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FOR IMMEDIATE RELEASE

- **Strong revenue growth from Middle East operations**
- **Underlying profit before tax of S$6.0 million**

Singapore, 10 May 2023 – SGX Mainboard-listed MTQ Corporation Limited ("MTQ" or "Group"), an established regional engineering, repair and maintenance services group, reported today its results for the six months and twelve months ended 31 March 2023 ("2HFY2023" and "FY2023" respectively).

Financial Highlights	2HFY2023	2HFY2022	Chg	FY2023	FY2022	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	48,932	27,184	80	83,834	52,043	61
Gross Profit	16,245	7,463	118	26,986	14,669	84
Gross Profit Margin	*33.2%*	*27.5%*		*32.2%*	*28.2%*	
Other Income	297	439	(32)	750	620	21
Other Operating Expenses	(6,220)[1]	(2,744)	127	(10,240)[1]	(5,589)	83
Staff Costs	(5,105)	(4,567)	12	(9,700)	(8,368)	16
Finance Costs	(1,040)	(409)	154	(1,754)	(833)	111
Underlying Profit Before Tax	**4,177**	**182**	**2,195**	**6,042**	**499**	**1,111**
Non-cash impairments/provisions[2]	(1,169)	(63)	1,756	(1,169)	28	n/m
Loss on liquidation of a subsidiary	(1,003)	-	100	(1,003)	-	100
Government Grants	79	205	(61)	142	907	(84)
Overall Profit Before Tax	**2,084**	**324**	**543**	**4,012**	**1,434**	**180**
Tax Expense	(12)	(88)	(86)	(155)	(151)	3
Profit After Tax	**2,072**	**236**	**778**	**3,857**	**1,283**	**201**

[1]Included expenses relating to Pandan Property and relocation costs of S$531k and S$808k in 2HFY2023 (FY2023: S$1,096k and S$820k) respectively.

[2]Non-cash impairments/provisions relate to allowance for inventory obsolescence and stock written-off.

Financial Review

The Group reported S$48.9 million revenue for 2HFY2023, an increase of 80% year-on-year ("yoy") compared to S$27.2 million in 2HFY2022 as activities continue to pick up particularly in the Middle East where Bahrain posted its highest annual revenues. In Singapore, the Group also recorded significant growth mainly due to spillover opportunities from the Middle East. Gross profit margins have also improved to 32-33% levels as the Group operated at a high utilization throughout the financial year.

Revenue by geographical segment	2HFY2023	2HFY2022	FY2023	FY2022
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore	20,137	11,810	38,707	23,264
Bahrain	26,427	13,844	40,337	24,096
Australia & United Kingdom	2,368	1,530	4,790	4,683
Total	**48,932**	**27,184**	**83,834**	**52,043**

Other operating expenses and staff costs rose in tandem with higher revenue growth. However, other operating expenses also included surplus overheads arising from operating out of two facilities while the Group shifts its key Singapore operations from Pandan Loop to Tuas. This move has now essentially been completed. Pandan Property related costs and relocation costs incurred during the year were S$1.1 million and S$0.8 million respectively. These expenses will discontinue in the near future once the disposal of the Group's leasehold property in Pandan Loop is completed. Finance costs increased with higher borrowings during the period and additional interest on lease liabilities from Tuas's lease accounting.

Despite the increase in costs, the Group recorded a significant increase in underlying profit before tax of S$4.2 million in 2HFY2023, bringing the year-to-date underlying profit before tax to S$6.0 million.

Loss on liquidation of a subsidiary relates to the reclassification of S$1.0 million historical foreign currency translation and hedge reserves to profit or loss upon completion of liquidation of Blossomvale Holdings Ltd (this has no impact to net assets nor total comprehensive income). In addition, the Group recognized additional provisions for inventory obsolescence on certain inventories that have not been utilized for some time due to a shift in market requirements for these particular specifications of inventories. It was also notable that government grants reduced significantly due to discontinuation of COVID-19 related grants.

Overall, the Group recorded a net profit of S$2.1 million in 2HFY2023, translating to S$3.9 million for the full year.

Cash flows	2HFY2023	2HFY2022	FY2023	FY2022
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- **Operating activities**	6,909	503	3,298	127
- **Investing activities**	(4,062)	(7,873)	(5,670)	(8,035)
- **Financing activities**	2,785	(4,038)	7,915	(6,123)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	5,271	(11,470)	5,239	(14,139)
Cash and cash equivalents at end of financial period/year	13,568	8,329	13,568	8,329

The Group recorded net cash inflows of S$6.9 million from operations for 2HFY2023 as working capital started to stabilize, turning around the year-to-date cash flows from operating activities to positive S$3.3 million. Within the investing activities, the Group paid an amount of S$3.2 million (FY2023: S$3.3 million) for the additional and alteration works associated with the leasehold property in Tuas. Together with the S$2.8 million (FY2023: S$9.8 million) net proceeds from bank borrowings, the Group had cash and cash equivalents of S$13.6 million as at 31 March 2023 and a net debt gearing of 9.5%. The Group has also completed the refinancing of its unsecured facilities for another 3 years.

Balance Sheet	31 Mar 2023	31 Mar 2022
	SGD'000	SGD'000
Net current assets	37,701	28,557
Net assets	63,028	57,177
Cash and cash equivalents	13,568	8,329
Bank borrowings	20,219	10,555
Shareholder's funds	63,028	57,313
Net gearing[3]	9.5%	3.7%
Net assets value per share[4]	29 cents	27 cents

[3] *Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.*

[4] *Net assets value is calculated based on the Group's net assets after deducting the non-controlling interest, divided by the total number of issued shares excluding treasury shares as at the end of the financial year.*

The Board of Directors has proposed a final cash dividend of 0.5 Singapore cents per share, representing a payout ratio of approximately 29.1% of the Group's profit attributable to shareholders. If approved at the Company's next Annual General Meeting, it will be paid around August 2023.

Results & outlook

Commenting on the financial results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said,

"We are delighted to announce a strong financial year for the Group. Our full-year revenue increased by 61% compared to the previous year, driven by significant growth in drilling activities in the Middle East. This was reflected in our operating performances especially in Bahrain and Singapore.

Looking ahead, we are committed to maintaining this momentum and to meet the needs of our customers. We will focus on investing in our people and our infrastructure to drive operational efficiencies. The Group will also accelerate its efforts to look for new areas of growth amid current high utilization levels. The Middle East is an important area in our future growth.

The Group has recently announced that it received consent from JTC for the sale of the Pandan Property and is working towards completing the disposal as soon as we can. Having completed the relocation of operations to Tuas, our focus will be on consolidating operations at Tuas and maximizing efficiencies within the Group."

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About MTQ Corporation Limited (Bloomberg Code: MTQ.SP)

Established in 1969, **MTQ Corporation Limited ("MTQ")** specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations. Well-known for its broad experience for over 35 years and commitment to service quality, MTQ is the authorized working partner for some of the world's largest OEMs in drilling equipment, and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards. The Premier group, in additional to repair and manufacture of oilfield equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. The Binder group, based in Perth with a production facility in Indonesia, designs and manufactures proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas sector. Mid-Continent is an oilfield equipment and spares supplier distributing wide range of trusted oilfield manufacturer brands. In-Line Valve, headquartered in the United Kingdom, designs, engineers and supplies flow control valves focused in the upstream oil and gas industry.

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