



Texchem Resources Bhd

Registration no: 197301002868 (16318-K)

PRESS STATEMENT / SIARAN AKHBAR

(FOR IMMEDIATE RELEASE)

TEXCHEM DELIVERS 1HFY23 REVENUE OF RM509.0 MILLION

- Continues to be cautious on outlook given the uncertain market environment

George Town, 27 July 2023 – Malaysian conglomerate and Main Market-listed company, Texchem Resources Bhd (“Texchem”) (“德健资源”) has announced its second quarter (“2QFY23”) and first half financial results today for the period ended 30 June 2023 (“1HFY23”).

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 “Elevated economic uncertainties continued to affect our performance stemming from inflationary pressures and rising interest rates. The polymer engineering division faced challenges arising from weak global demand within the hard disk drive and semiconductor industries. Nevertheless, we remain steadfast in scaling our business and capitalizing on opportunities in promising sectors like medical and life sciences. Conversely, the restaurant division encountered obstacles on the back of subdued consumer sentiment and escalating operating costs, which we are actively addressing. Additionally, the division was affected by Ramadhan on a quarter-on-quarter (“QoQ”) basis.”

“All in all, while we expect the rest of FY23 to remain challenging, we remain optimistic on the long-term outlook of the Group. We will continue to strengthen our recovery strategies in response to global market recoveries and leveraging on our diversified business along with the solid fundamentals across the core business divisions,” Tan Sri Dato’ Seri (Dr) Fumihiko Konishi concluded.

For the current period under review, Texchem achieved a revenue of RM509.0 million. This was lower than the RM609.0 million reported in 1HFY22 as its core business units continued to be impacted by the global market uncertainties and high inflation. Consequently, this led to a net loss of RM6.5 million for 1HFY23, primarily attributed to the abovementioned factors, compounded by higher tax expenses. This was mainly due to certain expenses or losses being disallowed for tax purposes as well as non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

Similarly, the aforementioned factors also affected its financial performance in the current quarter under review. Texchem's 2QFY23 net loss stood at RM6.3 million while revenue was at RM240.5 million.

Separately, Texchem has been channelling more efforts on financial management to further strengthen its cash flow in response to the market challenges. On financial position, Texchem's net gearing has improved to 0.47x as of 2QFY23 compared to 0.58x at the end of the immediate preceding quarter. This was boosted by a healthy generation of net operating cash flow of RM39.5 million in the quarter under review. Besides, the Group has also enhanced its inventory management, by improving inventory turnover and enhancing operating efficiencies.

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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 128 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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