

FOR IMMEDIATE RELEASE

KPS Continues to Post Growth Whilst Navigating Operational Headwinds

- ***PAT increased moderately following demand normalisation and volatility in IC supply***
- ***KPS to streamline operations and resources for cost control***

Shah Alam, Malaysia, 26 August 2022 - Kumpulan Perangsang Selangor Berhad's ("KPS" or "the Company" or "the Group") (KPS, Bursa: 5843; Bloomberg: KUPS:MK; Reuters: KPSB.KL) today reported RM325.5 million in revenue for the quarter ended 30 June 2022, a marginal year-on-year ("YoY") increase compared with RM323.8 million registered in the same quarter last year. The operating profit recorded a 17% growth to RM18.5 million as compared with RM15.9 million in the corresponding period last year. Bottom line, the profit after tax and zakat ("PAT") increased to RM4.7 million compared with the RM2.8 million it booked in the corresponding quarter last year.

HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2022

The **manufacturing business** recorded lower revenue YoY at RM272.7 million as compared with RM276.6 million in the same quarter last year, pinned by demand normalisation on some products and electronic chips ("IC") shortages. The manufacturing business, comprising Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas"), Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), King Koil Manufacturing West LLC ("KKMW") and King Koil Sales Inc ("KCSI") contributed 84% to the Group revenue. Toyoplas remained as the main revenue contributor to the Group, coming up with RM123.5 million. Adding to the revenue pool are CBB, with the highest traction from the paper division, and CPI, with stronger growth posted by the healthcare division, each contributing RM58.3 million and RM55.5 million, respectively. The remaining RM35.5 million was from KKMW and KCSI combined, driven by higher OEM contributions.

The **trading** business grew by 36% YoY with total revenue of RM40.3 million this quarter as compared with RM29.7 million previously. The revenue increase was supported by Aqua-Flo Sdn Bhd's new water chemical and water meter contracts, of RM21.9 million and RM18.1 million, respectively. The **licensing** business also recorded an increase in revenue YoY at RM9.7 million as compared with RM8.6 million in the same quarter last year, led by the higher revenue from international licensees. The Group remaining revenue of RM2.8 million was from the infrastructure business and property investment.

For the quarter, the Group operating profit increased to RM18.5 million as compared with RM15.9 million in the same period last year, supported by higher gross profit margins at Toyoplas and KKMW. Finance costs arising from loans at the Company and subsidiaries eased by RM0.8 million to RM5.2 million as compared with RM6.0 million in the same period last year, in line with the progressive repayment of loans. The share of loss from associates was RM1.4 million as compared with RM0.2 million in the same quarter last year. The share of loss was mainly due to the higher amortisation of assets at Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT"), leading to a higher loss at Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holding").

Increased operating profit and lower finance costs resulted in KPS' higher profit before tax and zakat ("PBT") of RM11.9 million, as compared with the RM9.7 million it registered in the corresponding quarter of the previous year. This being the case, PAT grew to RM4.7 million from RM2.8 million in the corresponding quarter last year.



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HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE 2022

The Group revenue increased by RM22.5 million, to RM654.7 million for the six months ended 30 June 2022, as compared with RM632.1 million in the same period last year. The revenue contribution from manufacturing of RM543.7 million was comparable with last year's RM543.6 million, the growth hampered by the normalisation of demand and volatility in the supply of IC. The trading and licensing businesses grew by 33% and 72%, contributing RM75.0 million and RM31.0 million, respectively. Growth in the trading business was led by higher demand for water chemicals and a successful venture into the water meter space. The performance of the licensing business was mainly attributed to an upfront payment of approximately RM10.0 million from an existing customer.

KPS increased its operating profit by RM11.7 million to RM51.8 million, up from RM40.2 million in the prior year period. The finance costs were also lower by RM1.8 million, to RM10.5 million as compared with RM12.3 million in the corresponding period of the previous year. During the period under review, the Group recorded a share of loss of associates of RM5.6 million, reversing the RM0.8 million share of profit of associates it recorded in the same period last year. This was primarily due to the higher amortisation of assets at SPRINT during the period. Notwithstanding the above, PBT advanced to RM35.8 million as compared with the RM28.7 million it recorded in the same period last year. Accordingly, PAT improved to RM21.1 million from RM15.0 million in the corresponding period last year.

KPS' Managing Director/Group Chief Executive Officer, Ahmad Fariz Hassan, said:

"The normalisation of pandemic-boostered customer demand and continual shortages of IC supply were two significant factors in the manufacturing performance's rather flat revenue. In particular, Toyoplas' operations were hampered by the mandatory shutdown of our Dongguan and Shanghai plants due to China's zero-COVID policy. To address Toyoplas' operational challenges and mitigate the accompanying regulatory risks whilst managing escalated operating costs, we will be streamlining our resources and operations, which may involve revisit of operational capacities for a more cost-efficient operational environment."

"Recession and inflation fears, coupled with macroeconomic uncertainty and volatility, may render the operating environment to remain challenging. Also, the fading of pent-up demand and rising input costs would challenge growth prospects and earning visibility. With this in mind, we have realigned our expectations of the business's prospects with the current external macro environment and our internal operational dynamics. Nevertheless, the Group will remain vigilant and focus more on key priorities such as production and cost optimisation to preserve our core top line while defending the core earnings," Ahmad Fariz commented on the Group operational and financial prospects for the remainder of 2022.

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About Kumpulan Perangsang Selangor Berhad (www.kps.com.my)

Incorporated on 11 August 1975, Kumpulan Perangsang Selangor Berhad (“KPS” or “the Company” or “the Group”) is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services Sector. KPS has core investments in the Manufacturing sector. While enhancing shareholder value by optimising returns, KPS is committed to contributing toward sustainable economic, environmental, and social development.

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