FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

BUSINESS UPDATE FOR 3Q26

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 30 September 2026 ("3Q26").

3Q26 BUSINESS OVERVIEW

The Group posted a significant 31.3% year-on-year ("yoy") growth in net profit to S$13.0 million for 3Q26. On a sequential basis, this was also 15.5% higher than net profit of S$11.3 million in 2Q26.

The stronger bottom-line performance was achieved on the back of a 12.8% yoy increase in revenue to S$238.5 million in 3Q26. With disciplined execution, the Group's Mechatronics operations in Asia ("Mechatronics Asia") continued to deliver stellar sales growth for its semiconductor segment during 3Q26, even as business activities in Mechatronics Europe gained pace over the past three quarters.

In tandem with higher revenue, the Group's gross profit margin in 3Q26 widened to 15.9% compared to 14.8% in 3Q25.

For the nine months ended 30 September 2026 ("9M26"), Group revenue edged up 3.6% to S$666.3 million while net profit rose 8.1% to S$32.3 million.

Based on current visibility and key customers' favourable business outlook, the Group maintains its view that revenue and net profit for FY2026 are expected to be higher than FY2025.

	1Q26	2Q26	3Q26	3Q25	*YoY change*	9M26	9M25	*YoY change*
Revenue (S$ m)	202.0	225.8	**238.5**	211.5	*12.8%*	666.3	642.8	*3.6%*
Gross profit margin	14.4%	15.7%	**15.9%**	14.8%	*1.1ppt*	15.3%	14.3%	*1.0ppt*
Net profit* (S$ m)	8.0	11.3	**13.0**	9.9	*31.3%*	32.3	29.8	*8.1%*

**Net profit attributable to equityholders*

REVENUE ANALYSIS

The Mechatronics Division's revenue rose 13.4% yoy to S$214.3 million in 3Q26, driven by the semiconductor and medical segments. The revenue performance of this division's main business segments in 3Q26 is provided below:

- **Semiconductor** segment's revenue gained 25.9% yoy to S$124.8 million, boosted mainly by the semiconductor business in Asia which registered strong double-digit sales growth in 3Q26. The semiconductor segment in Europe continued to witness quarter-on-quarter sales improvement during 9M26.

- **Medical** segment's revenue climbed 26.1% to S$39.9 million on the back of increased orders from a major customer in Europe.

- **Analytical life sciences** segment recorded lower revenue of S$37.5 million, a decline of 8.6% yoy amid soft business conditions in Europe.

- **Industrial automation** segment's revenue was down 39.9% yoy to S$8.1 million for 3Q26. This is in line with the Group's expectation of lower orders from a major data storage solutions provider during the second half of FY2026 compared to the year-ago period. This segment's revenue is typically lumpy as it is largely dependent on a key customer's capital expenditure on maintenance/upgrades or capacity additions for its assembly lines.

The APS Division's revenue increased 7.0% yoy to S$23.0 million in 3Q26. This was led primarily by the automotive segment which registered a 10.0% growth in revenue to S$17.2 million on higher sales of radar antennas. Sales from the consumer and industrial electronics segment improved to S$4.7 million in 3Q26 from S$4.4 million in 3Q25.

In terms of revenue breakdown by business segments, the semiconductor segment accounted for 52.3% of Group revenue in 3Q26. Medical business is the second largest segment with a revenue share of 16.7%. Analytical life sciences segment contributed 15.7%, while the industrial automation and automotive segments each made up 3.4% and 7.2% of revenue in 3Q26.

BALANCE SHEET HIGHLIGHTS

As at 30 September 2026, the Group had total assets of S$924.8 million and total liabilities of S$326.5 million, of which total borrowings stood at S$55.8 million. Shareholders' equity amounted to S$594.2 million, equivalent to a net asset value per share of S$1.25. With net cash of S$166.8 million (which included net proceeds of approximately S$97.1 million arising from a share placement completed on 3 September 2026) and a debt-to-equity ratio of 9.4%, the Group's financial position at the end of 3Q26 remained sound.

OPERATING ENVIRONMENT AND OUTLOOK

Operating Environment

Frencken's business continued to gather momentum in 3Q26, with growth in both revenue and net profit. Given this trajectory, and the upbeat projections of certain key customers, the Group affirms its positive outlook for the second half of 2026 ("2H26") and FY2026.

The Group continues to keep a close watch on the operating environment in view of the protracted geopolitical conflicts and uncertainties following the US midterm elections. Higher energy costs, supply chain disruptions, persistent inflationary pressures and rising interest rates could pose risks to global growth. Amid these macroeconomic developments, the foreign exchange markets remain volatile while trade policies may continue to evolve.

Frencken has a proven business model built on market and geographical diversity, strong customer partnerships with market leaders and robust financial position.

Backed by solid fundamentals and sound execution capabilities, the Group believes it is well-positioned to capitalise on business opportunities and navigate the volatile macroenvironment with its continued focus on operational discipline, agility and resilience.

Outlook / Plans

- **Core business segments**

Amid sustained optimism surrounding the chip industry's growth prospects, the Group continues to see healthy order pipeline and firm demand for its semiconductor business.

The semiconductor business at Mechatronics Asia is envisaged to expand at a solid pace for 2H26, supported by improving demand and incremental revenue from more programs with a key front-end equipment customer in Asia. Mechatronics Asia is continuing to work on new programs to expand its pipeline and wallet share with customers in both Asia and Europe.

Mechatronics Europe is presently ramping its activities to support a major semiconductor front-end equipment customer which has witnessed an acceleration in its order book momentum. The Group envisages order inflows to continue growing in 2027 in tandem with the customers' positive outlook.

Frencken's Mechatronics Europe and Mechatronics Asia will continue to align its capacity and capabilities to key customers' needs and product roadmap.

With additional capacity and capabilities to come onstream at its new factory in Singapore in the second half of 2027, the Group believes the Mechatronics Division will be well-placed to extend its growth momentum during this semiconductor sector upcycle.

The medical segment is anticipated to deliver steady sales growth for 2H26. Based on current visibility, sales of the analytical life sciences segment are expected to be stable in 2H26, even though revenue on a full-year basis is expected to be softer.

In line with its strategy to position the Group for future opportunities in the physical AI market, Frencken continues to make good headway for its business in automotive radar antennas which are essential in connected and autonomous vehicles.

- **New business pillars**

Besides pursuing organic expansion, the Group plans to add new business engines to sustain growth above the S$1 billion annual revenue milestone. To strengthen its resources and flexibility to execute expansion plans and seize strategic opportunities, the Group completed a share placement in 3Q26.

To develop new business pillars, the Group intends to explore strategic M&A, investments or alliances that could complement existing businesses, introduce new capabilities or enhance growth potential.

Notably, it is looking to pursue opportunities in the technology industry that offer recurring revenue potential. This can provide a cushion against potential swings that are typical of capital equipment businesses, and help to further fortify the Group's resilience.

In the physical AI market, Frencken has collaborated with partners to introduce a new generation of plastic gearbox for service robots and humanoids.

This business is in its infancy with product development presently at the prototype stage. Nevertheless, the Group believes the gearbox business could bring new potential when the solution is successfully adopted and rolled out. It plans to harness this opportunity through potential investments as appropriate.

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

Total revenue for 2H26 and FY2026 is expected to be higher yoy, barring any unforeseen circumstances and volatility in foreign exchange markets. Based on current indicators, the anticipated revenue performances of key business segments are shown below.

	2H26 versus 2H25	FY2026 versus FY2025
Semiconductor	Higher	Higher
Medical	Higher	Higher
Analytical life sciences	Stable	Lower
Industrial Automation	Lower	Lower
Automotive	Higher	Higher

In view of the favourable backdrop for the global semiconductor equipment industry, the Group envisages continued growth in FY2027, based on the strength of its current business pipeline, prevailing demand trends and market conditions.

Given the present trajectory of its existing core businesses, Frencken is confident of achieving annual revenue of S$1 billion by 2028 if not earlier, save for any unforeseen developments.

On behalf of the Board,

Dennis Au
Executive Director

18 November 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.

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Given these risks, uncertainties and assumptions, the forward-looking events referred to in this announcement may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements. Investors should assume that the information in this presentation is accurate only as of the date it is issued. Frencken's business, financial conditions, results of operations and prospects may have changed since that day. Frencken has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.