NEWS RELEASE

MEGACHEM REPORTS 167.9% SURGE IN H1 2026 NET PROFIT TO S$4.6 MILLION

- ***Revenue increased by 2.8% driven by higher demand from the Europe, Middle East and ASEAN markets***
- ***Gross profit margin improved in H1 2026 by 3.5 percentage points to 28.6% mainly due to higher chemical prices***
- ***New warehouse received Temporary Occupation Permit in June 2026, with majority of inventory transferred back from third-party warehouses***
- ***Net gearing ratio remains healthy at 0.38 times[1]***
- ***Interim dividend of 0.5 cent per share declared for H1 2026***

Singapore, 13 August 2026 – Megachem Limited ("**Megachem**" or the "**Company**", and together with its subsidiaries and associated companies, collectively the "**Group**"), a global one-stop specialty chemical solutions provider, today reported a 167.9% increase in net profit to S$4.6 million for the half year ended 30 June 2026 ("**H1 2026**"). The stronger performance came on the back of an increase in revenue, coupled with improved gross profit margins and one-off insurance compensation claims.

Mr. Sidney Chew ("**Mr Chew**"), Managing Director of the Group, said, "We are encouraged by the improvement in our performance in the first half of 2026, with higher revenue and a stronger gross profit margin despite the continued uncertainties in the global operating environment. The completion of our new warehouse also marks an important milestone for Megachem. Following the receipt of the Temporary Occupation Permit in June, we have transferred a major part of our inventory from third-party warehouses back to our own facility. This is expected to significantly reduce warehousing costs while enhancing our operational efficiency and competitiveness over the longer term.

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[1] *As at 30 June 2026.*

Performance Review for H1 2026

Megachem recorded revenue of S$65.9 million in H1 2026, an increase of 2.8% from S$64.1 million in H1 2025, mainly driven by an increase in sales in Europe, the Middle East and ASEAN markets.

Gross profit increased by S$2.7 million, or 17.2%, to S$18.8 million in H1 2026. The improvement was supported by an expansion in gross profit margin by 3.5 percentage points to 28.6%, mainly due to higher chemical prices.

In H1 2026, the Group also recorded an increase in other income to S$1.5 million, primarily due to one-off insurance compensation claims relating to the fire incident.

Total operating expenses(excluding finance cost) increased by S$1.4 million or 9.6% year-on-year, mainly due to higher depreciation expenses, higher employee compensation and higher transport charges, partially offset by lower warehouse storage charges.

Consequently, net profit for H1 2026 more than doubled to S$4.6 million from S$1.7 million over the same period last year. After adjusting for the S$1.2 million impact in H1 2026, arising from insurance claims income relating to the fire incident, adjusted net profit stood at S$3.4 million, double the S$1.7 million recorded in H1 2025.

As at 30 June 2026, the Group maintained cash and cash equivalents of approximately S$14.4 million, while total borrowings increased by from S$34.7 million to S$39.4 million as at 31 December 2025. The increase in borrowings was attributed to higher working capital requirement and funding for the new warehouse. Accordingly, the Group's net gearing ratio stood at 0.38 times as at 30 June 2026, compared with 0.34 times as at 31 December 2025.

Earnings per share for H1 2026 increased to 3.42 cents from 1.26 cents in H1 2025, while net asset value per share increased to 48.75 cents as at 30 June 2026 from 46.00 cents as at 31 December 2025.

Proposed Dividend

For H1 2026, the Board of Directors has declared an interim tax-exempt dividend of 0.5 cent per share.

Outlook

Looking ahead, the global economic outlook for the second half of 2026 is expected to remain fragile amid ongoing geopolitical tensions in the Middle East. Despite these uncertainties, moderate global economic growth is expected, supported in part by the continued expansion of artificial intelligence technologies and related technology sectors.

The chemical industry is expected to continue facing headwinds from volatile feedstock prices and persistent supply chain disruptions, which may weigh on margin stability, particularly across commodity chemical segments. Against this backdrop, the Group will continue to strengthen its positioning in the specialty chemicals space, which offers relatively better margin stability.

The Group will also continue to exercise prudent inventory and financial management while navigating potential shifts in demand, supply chains and energy prices.

"While geopolitical tensions, volatile energy prices and supply chain uncertainties continue to present challenges for the chemical industry, we will remain focused on our specialty chemicals business, prudent inventory and financial management, and strengthening our position across our key markets." concluded Mr Chew.

New Warehouse Achieves Temporary Occupation Permit

Following the issuance of the Temporary Occupation Permit for its new warehouse in June 2026, the Group has transferred a major part of its inventory from third-party warehouses back to the new facility. The move is expected to significantly reduce warehousing costs while improving operational efficiency and competitiveness.

About Megachem Limited

Established in 1988, Megachem is a one-stop specialty chemical solutions provider. We provide integrated value-added services including distribution and contract manufacturing of specialty chemicals to meet our customers' requirements.

The Group distributes its products globally through its extensive distribution network in Singapore, Malaysia, Indonesia, Thailand, the Philippines, Vietnam, Myanmar, China, India, Middle East, Australia and the United Kingdom.

Megachem distributes over 1,000 different types and grades of specialty chemicals, with a wide range of applications to an established and diversified base of more than 2,000 industrial customers, comprising mostly well-known multinational companies. The Group serves a wide spectrum of industries including water treatment, metal finishing, construction, oil and gas, food, beverage, flavours, fragrance, pharmaceuticals, polymers, coatings, electronics, rubber and plastics.

To enhance the Group's competitive edge and complement its strength in distribution, Megachem provides integrated services such as the contract manufacturing of specialty chemicals and other ancillary services for its customers.

For more information, please visit www.megachem.com.sg.

This press release has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This press release has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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