



Texchem Resources Bhd

Registration no: 197301002868 (16318-K)

PRESS STATEMENT / SIARAN AKHBAR

(FOR IMMEDIATE RELEASE)

TEXCHEM DELIVERS HEALTHY AND SUSTAINABLE FY22 PERFORMANCE

- FY22 revenue improved 5.2% YoY to RM1.14 billion while PBT rose 27.2% YoY to RM39.0 million.
- FY22 net profit stood at RM21.9 million, which included RM9.4 million accounting treatment for ESOS.
- Total dividend per share for FY22 amounts to 13.0 sen, representing a dividend payout of 50% of net profit before the accounting treatment for ESOS.
- Long-term outlook remains positive with the execution of growth plans as the key focal point.

George Town, 23 February 2023 – Malaysian conglomerate and Main Market-listed company, Texchem Resources Bhd (“Texchem”) (“德健资源”) has announced its fourth quarter (“4QFY22”) and full year financial results for the period ended 31 December 2022 (“FY22”) today.

Texchem’s revenue for the financial year under review reached RM1.14 billion, reflecting a 5.2% year-on-year (“YoY”) improvement from RM1.09 billion last year. The growth was predominantly due to higher sales from its polymer engineering, food and restaurant divisions.

On the back of improved efficiency and cost controls, Texchem reported an improvement in profit before tax (“PBT”) margin to 3.4% as compared to 2.8% in the previous year. As a result, FY22 PBT rose by 27.2% YoY to RM39.0 million from RM30.7 million earlier.

Meanwhile, Texchem's FY22 profit after tax and non-controlling interest ("PATNCI" or "net profit") stood at RM21.9 million as compared to RM25.4 million in the previous year. The bottom-line was impacted by the accounting treatment of employee share option scheme, referred to as share-based payments in the financial statements totalling RM9.4 million (ESOS) and higher effective tax rate. The higher effective tax rate arises from certain tax expenses that are not tax deductible including ESOS and withholding tax on foreign dividend income. Tax expenses for the year stood at RM14.7 million against RM4.7 million in the previous year. For clarity, the net profit before accounting treatment for ESOS is RM31.3 million.

Commenting on the financial performance of Texchem Resources Bhd Group of Companies ("the Group"), **Executive Chairman of Texchem, Tan Sri Dato' Seri (Dr) Fumihiko Konishi (丹斯里小西史彦)**, said "We are pleased with the set of results posted for FY22 against the backdrop of a highly challenging and uncertain environment. In fact, the Group performed better operationally as demonstrated by the rise in our full year PBT and this was credited to the transformation strategies we implemented previously. However, our reported bottom-line stood lower due to ESOS, which also resulted in a higher effective tax rate. After adjusting for ESOS, Texchem's net profit improved healthily by 23.2% to RM31.3 million in FY22 versus RM25.4 million a year ago."

"As we forge ahead, Texchem remains laser-focused on the execution of our growth plans and cost management. The Group will continue to build on our solid fundamentals and strong foundation across all our key divisions. Having a diversified business and revenue stream enable us to navigate through the headwinds and various business cycles."

"While the market landscape is expected to remain demanding, we see pockets of opportunities that we can leverage. The Group is ready to capitalize on the growth and recovery of the sectors that we serve. All in all, we are cautiously optimistic on the outlook of the Group and will remain cautious and prudent as we move forward."

Texchem's 4QFY22 revenue was at RM251.8 million with a net loss of RM0.3 million. For the current quarter under review, the performance was impacted by weaker demand and sentiment along with higher input costs. Other contributing factors were higher tax expenses stemming from certain expenses, which were not tax deductible including ESOS and withholding tax on foreign dividend income. The Group would have delivered a net profit of RM3.2 million for 4QFY22 after adjusting for the accounting treatment for ESOS of RM3.5 million.

For the current quarter under review, Texchem is declaring a second interim dividend of 5.0 sen per share. Total dividend per share for the current financial year amounts to 13.0 sen, representing a 50% payout of net profit before ESOS. The Group has a dividend policy of 50% payout of net profit.

About Texchem

Texchem was founded in 1973 as a textile chemical trader before transforming into a Malaysian conglomerate. Texchem was listed on the Second Board of Kuala Lumpur Stock Exchange (KLSE) in 1993 and subsequently transferred to the Main Market of Bursa Malaysia Securities Berhad in 2001. Texchem's headquarter is in Penang with presence in Malaysia and across ASEAN countries, serving customers in various countries. Today, the Group has 5 core business divisions – industrial, polymer engineering, food, restaurant and venture business.

The industrial division provides integrated sourcing and distribution solutions for polymer, plastic resins, industrial chemicals, food additives, dyestuff and textile chemicals to global and domestic customers. Meanwhile, the Group is also a polymer engineering solutions provider backed by strong in-house technological and design capability. It serves key industries such as data storage & memory, semiconductor, medical/life sciences, automotive, consumer electronics and fast-moving consumer goods. The production facilities are strategically located in major manufacturing hubs with 8 manufacturing facilities across 3 countries – Malaysia, Thailand & Vietnam.



The food division is engaged in the processing and marketing of marine products as well as aquaculture activities in Myanmar and Malaysia for export and domestic markets.

Under the restaurant division, Texchem is the founder and operator of Sushi King, Malaysia's largest Halal Japanese chain of restaurants with 132 outlets nationwide, which are supported by its integrated supply chain. Apart from Sushi King, other restaurant brands are Hoshino Coffee, Doutor Coffee and Miraku.

Lastly, Texchem's venture business initiates and nurtures new businesses which are synergistic to its existing core businesses. Currently, the division is focusing on TEXa, a patented and United States Department of Agriculture (USDA) certified durable bio-based polymer that is used to make products that can be reused multiple times, which promotes a circular economy.

Released on behalf of Texchem Resources Bhd by Capital Front Investor Relations.

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