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MEDIA RELEASE

Vicplas International's 1H2024 revenue was S$51.1 million with a profit after tax of S$0.2 million

- Medical devices segment's performance continues to be affected by inventory rebalancing by certain customers post pandemic, but remains focused on building new capabilities and making operational its new Mexico manufacturing plant
- Pipes and pipe fittings' revenue continues to grow with Singapore's construction industry growth and demand from infrastructure works for upcoming residential and mega projects in Singapore

SINGAPORE, 15 March 2024 – SGX Mainboard-listed Vicplas International Ltd ("**Vicplas**", "威百亿国际有限公司" or the "**Company**", or collectively with its subsidiaries, the "**Group**"), today announced its results for the half year ended 31 January 2024 ("**1H2024**").

Financial Highlights

The Group's revenue for 1H2024 decreased by 23.1% to S$51.1 million from S$66.4 million in the half year ended 31 January 2023 ("**1H2023**") due to lower revenue from its medical devices segment and profit after tax decreased by 91.1% to S$0.2 million in 1H2024 from S$2.5 million in 1H2023.

Revenue for the medical devices segment was S$31.7 million in 1H2024, a decrease of 33.1% from S$47.4 million in 1H2023 due to the reduction in orders from certain customers as they continued to rebalance their post pandemic inventory levels in response to the gradual recovery of the global logistics situation.

The pipes and pipe fittings segment however recorded an increase of 1.7% in revenue to S$19.4 million in 1H2024 from S$19.0 million in 1H2023 as construction activities in Singapore improved.

Segmental Revenue			
S$'M	**1H2024**	**1H2023**	**% Change**
Medical Devices	31.7	47.4	(33.1)
Pipes & Pipe Fittings	19.4	19.0	1.7

Segmental Results[1]			
S$'M	**1H2024**	**1H2023**	**% Change**
Medical Devices	(1.6)	2.6	(163.2)
Pipes & Pipe Fittings	4.1	3.1	30.7

Other income increased by 25.4% to S$1.9 million in 1H2024 mainly due to the increase in income from tooling, mould and maintenance services as compared to 1H2023. Raw materials and consumables used decreased by 21.5% to S$26.4 million due to the decrease in production activities, and employee benefits expense (including salary) decreased by 14.1% to 17.7 million due to decreased headcount and overtime.

In 1H2024, depreciation and amortisation expenses increased by 16.6% to S$3.4 million mainly due to the depreciation of Changzhou plant extension which commenced in January 2023 which led to six months of depreciation being recorded in 1H2024 as compared to one month of depreciation in 1H2023.

Other operating expenses decreased by 26.3% to S$6.2 million in 1H2024 mainly due to foreign exchange gain of S$1.0 million in 1H2024 as compared to the foreign exchange loss of S$1.0 million in 1H2023. The decrease is partly due to lower production activities that resulted in lower laboratory and testing costs, factory consumables, and selling and marketing expenses.

Overall, the Group recorded profit before tax of S$0.3 million for 1H2024, which was a decrease of 91.6% from S$3.3 million for 1H2023; and profit after tax of S$0.2 million for 1H2024, which was a decrease of 91.1% from S$2.5 million for 1H2023. This translates into an earnings per share of 0.04 Singapore cents

[1] The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements

for 1H2024 (1H2024: 0.49 Singapore cents). The Group's adjusted EBITDA[2] for 1H2024 was S$4.0 million, which was a smaller decrease in percentage terms of 45.9%, compared to S$7.4 million for 1H2023.

Financial Position

As of 31 January 2024, the Group has a net asset value per share (excluding treasury shares) of 15.00 Singapore cents (31 July 2023: 15.37 Singapore cents)[3], shareholders' equity of S$76.7 million (31 July 2023: S$78.6 million) and cash and cash equivalents of S$4.5 million (31 July 2023: S$8.6 million).

Mr Walter Tarca, Group Chief Executive Officer of Vicplas commented: *"The performance of our medical devices segment continued to be affected by certain customers' rebalancing their post pandemic inventory levels, which commenced in FY2023 and has continued into 1H2024. Admittedly, we just have to go through this phase until the customers' inventory levels are right-sized to match the improved global logistics environment. In the interim, the medical devices segment will continue to work on efficiency improvements and commercialisation of its existing funnel of awarded new projects. In addition, we are moving ahead according to plan with the establishment of our new Mexico plant with internal fitouts now well underway. Our group's performance continues to be supported by the continued recovery of our pipes and pipe fittings segment, which taps on the growth of Singapore's construction sector. The pipes and pipe fittings segment will continue to focus on the pipeline of civil engineering projects driven by demand from infrastructure works for upcoming residential and mega projects in Singapore while broadening its product portfolio beyond the built environment. As a group, we will continue our efforts to mitigate the uncertain macro environment and ongoing inflationary and interest rate pressures, while remaining focused on new capability development, new customer acquisition from our expanded manufacturing footprint and business opportunities for future growth."*

[2] Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange by adding back unrealised foreign exchange loss and deducting unrealised foreign exchange gain.

[3] NAV per share is calculated based on 511,076,699 ordinary shares in issue excluding treasury shares as at 31 January 2024 (31 July 2023: 511,076,699 ordinary shares).

Business Outlook

For the next reporting period, the current expectation is for the Group's revenue growth to be somewhat constrained due to the conditions faced by the medical devices segment as discussed, whilst the pipes and pipe fittings segment is expected to continue its positive path. The Group also faces increasing operating costs due to inflationary pressures and higher investment, development and expansion costs.

While the Group remains cautiously optimistic, it is keeping a vigilant watch on challenges that may arise from uncertainties in the wider macro environment and the ongoing inflationary and interest rate pressures. The Group will continue to exercise prudent cost management, while developing new business opportunities, and strengthening its base for future growth.

<u>Medical devices segment</u>

In the financial year ended 31 July 2023 ("**FY2023**") the medical devices segment saw the review of internal supply chains by certain customers wanting to right-size finished goods inventories that may have been ordered as safety stocks during the uncertain days of the Covid-19 pandemic. Consequently, orders to the medical devices segment were significantly impacted starting in the second half of FY2023 and continuing into 1H2024. This reduced ordering situation is expected to continue until these customers' inventory levels have stabilised.

At the same time, the segment continued to face increased operating costs associated with the Changzhou plant extension, business development, marketing initiatives, and startup costs associated with the new plant in Juarez, Mexico. The plant in Jaurez, Mexico has been handed over to the segment which is in the midst of constructing the internal fitout, including clean rooms. Furthermore, the Group also brought on board additional technical staff in China and Singapore in 1H2024 to meet future demand for new project commercialisations from its customers.

During 1H2024, the medical devices segment continued to focus on building up new capabilities, as well as developing its new manufacturing site in Jaurez, Mexico to improve its collaboration and offerings to its global customer base. The segment expects the Mexico plant to contribute to segment revenue by the second half of calendar year 2024. The segment has also continued to focus on efficiency improvements and cost reductions at all its manufacturing locations.

The current expectation is for the revenue and segmental result of the medical devices segment to be constrained by the right-sizing of inventory by its customers (which is still in progress) and the new Mexico plant being set up and operationalised. After this phase is completed, the segment will be well-positioned to further grow its global customer base in key medical devices markets such as USA, Europe and Japan as well as expand its capability to service new projects for the China market.

Pipes and pipe fittings segment

While the pipes and pipe fittings segment is expected to generate sales from increased public housing and infrastructure projects, it also expects to face challenges as some customers continue to experience difficulties exacerbated by the pandemic and the current elevated cost environment in the construction industry. The segment achieved a segmental result of S$4.1 million in 1H2024, posting a 30.7% improvement as compared to 1H2023 due to cost and efficiency improvements in its manufacturing plants.

The pipe and pipe fittings segment focused on the pipeline of civil engineering projects driven by demand from infrastructure works, particularly for upcoming residential and mega projects in Singapore. Leveraging its manufacturing presence in Singapore coupled with its diverse range of high-quality products certified with 4 Green Marks from the Singapore Green Building Council, the segment is well positioned to support its customers' requirements. Additionally, the segment is broadening its product portfolio beyond the built environment. Although the segment expects to record sales from greater activity in the built environment, it continues to face intensified competition, cost pressures and credit risk exposures.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Vicplas International Ltd

Vicplas International Ltd has two core businesses. The first is the design, development and manufacture of sterile and non-sterile medical devices through its wholly-owned subsidiaries, Forefront Medical Technology (Pte) Ltd, Forefront Medical Investment Pte. Ltd., Forefront Medical Americas Pte. Ltd. and XentiQ (Pte.) Ltd. in Singapore; Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd in China; and Arrow Medical Limited in the United Kingdom. All the subsidiaries have quality certifications of EN ISO13485:2016 and, with the exception of Forefront Medical Americas Pte. Ltd. and XentiQ (Pte.) Ltd., are registered under the United States Food and Drug Administration (FDA) as a "contract manufacturer for medical devices". Forefront Medical Technology (Pte) Ltd, Forefront Medical Investment Pte. Ltd., Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd have accreditation certificate of foreign medical device manufacturer from Japan Ministry of Health, Labour and Welfare and Korea Ministry of Food and Drug Safety. Forefront Medical Investment Pte. Ltd. and Forefront Medical Technology (Jiangsu) Co., Ltd are ISO14001:2015, ISO45001:2018 and ISO50001:2018 certified. Forefront Medical Investment Pte. Ltd. additionally has a Class A, B, C, D Medical Device manufacturer license registered under Health Science Authority (HSA) Singapore. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China. Arrow Medical Limited additionally is EN 13795-1 certified.

The second is the manufacture and distribution of piping systems for diverse industries including waste and potable water systems for residential homes, schools, commercial and industrial buildings; underground electrical and internal building wire piping systems; and data and signal line piping systems by telecommunications companies, through our wholly-owned subsidiaries, Vicplas Holdings Pte Ltd in Singapore and Rimplas Industries Sdn. Bhd. in Malaysia. Both subsidiaries have quality certification of ISO9001:2015. Vicplas Holdings Pte. Ltd. additionally is ISO14001:2015, ISO14067:2018, ISO45001:2018 and ISO50001:2018 certified. For more information, please visit the corporate website https://www.vicplas.com

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