MEGACHEM LIMITED

Condensed Interim Financial Statements

For The Half Year Ended 30 June 2026

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2026

	Note	Unaudited For the half year ended 30 June 2026 S$	Unaudited For the half year ended 30 June 2025 S$	Variance Favourable/(Unfavourable) S$	%
Revenue	3	65,854,298	64,073,329	1,780,969	2.8%
Cost of sales		(47,028,697)	(48,006,111)	977,414	2.0%
Gross profit		18,825,601	16,067,218	2,758,383	17.2%
Other income	4	1,544,152	268,969	1,275,183	> 100.0%
Distribution costs		(10,292,629)	(9,111,195)	(1,181,434)	(13.0%)
Administrative expenses		(3,388,883)	(3,226,520)	(162,363)	(5.0%)
Other operating expenses		(1,967,224)	(1,936,246)	(30,978)	(1.6%)
Finance costs	5	(676,381)	(738,724)	62,343	8.4%
Share of profit of associates		935,623	739,280	196,343	26.6%
Profit before income tax	6	4,980,259	2,062,782	2,917,477	> 100.0%
Income tax expense	7	(376,834)	(344,339)	(32,495)	(9.4%)
Net profit		4,603,425	1,718,443	2,884,982	> 100.0%
Other comprehensive income:					
Exchange differences on translating foreign operations, net of tax		(205,136)	(1,049,341)	844,205	80.5%
Total comprehensive income		4,398,289	669,102	3,729,187	> 100.0%
Net profit attributable to:					
Equity holders of the Company		4,562,828	1,684,415	2,878,413	> 100.0%
Non-controlling interests		40,597	34,028	6,569	19.3%
Net profit		4,603,425	1,718,443	2,884,982	> 100.0%
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		4,336,229	725,633	3,610,596	> 100.0%
Non-controlling interests		62,060	(56,531)	118,591	N.M
Total comprehensive income		4,398,289	669,102	3,729,187	> 100.0%
Earnings per share of profit attributable to equity holders of the Company					
- basic and diluted	9	3.42 cents	1.26 cents	2.16 cents	> 100.0%

N.M : not meaningful

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2026

	Note	Group		Company	
		Unaudited 30 June 2026	Audited 31 December 2025	Unaudited 30 June 2026	Audited 31 December 2025
		S$	S$	S$	S$
ASSETS					
Non-current assets					
Property, plant and equipment	11	34,148,297	30,369,399	20,844,213	16,770,127
Right-of-use assets	12	3,046,528	2,343,810	1,081,864	940,498
Investment property	13	53,883	55,316	-	-
Investments in subsidiaries		-	-	7,825,563	7,825,563
Investments in associates		10,354,993	10,228,665	2,798,756	2,798,756
Financial assets at fair value through other comprehensive income	17	1,351,100	1,351,100	1,351,100	1,351,100
Transferable club memberships		22,188	26,164	-	4,001
Deferred tax assets		919,969	974,458	450,000	445,000
		49,896,958	45,348,912	34,351,496	30,135,045
Current assets					
Inventories	14	30,184,369	29,035,716	15,758,314	14,417,968
Trade and other receivables	15	28,216,274	24,141,433	15,768,794	13,974,431
Financial assets at fair value through profit or loss	16	25,354	499	3,906	-
Other current assets		3,055,725	2,475,698	574,406	813,890
Cash and bank balances		14,377,332	14,007,190	1,839,681	2,039,190
		75,859,054	69,660,536	33,945,101	31,245,479
Total assets		125,756,012	115,009,448	68,296,597	61,380,524
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	15,892,028	15,892,028	15,892,028	15,892,028
Other reserves		(6,226,976)	(6,000,377)	-	-
Retained earnings		55,316,350	51,420,022	10,599,945	8,773,218
		64,981,402	61,311,673	26,491,973	24,665,246
Non-controlling interests		1,786,766	1,750,851	-	-
Total equity		66,768,168	63,062,524	26,491,973	24,665,246
Non-current liabilities					
Borrowings	19	6,176,800	6,250,000	6,176,800	6,250,000
Financial liabilities - lease liabilities		3,179,731	2,698,150	1,392,969	1,321,270
Deferred tax liabilities		508,009	573,261	450,000	445,000
		9,864,540	9,521,411	8,019,769	8,016,270
Current liabilities					
Current income tax liabilities		216,022	58,698	88,000	-
Trade and other payables	20	15,208,251	13,581,191	8,673,083	6,987,555
Borrowings	19	33,188,468	28,449,636	24,860,188	21,558,872
Financial liabilities - lease liabilities		501,064	314,433	163,584	152,581
Financial liabilities at fair value through profit or loss	21	9,499	21,555	-	-
		49,123,304	42,425,513	33,784,855	28,699,008
Total liabilities		58,987,844	51,946,924	41,804,624	36,715,278
Total equity and liabilities		125,756,012	115,009,448	68,296,597	61,380,524

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STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2026

The Group	Note	Total equity S$	Parent Sub-total S$	Share capital S$	Other reserves S$	Retained earnings S$	Non-controlling interests S$
			Attributable to equity holders of the Company				
Current year :							
Opening balance at 1 January 2026 (*)		63,062,524	61,311,673	15,892,028	(6,000,377)	51,420,022	1,750,851
Total comprehensive income for the reporting period		4,398,289	4,336,229	-	(226,599)	4,562,828	62,060
Final dividend relating to 2025 paid	8	(666,500)	(666,500)	-	-	(666,500)	-
Final dividend relating to 2025 paid to non-controlling interests		(26,145)	-	-	-	-	(26,145)
Closing balance at 30 June 2026 (#)		66,768,168	64,981,402	15,892,028	(6,226,976)	55,316,350	1,786,766

The Group	Note	Total equity S$	Parent Sub-total S$	Share capital S$	Other reserves S$	Retained earnings S$	Non-controlling interests S$
Current year :							
Opening balance at 1 January 2025 (*)		60,493,682	58,548,393	15,892,028	(6,262,011)	48,918,376	1,945,289
Total comprehensive income for the reporting period		669,102	725,633	-	(958,782)	1,684,415	(56,531)
Final dividend relating to 2024 paid	8	(666,500)	(666,500)	-	-	(666,500)	-
Interim dividend relating to 2025 paid to non-controlling interests		(192,806)	-	-	-	-	(192,806)
Closing balance at 30 June 2025 (#)		60,303,478	58,607,526	15,892,028	(7,220,793)	49,936,291	1,695,952

	Note	Total equity S$	Share capital S$	Retained earnings S$
The Company				
Current year :				
Opening balance at 1 January 2026 (*)		24,665,246	15,892,028	8,773,218
Total comprehensive income for the reporting period		2,493,227	-	2,493,227
Final dividend relating to 2025 paid		(666,500)	-	(666,500)
Closing balance at 30 June 2026 (#)		26,491,973	15,892,028	10,599,945
Previous year :				
Opening balance at 1 January 2025 (*)		21,227,806	15,892,028	5,335,778
Total comprehensive income for the reporting period		1,416,495	-	1,416,495
Final dividend relating to 2024 paid		(666,500)	-	(666,500)
Closing balance at 30 June 2025 (#)		21,977,801	15,892,028	6,085,773

Note :
(*) Audited balances
(#) Unaudited balances

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CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 30 JUNE 2026

	Unaudited For the half year ended 30 June 2026 S$	Unaudited For the half year ended 30 June 2025 S$
Cash flows from operating activities		
Net profit before tax	4,980,259	2,062,782
Adjustments for:		
Depreciation of property, plant and equipment and investment property	646,666	513,098
Depreciation of right-of-use assets	178,436	147,885
Finance costs	676,381	738,724
Gain on disposal of property, plant and equipment	(39,906)	(8,783)
Interest income from banks	(92,962)	(88,928)
Inventory (written back)/written down	(150,521)	640,703
Share of profit of associates	(935,623)	(739,280)
Changes in fair value of financial assets at fair value through profit or loss	(25,456)	(6,316)
Changes in fair value of financial liabilities at fair value through profit or loss	9,544	32,126
Operating cash flows before working capital changes	5,246,818	3,292,011
Change in operating assets and liabilities :		
Trade and other receivables	(3,872,780)	(1,743,384)
Other current assets	(502,427)	(358,313)
Inventories	(861,709)	1,933,640
Trade and other payables	1,542,058	(641,775)
Foreign exchange adjustment differences	(49,368)	608,458
Cash from operations	1,502,592	3,090,637
Income tax paid	(276,151)	(552,451)
Interest received	92,962	88,928
Net cash from operating activities	1,319,403	2,627,114
Cash flows used in investing activities		
Dividends received from associates	369,071	397,491
Purchase of property, plant and equipment	(4,410,737)	(6,457,221)
Proceeds from sale of property, plant and equipment	42,642	8,979
Net cash used in investing activities	(3,999,024)	(6,050,751)
Cash flows from financing activities		
Dividends paid	(666,500)	(666,500)
Dividends paid by subsidiary to non-controlling interests	(26,145)	(192,806)
Proceeds from long term bank loans	176,800	5,350,000
Proceeds from/(repayments of) bills payables	2,224,018	(867,867)
Proceeds from/(repayments of) short term bank loans	1,751,949	(91,185)
Lease liabilities paid	(299,606)	(262,210)
Interest paid	(555,213)	(703,827)
Cash flows from financing activities	2,605,303	2,565,605
Net decrease in cash and cash equivalents	(74,318)	(858,032)
Cash and cash equivalents, statement of cash flow, beginning balance	14,007,190	15,291,384
Effects of exchange rate changes on cash and cash equivalents	100,174	(406,005)
Cash and cash equivalents, statement of cash flow, ending balance	14,033,046	14,027,347
Cash and cash equivalents comprised the followings:		
Cash and bank balances	14,377,332	14,187,418
Less: bank overdraft	(344,286)	(160,071)
	14,033,046	14,027,347

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1.1 General

Megachem Limited (the "Company") is incorporated in Singapore with limited liability. The condensed interim financial statements as at and for the half year ended 30 June 2026 financial statements are presented in Singapore dollars and they cover the Company (referred to as "Parent") and its subsidiaries and associated companies (collectively, the "Group").

The principal activities of the Company and the Group consist of trading in chemicals and chemical-related products, contract manufacturing of chemicals and investment holding.

1.2 Statement of compliance with financial reporting standards

The condensed interim financial statements for the half year ended 30 June 2026 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the performance of the Group since the last annual financial statements for the year ended 31 December 2025.

Except as disclosed in Note 1.5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2025.

1.3 Accounting convention

The condensed interim financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in the condensed interim financial statements.

1.4 Basis of preparation of the condensed interim financial statements

The preparation of the condensed interim financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 30 June 2026 and the reported amounts of revenues and expenses for the half year ended 30 June 2026. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.5 Changes and adoption of financial reporting standards

On 1 January 2026, the Group adopted the new and revised SFRS(I) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of the new and revised SFRS(I) has no material impact on the Group's financial statements.

2.1 Critical judgements, assumptions and estimation uncertainties

Apart from those involving estimations, management has made critical judgements in the process of applying the entity's accounting policies. The areas requiring management's subjective or complex judgements, or areas where key assumptions concerning the future and key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period are as follows:

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

2.1 Critical judgements, assumptions and estimation uncertainties (cont'd)

(i) Net realisable value of inventories
(ii) Expected credit loss allowance on trade receivables
(iii) Measurement of impairment of subsidiary or associate
(iv) Income tax amounts
(v) Valuation of financial assets at fair value through other comprehensive income

2.2 Fair value measurement

When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

3. Revenue

	Group Unaudited half year ended 30 June	
	2026 S$	2025 S$
Sale of goods	64,370,830	62,420,981
Rendering of services	1,483,468	1,652,348
Total sales	65,854,298	64,073,329

(i) Disaggregation of revenue

The segment in Singapore derives revenue from sales of goods and blending services. The following table set out the Group's revenue disaggregated by primary geographical markets and secondary business segment. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable geographical segment (Note 26).

	Sales of goods Unaudited half year ended 30 June		Rendering of services Unaudited half year ended 30 June	
	2026 S$	2025 S$	2026 S$	2025 S$
Group				
Primary geographical markets				
Singapore	23,850,508	22,631,226	1,483,468	1,652,348
Rest of geographical areas	40,520,322	39,789,755	–	–
Total sales	64,370,830	62,420,981	1,483,468	1,652,348

(ii) Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

4. Other income

	Group Unaudited half year ended 30 June 2026 S$	2025 S$
Trade receivables recovered	81,742	49,523
Changes in fair value of financial assets at fair value through profit or loss – forward foreign exchange contract	25,456	6,316
Gain on disposal of property, plant and equipment	39,306	8,783
Government grant	44,370	87,566
Interest income – banks	92,962	88,928
Insurance claims	1,252,246	20,217
Rental income	8,070	7,636
Total other income	1,544,152	268,969

5. Finance costs

	Group Unaudited half year ended 30 June 2026 S$	2025 S$
Interest expense		
- Bills payable to banks	382,069	434,440
- Bank loans	207,244	211,996
- Bank overdraft	2,421	11,796
- Finance leases	11,642	15,527
- Lease liabilities	73,005	64,965
Total finance costs	676,381	738,724

6. Profit before income tax

The following items have been included in arriving at profit for the year:

	Group Unaudited half year ended 30 June 2026 S$	2025 S$
Cost of inventories	45,681,457	45,472,568
Changes in fair value of financial liabilities at fair value through profit or loss	9,544	32,126
Demolition and decontamination costs	-	-
Depreciation of investment property	1,512	1,431
Depreciation of property, plant and equipment	645,154	511,667
Depreciation of right-of-use assets	178,436	147,885
Employee compensation	9,791,680	9,059,087
Impairment of trade receivables	9,093	20,545
Inventories (written back)/written down	(150,521)	640,703
Net foreign exchange translation losses	342,561	320,418
Warehouse storage charges	1,630,377	1,770,039

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

7. Income tax expense

	Group Unaudited half year ended 30 June	
	2026 S$	2025 S$
Current period:		
Current tax expense	399,171	366,997
Deferred tax expense	(10,760)	81,584
Sub-total	388,411	448,581
Prior periods:		
Over adjustments for current tax expense	(11,574)	(103,666)
Over adjustments for deferred tax expense	(3)	(576)
Sub-total	(11,577)	(104,242)
Total income tax expense	376,834	344,339

8. Dividends

	Group and Company Unaudited half year ended 30 June	
	2026 S$	2025 S$
Final tax exempt dividend paid of 0.5 cents per share (30 June 2025: 0.5 cents per share) in respect of previous year end	666,500	666,500

9. Earnings per ordinary share (in cents)

	Group Unaudited half year ended 30 June	
	2026	2025
a) Based on weighted average number of ordinary shares on issue	3.42	1.26
b) On a fully diluted basis	3.42	1.26
Weighted average number of ordinary shares in issue for earnings per share	133,300,000	133,300,000

10. Net asset value per ordinary share based on issued share capital (in cents)

	Group		Company	
	Unaudited 30 June 2026	Audited 31 December 2025	Unaudited 30 June 2026	Audited 31 December 2025
Net asset value per ordinary share based on issued share capital (cents)	48.75	46.00	19.87	18.50
No of ordinary shares used in calculation	133,300,000	133,300,000	133,300,000	133,300,000

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

11. Property, plant and equipment

During the half year ended 30 June 2026, the Group acquired property, plant and equipment with an aggregate cost of S$4,410,737 (half year ended 30 June 2025: S$6,457,221) mainly for plant and machinery. The cost of the newly completed warehouse building capitalized amounted to S$14,281,643 as at 30 June 2026.

Capital commitments of the Group as at 30 June 2026 amounted to S$2,130,989 (31 December 2025: S$3,048,560).

12. Right-of-use assets

During the half year ended 30 June 2026, the Group acquired and modified right-of-use assets with an aggregate cost of S$868,675 (half year ended 30 June 2025: S$Nil).

13. Investment property

	Group	
	Unaudited	Audited
	30 June 2026	31 December 2025
	S$	S$
At cost:		
Balance at beginning of reporting period	133,221	127,702
Currency translation differences	152	5,519
Balance at end of reporting period	133,373	133,221
Accumulated depreciation:		
Balance at beginning of reporting period	77,905	71,811
Currency translation differences	73	2,877
Depreciation charge	1,512	3,217
Balance at end of reporting period	79,490	77,905
Net book value:		
Balance at beginning of reporting period	55,316	55,891
Balance at end of reporting period	53,883	55,316
Fair value:		
Fair value at end of reporting period	320,248	316,606

The fair value was measured based on comparison with market evidence of recent transaction prices for similar properties. The significant observable inputs used in measurement is price per square foot and the weighted average range is S$227 – S$231.

14. Inventories

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	S$	S$	S$	S$
Finished/trading goods	30,184,369	29,035,716	15,758,314	14,417,968

Inventories are stated after allowance. The allowance as at 30 June 2026 amounted to S$6,516,397 (31 December 2025: S$6,759,450) and S$2,917,000 (31 December 2025: S$2,714,000) for the Group and the Company respectively.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

15. Trade and other receivables

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
Current :				
Trade receivables:				
Non-related parties	27,859,854	23,879,502	8,597,200	6,310,326
Subsidiaries	–	–	6,671,789	6,957,313
Associates	63,788	21,608	63,788	21,608
Less: allowance for impairment – non-related parties	(289,239)	(327,784)	(49,033)	(49,033)
Less: allowance for impairment – subsidiaries	–	–	(2,102,000)	(2,330,000)
Net trade receivables – subtotal	27,634,403	23,573,326	13,181,744	10,910,214
Other receivables:				
Short term loans to subsidiaries	–	–	1,016,824	1,718,384
Subsidiaries	–	–	2,531,252	2,305,315
Non-related parties	581,871	568,107	552	1,328
Advance payments to subsidiary	–	–	131,422	138,190
Less: allowance for impairment - subsidiaries	–	–	(1,093,000)	(1,099,000)
Net other receivables – subtotal	581,871	568,107	2,587,050	3,064,217
Total trade and other receivables	28,216,274	24,141,433	15,768,794	13,974,431

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring the ECL which uses a lifetime ECL allowance approach. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables. At every reporting date the historical observed default rates are updated. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. Any contractual payment which is more than 1 year past due is considered credit impaired.

16. Financial assets at fair value through profit and loss ("FVTPL")

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
At fair value:				
Forward foreign exchange contracts (Level 2)	25,354	499	3,906	–
Total financial assets at FVTPL	25,354	499	3,906	–

17. Financial assets at fair value through other comprehensive income ("FVTOCI")

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
At fair value:				
Investment in unquoted equity shares (Level 3)	1,351,100	1,351,100	1,351,100	1,351,100
Total financial assets at FVTOCI	1,351,100	1,351,100	1,351,100	1,351,100

18. Share capital

	Group and Company	
	No of shares issued	Share capital $
Ordinary shares of no par value:		
Balance at 1 January 2026 and 30 June 2026	133,300,000	15,892,028

There have been no changes in the Company's issued share capital since the end of the previous financial year reported on being 31 December 2025.

There were no unissued shares in the capital of the Company reserved for the exercise of any option nor were there any treasury shares as at the end of the reporting periods ended 30 June 2026, 31 December 2025 and 30 June 2025.

There were no outstanding convertibles and subsidiary holdings as at the end of the reporting periods ended 30 June 2026, 31 December 2025 and 30 June 2025.

There were no sale, transfer, cancellation and/or use of treasury shares as at the end of the reporting period reported on.

19. Borrowings

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
Current :				
Bank overdraft (unsecured)	344,286	–	–	–
Bill payables (unsecured)	16,211,095	12,271,371	10,128,101	6,979,434
Short term bank loans (unsecured)	12,633,087	10,829,438	10,732,087	10,829,438
Unsecured sub-total	29,188,468	23,100,809	20,860,188	17,808,872
Bill payables (secured)	–	1,598,827	–	–
Short term bank loans (secured)	3,000,000	3,000,000	3,000,000	3,000,000
Long term bank loans (secured)	1,000,000	750,000	1,000,000	750,000
Secured sub-total	4,000,000	5,348,827	4,000,000	3,750,000
Current, total	33,188,468	28,449,636	24,860,188	21,558,872
Non-current:				
Long term bank loans (unsecured)	426,800	–	426,800	–
Long term bank loans (secured)	5,750,000	6,250,000	5,750,000	6,250,000
Non-current, total	6,176,800	6,250,000	6,176,800	6,250,000
Total borrowings	39,365,268	34,699,636	31,036,988	27,808,872

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

19. Borrowings (cont'd)

The secured long term and short term bank loans as at 30 June 2026 are secured by way of mortgage over warehouse building at 132 Pioneer Road, Singapore.

The Group and the Company has complied with all bank covenants for the half year ended 30 June 2026.

20. Trade and other payables

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
Trade payables:				
Non-related parties	6,426,343	5,984,289	2,479,188	2,657,452
Associates	–	130	–	–
Subsidiaries	–	–	854,679	390,315
Related party	3,516	–	–	–
Trade payables – subtotal	6,429,859	5,984,419	3,333,867	3,047,767
Other payables:				
Associates	4,720	18,203	1,981	15,485
Subsidiaries	–	–	62,708	10,101
Loan from subsidiary	–	–	330,320	494,715
Advance payments from customers	64,341	129,124	4,357	39,808
Accrued liabilities	5,814,408	4,661,483	3,000,420	1,654,059
Deferred income from subsidiaries	–	–	384,651	–
Other payables	2,894,923	2,787,962	1,554,779	1,725,620
Other payables – subtotal	8,778,392	7,596,772	5,339,216	3,939,788
Total trade and other payables	15,208,251	13,581,191	8,673,083	6,987,555

21. Financial liabilities at fair value through profit and loss ("FVTPL")

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
At fair value:				
Forward foreign exchange contracts (Level 2)	9,499	21,555	–	–
Total financial liabilities at FVTPL	9,499	21,555	–	–

22. Fair value measurements recognised in the statements of financial position

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

The fair value of unquoted equity is estimated based on the market approach at the end of the reporting period.

The fair value of forward foreign exchange contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting period. The valuation method uses market observable inputs.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payables, short term bank loans and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The carrying amounts of finance lease liabilities are a reasonable approximation of fair value. The fair value of the finance leases are estimated by discounting the future cash flows payable under the terms of the finance leases.

The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

23. Categories of financial assets and liabilities

	Group		Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
Financial assets				
Financial assets at amortised cost	42,593,606	38,148,623	17,477,053	15,875,431
Financial assets at FVTOCI	1,351,100	1,351,100	1,351,100	1,351,100
Financial assets at FVTPL	25,354	499	3,906	–
At end of the reporting period	43,970,060	39,500,222	18,832,059	17,226,531
Financial liabilities				
Financial liabilities at amortised cost	58,189,973	51,164,286	41,262,267	36,230,470
Financial liabilities at FVTPL	9,499	21,555	–	–
At end of the reporting period	58,199,472	51,185,841	41,262,267	36,230,470

24. Contingent liabilities

	Company	
	Unaudited 30 June 2026 S$	Audited 31 December 2025 S$
Undertaking to provide continuing financial support to subsidiaries with net liabilities amounted to:		
Megachem Australia Pty Ltd	1,159,000	1,131,000
Megachem Specialty Chemicals (I) Private Limited	905,000	844,000
Corporate guarantee provided to banks on subsidiaries' loans payable	8,328,280	6,890,764

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

25. Related party transactions

	Group Unaudited half year ended 30 June	
	2026 S$	2025 S$
Associated companies		
Sales of inventories	167,532	129,056
Purchases of inventories	(3,769)	(12,516)
Related parties		
Sales of inventories	120,516	–
Purchases of inventories(a)	(226,210)	(309,954)

(a) Purchases of inventories from Chori Co., Ltd, a controlling shareholder of the Company, and its related companies.

Shareholders' mandate was obtained for interested person transactions with Chori Co., Ltd and its related corporations. The Group sold products to Chori Co., Ltd and its related corporations amounting to S$120,516 in the half year ended 30 June 2026.

The Group purchased products from Chori Co., Ltd and its related corporations amounting to S$226,210 in the half year ended 30 June 2026.

Name of interested person	Aggregate value of all interested person transactions during the reporting period ended 30 June 2026 under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the reporting period ended 30 June 2026 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Sales of products to Chori Co., Ltd, a controlling shareholder of the Company, and its related corporations	Nil	S$120,516
Purchase of products from Chori Co., Ltd, a controlling shareholder of the Company, and its related corporations	Nil	S$222,974

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments

Profit or loss and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
	S$	S$	S$	S$	S$	S$	S$	S$
For the reporting period ended 30 June 2026								
Sales								
Total sales by segment	28,519,813	6,059,084	10,892,546	9,072,011	7,507,218	10,158,496	-	72,209,168
Inter-segment sales	(3,185,837)	(204,657)	(600,916)	(2,055,151)	(206,927)	(101,382)	-	(6,354,870)
	25,333,976	5,854,427	10,291,630	7,016,860	7,300,291	10,057,114	-	65,854,298
Segment result	2,191,677	395,606	425,980	495,549	1,262,055	(142,812)	-	4,628,055
Interest income - bank							92,962	92,962
Finance costs							(676,381)	(676,381)
Share of profit of associates							935,623	935,623
Profit before income tax							352,204	4,980,259
Income tax expense							(376,834)	(376,834)
Net profit/(loss)	2,191,677	395,606	425,980	495,549	1,262,055	(142,812)	(24,630)	4,603,425
Other segment items								
Capital expenditure	4,350,474	18,587	-	834	-	40,842	-	4,410,737
Depreciation	481,826	157,225	43,208.0	38,105.0	36,446	68,292	-	825,102

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments (cont'd)

Assets and liabilities and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
	S$	S$	S$	S$	S$	S$	S$	S$
For the reporting period ended 30 June 2026								
Segment assets	57,037,744	16,880,993	8,156,656	7,867,688	7,945,376	13,373,654	-	111,262,111
Associates	-	-	-	-	-	-	10,354,993	10,354,993
Deferred tax assets	-	-	-	-	-	-	919,969	919,969
Interest earning cash balances	-	-	-	-	-	-	3,218,939	3,218,939
Consolidated total assets	57,037,744	16,880,993	8,156,656	7,867,688	7,945,376	13,373,654	14,493,901	125,756,012
Segment liabilities	(10,648,165)	(755,304)	(2,865,839)	(1,133,412)	(1,628,279)	(1,867,546)	-	(18,898,545)
Borrowings	-	-	-	-	-	-	(39,365,268)	(39,365,268)
Current income tax liabilities	-	-	-	-	-	-	(216,022)	(216,022)
Deferred income tax liabilities	-	-	-	-	-	-	(508,009)	(508,009)
Consolidated total liabilities	(10,648,165)	(755,304)	(2,865,839)	(1,133,412)	(1,628,279)	(1,867,546)	(40,089,299)	(58,987,844)

MegaChem

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments (cont'd)

Profit or loss and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
	S$	S$	S$	S$	S$	S$	S$	S$
For the reporting period ended 30 June 2025								
Sales								
Total sales by segment	28,047,461	7,403,640	9,709,297	8,515,309	6,440,842	10,090,133	-	70,206,682
Inter-segment sales	(3,763,887)	(267,360)	(390,349)	(1,688,626)	(6,414)	(16,717)	-	(6,133,353)
	24,283,574	7,136,280	9,318,948	6,826,683	6,434,428	10,073,416	-	64,073,329
Segment result	119,597	917,212	25,217	374,769	243,782	292,721	-	1,973,298
Interest income - bank							88,928	88,928
Finance costs							(738,724)	(738,724)
Share of profit of associates							739,280	739,280
Profit before income tax							89,484	2,062,782
Income tax expense							(344,339)	(344,339)
Net profit	119,597	917,212	25,217	374,769	243,782	292,721	(254,855)	1,718,443
Other segment items								
Capital expenditure	6,240,637	122,312	-	899	5,858	87,515	-	6,457,221
Depreciation	362,619	144,359	50,106	36,086	2,488	65,325	-	660,983

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments (cont'd)

Assets and liabilities and reconciliations for geographical segments

	Singapore	Malaysia	United Kingdom	China	Middle East	Others	Unallocated	Group
	S$	S$	S$	S$	S$	S$	S$	S$
For the reporting period ended 30 June 2025								
Segment assets	42,966,126	17,170,906	6,999,522	6,108,250	6,757,072	12,765,618	-	92,767,494
Associates	-	-	-	-	-	-	9,563,239	9,563,239
Deferred tax assets	-	-	-	-	-	-	893,517	893,517
Interest earning cash balances	-	-	-	-	-	-	3,889,594	3,889,594
Consolidated total assets	42,966,126	17,170,906	6,999,522	6,108,250	6,757,072	12,765,618	14,346,350	107,113,844
Segment liabilities	(10,795,483)	(728,269)	(1,688,413)	(1,504,530)	(824,070)	(1,616,504)	-	(17,157,269)
Borrowings	-	-	-	-	-	-	(28,992,096)	(28,992,096)
Current income tax liabilities	-	-	-	-	-	-	(155,831)	(155,831)
Deferred income tax liabilities	-	-	-	-	-	-	(505,170)	(505,170)
Consolidated total liabilities	(10,795,483)	(728,269)	(1,688,413)	(1,504,530)	(824,070)	(1,616,504)	(29,653,097)	(46,810,366)

MegaChem

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments (cont'd)

Profit or loss and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
	S$	S$	S$	S$
For the reporting period ended 30 June 2026				
Sales				
Total sales by segment	64,338,320	2,166,954	-	66,505,274
Inter-segment sales	(162,250)	(488,726)	-	(650,976)
	64,176,070	1,678,228	-	65,854,298
Segment result	4,227,085	400,970	-	4,628,055
Interest income - bank			92,962	92,962
Finance costs			(676,381)	(676,381)
Share of profit of associates			935,623	935,623
Profit before income tax			352,204	4,980,259
Income tax expense			(376,834)	(376,834)
Net profit	4,227,085	400,970	(24,630)	4,603,425
Other segment items				
Capital expenditure	4,405,870	4,867	-	4,410,737
Depreciation	634,106	190,996	-	825,102

Assets and liabilities and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
	S$	S$	S$	S$
Segment assets	104,814,541	6,447,570	-	111,262,111
Associates	-	-	10,354,993	10,354,993
Deferred tax assets	-	-	919,969	919,969
Interest earning cash balances	-	-	3,218,939	3,218,939
Consolidated total assets	104,814,541	6,447,570	14,493,901	125,756,012
Segment liabilities	(17,125,767)	(1,772,778)	-	(18,898,545)
Borrowings	-	-	(39,365,268)	(39,365,268)
Current income tax liabilities	-	-	(216,022)	(216,022)
Deferred income tax liabilities	-	-	(508,009)	(508,009)
Consolidated total liabilities	(17,125,767)	(1,772,778)	(40,089,299)	(58,987,844)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (cont'd)

26. Financial information by operating segments (cont'd)

Profit or loss and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
	S$	S$	S$	S$
For the reporting period ended 30 June 2025				
Sales				
Total sales by segment	62,381,938	2,216,513	-	64,598,451
Inter-segment sales	(53,399)	(471,723)	-	(525,122)
	62,328,539	1,744,790	-	64,073,329
Segment result	1,948,681	24,617	-	1,973,298
Interest income - bank			88,928	88,928
Finance costs			(738,724)	(738,724)
Share of profit of associates			739,280	739,280
Profit before income tax			89,484	2,062,782
Income tax expense			(344,339)	(344,339)
Net profit	1,948,681	24,617	(254,855)	1,718,443
Other segment items				
Capital expenditure	6,218,355	238,866	-	6,457,221
Depreciation	495,748	165,235	-	660,983

Assets and liabilities and reconciliations for business segments

	Distribution	Manufacturing	Unallocated	Group
	S$	S$	S$	S$
Segment assets	86,240,778	6,526,716	-	92,767,494
Associates	-	-	9,563,239	9,563,239
Deferred tax assets	-	-	893,517	893,517
Interest earning cash balances	-	-	3,889,594	3,889,594
Consolidated total assets	86,240,778	6,526,716	14,346,350	107,113,844
Segment liabilities	(15,424,257)	(1,733,012)	-	(17,157,269)
Borrowings	-	-	(28,992,096)	(28,992,096)
Current income tax liabilities	-	-	(155,831)	(155,831)
Deferred income tax liabilities	-	-	(505,170)	(505,170)
Consolidated total liabilities	(15,424,257)	(1,733,012)	(29,653,097)	(46,810,366)

OTHER INFORMATION

AUDIT

The statements of financial position as at 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the half year period then ended and the selected explanatory notes (the “Condensed Interim Financial Statements”) have not been audited or reviewed by the Company’s auditors.

REVIEW OF PERFORMANCE

Key Financial Highlights

The financial impact of the fire incident that occurred on 5 July 2023 on our consolidated statement of comprehensive income for the half year ended 31 December 2023, half year and full year ended 31 December 2024 and 31 December 2025 and half year ended 30 June 2026 are estimated as follows:

	To date	H1 2026	H2 2025	H1 2025	H2 2024	H1 2024	H2 2023
Income:	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Insurance claims income	13,667	1,200	-	-	4,408	4,910	3,149
Expenses/loss:							
Inventories written off	(5,919)	-	-	-	-	-	(5,919)
Property, plant and equipment written off	(811)	-	-	-	-	-	(811)
Demolition and decontamination costs	(3,351)	-	-	-	-	(1,031)	(2,320)
Waste disposal costs	(3,665)	-	-	-	-	(2,760)	(905)
Compensation claims	(805)	-	-	-	-	-	(805)
Other expenses	(722)	-	-	-	(198)	(397)	(127)
Total expenses/losses	(15,273)	-	-	-	(198)	(4,188)	(10,887)
Net impact before income tax expenses	(1,606)	1,200	-	-	4,210	722	(7,738)

Note : the financial impact above excludes reconstruction cost of warehouse.

Profitability Highlights	H1 2026	H2 2025	H1 2026 vs H2 2025 Variance Fav/(Unfav)		H1 2025	H1 2026 vs H1 2025 Variance Fav/(Unfav)	
Sales (S$'mil)	65.9	60.3	5.6	9.1%	64.1	1.8	2.8%
Gross profit (S$'mil)	18.8	15.7	3.1	19.6%	16.1	2.7	17.2%
Gross profit margin	28.6%	26.1%	2.5%	na	25.1%	3.5%	na
Total operating expenses and finance costs (S$'mil)	16.3	14.2	(2.1)	(14.8%)	15.0	(1.3)	(8.7%)
Other income (S$'000)	1,544	267	1,277	> 100.0%	269	1,275	> 100.0%
Adjusted other income (S$'000)	*344*	*267*	*77*	*29.1%*	*269*	*75*	*28.0%*
Share of profit of associates (S$'000)	936	428	508	> 100.0%	739	197	26.6%
Profit before income tax (S$'mil)	5.0	2.2	2.8	> 100.0%	2.1	2.9	> 100.0%
Net profit (S$'mil)	4.6	2.2	2.4	> 100.0%	1.7	2.9	> 100.0%
Adjusted net profit (S$'mil)	*3.4*	*2.2*	*1.2*	*57.3%*	*1.7*	*1.7*	*100.0%*
Net profit margin	7.0%	3.6%	3.4%	na	2.7%	4.3%	na
Adjusted net profit margin	*5.2%*	*3.6%*	*1.6%*	na	*2.7%*	*2.5%*	na

REVIEW OF PERFORMANCE (cont'd)

Key Financial Highlights (cont'd)

Profitability Highlights	H1 2026	H2 2025	H1 2026 vs H2 2025 Variance Fav/(Unfav)		H1 2025	H1 2026 vs H1 2025 Variance Fav/(Unfav)	
EBITDA (S$'mil)	6.4	3.4	3.0	85.1%	3.4	3.0	89.4%
EBITDA margin	9.7%	5.7%	4.0%	na	5.3%	4.4%	na
Earnings per share attributable to equity holders of the Company (cents)	3.42	1.61	1.81	> 100.0%	1.26	2.16	> 100.0%

Note : "Adjusted" amounts refer to amounts adjusted for the impact of the fire incident.
na : not applicable

Profitability Review

(a) Sales

	H1 2026	H2 2025	Variance Fav/(Unfav) H1 2026 vs H2 2025		H1 2025	Variance Fav/(Unfav) H1 2026 vs H1 2025	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
ASEAN	36,126	32,529	3,597	11.1	35,594	532	1.5
Europe	9,249	7,613	1,636	21.5	8,487	762	9.0
North Asia	7,469	8,091	(622)	(7.7)	7,784	(315)	(4.0)
Middle East	7,031	5,183	1,848	35.7	6,388	643	10.1
Australia	3,769	4,742	(973)	(20.5)	3,722	47	1.3
South Asia	1,626	1,995	(369)	(18.5)	1,769	(143)	(8.1)
America	257	49	208	424.5	209	48	23.0
Africa	327	137	190	138.7	120	207	172.5
Total	65,854	60,339	5,515	9.1	64,073	1,781	2.8

Geographic Segment Sales Analysis

H1 2026 vs H2 2025

In the first half of 2026 ("H1 2026"), driven by geopolitical instability and supply chain disruptions, demand for chemicals remained weak while chemical prices increased moderately. Sales to ASEAN increased by S$3.6 million or 11.1% followed by sales to Middle East and Europe markets which recorded an increase of S$1.8 million or 35.7% and S$1.6 million or 21.5 % as compared to second half of 2025 ("H2 2025"). Other markets like America and Africa each grew by S$0.2 million.

On the other hand, sales to Australia and North Asia markets fell by S$1.0 million or 20.5% and S$0.6 million or 7.7% respectively while sales to South Asia markets declined by S$0.4 million or 18.5%.

As a result, total sales increased by S$5.6 million or 9.1% to S$65.9 million in H1 2026 *vis-à-vis* sales of S$60.3 million in H2 2025.

H1 2026 vs H1 2025

As compared to the first half of 2025 ("H1 2025"), total sales increased by S$1.8 million or 2.8%. Europe markets recorded an increase in sales of S$0.8 million or 9.0%. This was followed by the Middle East and ASEAN markets which grew by S$0.6 million or 10.1% and S$0.5 million or 1.5% respectively.

On the other hand, North Asia and South Asia markets recorded lower sales of S$0.3 million or 4.0% and S$0.1 million or 8.1% respectively. Sales to Australia and America markets were relatively unchanged.

REVIEW OF PERFORMANCE (cont'd)

Profitability Review (cont'd)

(a) Sales (cont'd)

Business Activity Segment Sales Breakdown

	H1 2026	H2 2025	Variance Fav/(Unfav) H1 2026 vs H2 2025		H1 2025	Variance Fav/(Unfav) H1 2026 vs H1 2025	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Distribution activity	64,176	58,811	5,365	9.1	62,328	1,848	3.0
Manufacturing activity	1,678	1,528	150	9.8	1,745	(67)	(3.8)
Total Sales	65,854	60,339	5,515	9.1	64,073	1,781	2.8

H1 2026 vs H2 2025
H1 2026 vs H1 2025

Sales from distribution segment increased by S$5.4 million or 9.1% and S$1.8 million or 3.0% over H2 2025 and H1 2025 respectively.

Sales from manufacturing segment increased by S$150,000 or 9.8% over H2 2025 but contracted by S$67,000 or 3.8% H1 2025.

(b) Gross profit

H1 2026 vs H2 2025
H1 2026 vs H1 2025

Gross profit margin improved in H1 2026 (28.6%) as compared to H2 2025 (26.1%) and H1 2025 (25.1%). This was mainly due to higher chemical prices and to a small extent, write back of allowance for inventory impairment recorded in H1 2026 as compared to allowance for impairment made in H1 2025.

As a result, gross profit increased by S$3.1 million or 19.6% and S$2.7 million or 17.2% over H2 2025 and H1 2025 respectively.

(c) Other income

	H1 2026	H2 2025	Variance Fav/(Unfav) H1 2026 vs H2 2025		H1 2025	Variance Fav/(Unfav) H1 2026 vs H1 2025	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Change in fair value of financial assets at FVTPL - forward foreign exchange contracts	25	-	25	> 100.0	6	19	> 100.0
Gain on disposal of property, plant and equipment	40	28	12	42.7	9	31	> 100.0
Grant income	44	21	23	> 100.0	88	(44)	(49.3)
Insurance claims	1,252	2	1,250	> 100.0	20	1,232	> 100.0
Interest income	93	89	4	4.9	89	4	4.5
Trade receivables recovered	82	119	(37)	(31.4)	49	33	65.1

REVIEW OF PERFORMANCE (cont'd)

Profitability Review (cont'd)

(c) Other income (cont'd)

H1 2026 vs H2 2025
H1 2026 vs H1 2025

Other income in H1 2026 increased by S$1.3 million or more than 100.0% as compared to H2 2025 and H1 2025. This was mainly due to higher insurance compensation claims of S$1.2 million.

(d) Operating expenses

	H1 2026	H2 2025	Variance Fav/(Unfav) H1 2026 vs H2 2025		H1 2025	Variance Fav/(Unfav) H1 2026 vs H1 2025	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	588	458	(130)	(28.4)	463	(125)	(27.0)
Depreciation of right-of-use assets	178	147	(31)	(21.3)	148	(30)	(20.7)
Employee compensation	9,322	8,079	(1,243)	(15.4)	8,522	(800)	(9.4)
Net foreign exchange loss	343	140	(203)	(> 100.0)	320	(23)	(6.9)
Transport charges	807	442	(365)	(82.8)	400	(407)	(> 100.0)
Travelling expenses	326	476	150	31.5	384	58	14.9
Warehouse storage charges	1,630	1,617	(13)	(0.8)	1,770	140	7.9

H1 2026 vs H2 2025

Operating expenses for H1 2026 increased by S$2.1 million or 15.5% to S$15.7 million as compared to H2 2025 (S$13.6 million). The increase was mainly due to higher depreciation expenses of S$0.2 million, higher employee compensation of S$1.2 million, higher net foreign exchange translation losses of S$0.2 million and higher transport charges of S$0.4 million.

The increase was partially offset by lower travelling expenses of S$0.2 million.

H1 2026 vs H1 2025

Year-on-year, operating expenses increased by S$1.4 million or 9.6% as compared to H1 2025 (S$14.3 million). The increase was mainly due to higher depreciation expenses of S$0.2 million, higher employee compensation of S$0.8 million and higher transport charges of S$0.4 million

The increase was partially offset by lower warehouse storage charges of S$0.1 million.

REVIEW OF PERFORMANCE (cont'd)

Profitability Review (cont'd)

(e) Finance costs

Finance costs comprised the following:-

	H1 2026	H2 2025	Variance Fav/(Unfav) H1 2026 vs H2 2025		H1 2025	Variance Fav/(Unfav) H1 2026 vs H1 2025	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Bills payables	382	412	30	7.3	434	52	12.1
Bank loans	207	177	(30)	(17.0)	212	5	2.2
Bank overdraft	2	2	-	-	12	10	79.5
Finance leases	12	14	2	14.6	16	4	25.0
Lease liabilities	73	68	(5)	(7.1)	65	(8)	(12.4)
Total finance costs	676	673	(3)	(0.4)	739	63	8.4

H1 2026 vs H2 2025
H1 2026 vs H1 2025

Finance costs for H1 2026 were relatively unchanged as compared to H2 2025 while finance costs decreased by S$63,000 or 8.4% over H1 2025.

(f) Share of profit of associates

H1 2026 vs H2 2025

Our share of profit of associates increased by S$508,000 or more than 100.0% as compared to H2 2025.

H1 2026 vs H1 2025

Vis-à-vis H1 2025, our share of profit of associates increased by S$197,000 or 26.6%.

(g) Profit before income tax and net profit after tax

H1 2026 vs H2 2025

Profit before tax of H1 2026 increased by S$2.8 million to S$5.0 million as compared to net profit before tax of S$2.2 million in H2 2025. Similarly, EBITDA in H1 2026 was S$6.4 million as compared to S$3.4 million in H2 2025. The increase in profitability was mainly due to higher gross profit of S$3.1 million, higher other income of S$1.3 million (primarily insurance claims income), higher share of profit of associates of S$0.5 million offset by higher total expenses of S$2.1 million.

Due to higher income tax expenses in H1 2026, net profit after tax was S$4.6 million in H1 2026 as compared to S$2.2 million in H2 2025. After adjusting for the impact of fire incident in H1 2026, H1 2026 net profit after tax at S$3.4 million would have increased by S$1.2 million or 57.3% over H2 2025.

REVIEW OF PERFORMANCE (cont'd)

Profitability Review (cont'd)

(g) Profit before income tax and net profit after tax (cont'd)

H1 2026 vs H1 2025

As compared to H1 2025, profit before tax in H1 2026 increased by S$2.9 million as compared to net profit before tax of S$2.1 million in H1 2025. EBITDA in H1 2026 was S$6.4 million as compared to S$3.4 million in H1 2025. The increase in profitability was mainly due to higher gross profit of S$2.7 million, higher other income of S$1.3 million (primarily insurance claims income), higher share of profit of associates of S$0.2 million offset by higher total expenses of S$1.3 million.

As income tax expenses were relatively the same in H1 2026 and H1 2025, H1 2026 net profit after tax at S$4.6 million was S$2.9 million higher than H1 2025 (S$1.7 million). After adjusting for the impact of fire incident in H1 2026, H1 2026 net profit after tax at S$3.4 million would have doubled over H1 2025.

(h) Total comprehensive income

Translation gains or losses arise from translation of foreign currency denominated asset and liabilities of subsidiaries and associates. Translation losses recorded for H1 2026 of S$0.2 million was largely due to the depreciation of Thai Baht offset by appreciation of Australian Dollar and Chinese Yuan.

H1 2026 vs H2 2025

Translation gains in H2 2025 were S$1.2 million. As a result, comprehensive income for H1 2026 at S$4.4 million was S$1.0 million or 28.4% more than comprehensive income of S$3.4 million H2 2025.

H1 2026 vs H1 2025

Comprehensive income in H1 2026 increased by S$3.7 million year-on-year due to lower translation losses of S$0.8 million incurred in H1 2026 as compared to H1 2025.

Financial Position Review

Financial Position Highlights	As at 30 June 2026	 31 December 2025	Variance 30 June 2026 vs 31 December 2025 Fav/(Unfav)
Cash (S$'mil)	14.4	14.0	0.4
Borrowings (S$'mil)	39.4	34.7	(4.7)
Current ratio (times)	1.5	1.6	(0.10)
Gearing ratio (times)	0.61	0.57	(0.04)
Net gearing ratio (times)	0.38	0.34	(0.04)
Net assets per share attributable to equity holders of the Company (cents)	48.75	46.00	2.75
Inventory turnover (days)	140	147	7
Trade receivables turnover (days)	72	69	(3)
Trade payable turnover (days)	24	26	(2)

REVIEW OF PERFORMANCE (cont'd)

Financial Position Review (cont'd)

(i) Property, plant and equipment

The carrying value of property, plant and equipment increased by S$3.7 million from S$30.4 million as at 31 December 2025 to S$34.1 million as at 30 June 2026. Additional capital expenditure of S$4.4 million (mainly for plant and machinery for warehouse at 132 Pioneer Road) were offset by depreciation charge of S$0.6 million for the current reporting period.

(j) Right-of-use assets

The carrying value of right-of-use assets increased by S$0.7 million from S$2.3 million as at 31 December 2025 to S$3.0 million as at 30 June 2026. The increase was due to new right-of-use assets acquired and modification to existing assets totaled S$0.9 million offset by depreciation charge of S$0.2 million for the current reporting period.

(k) Investment in associates

The carrying value of investment in associates increased by S$0.1 million from S$10.2 million as at 31 December 2025 to S$10.3 million as at 30 June 2026. The positive contribution from operation in H1 2026 of S$0.9 million was offset by dividend return of S$0.4 million and foreign exchange translation losses of S$0.4 million.

(l) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income as at 30 June 2026 and 31 December 2025 related to investment in unquoted equity shares. There was no change in the fair value of the unquoted equity shares.

(m) Trade and other receivables

Net trade receivables increased by S$4.0 million or 17.2% from S$23.6 million as at 31 December 2025 to S$27.6 million as at 30 June 2026. The increase was because of higher sales in H1 2026 as compared to H2 2025. Turnover days increased by 3 days from 69 days for the full year of 2025 to 72 days in H1 2026. Other receivables remained relatively unchanged as at 30 June 2026.

(n) Inventories

Inventories increased by S$1.2 million or 4.0% from S$29.0 million as at 31 December 2025 to S$30.2 million as at 30 June 2026. The increase in inventory was mainly due to higher sales in H1 2026 and prudent inventory management. Inventory turnover days decreased by 7 days from 147 days for the full year of 2025 to 140 days in H1 2026.

(o) Other current assets

Other current assets increased by S$0.6 million or 23.4% from S$2.5 million as at 31 December 2025 to S$3.1 million as at 30 June 2026 primarily due to higher prepayments.

(p) Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss increased to S$25,000 as at 30 June 2026.

Financial liabilities at fair value through profit or loss decreased by S$12,000 to S$9,000 as at 30 June 2026.

REVIEW OF PERFORMANCE (cont'd)

Financial Position Review (cont'd)

(q) Trade and payables

Total trade payables increased by S$0.4 million or 7.4% from S$6.0 million as at 31 December 2025 to S$6.4 million as at 30 June 2026. Turnover days decreased by 2 days from 26 days for the full year of 2025 to 24 days in H1 2026.

Other payables in aggregate increased by S$1.2 million or 15.6% from S$7.6 million as at 31 December 2025 to S$8.8 million as at 30 June 2026 mainly due to higher accrued liabilities.

(r) Financial liabilities - lease liabilities

The carrying value of lease liabilities increased by S$0.7 million or 22.2% from S$3.0 million as at 31 December 2025 to S$3.7 million as at 30 June 2026. Additional lease liabilities recorded of S$0.9 million and accretion of interest of S$0.1 million was offset by repayment of lease liabilities of S$0.3 million in H1 2026.

(s) Borrowings

Total borrowings increased by S$4.7 million or 13.4% from S$34.7 million as at 31 December 2025 to S$39.4 million as at 30 June 2026. This increase was mainly in trade borrowings and short term bank loans which was due to higher working capital requirement corresponding to an increase in sales level.

In line with higher total borrowings, our gearing and net gearing ratio increased from 0.57 times and 0.34 times as at 31 December 2025 to 0.61 times and 0.38 times as at 30 June 2026 respectively.

(t) Net asset per share attributable to equity holders of the Company

Net asset value per share increased from 46.00 cents as at 31 December 2025 to 48.75 cents as at 30 June 2026 primarily due to total comprehensive income recorded for equity holders for the current reporting period of S$4.3 million offset by dividend payment of S$0.7 million.

Cashflow Review

Positive cash flow from operating activities of S$1.3 million was generated in H1 2026 despite recording net profit before tax of S$5.0 million was primarily due to higher working capital requirements (eg higher trade receivables, higher inventories). The higher working capital requirements were financed through proceeds from trade borrowings and short term bank loans of S$4.0 million.

Other major cash flows under investing and financing activities in H1 2026 consist of payments for property plant and equipment of S$4.4 million, payment of bank interests of S$0.6 million, payment of dividends of S$0.7 million and dividend received from associate of S$0.4 million.

As a result, overall cash and cash equivalents remained unchanged at S$14.0 million as at 30 June 2026 and 31 December 2025.

MegaChem

RISKS

We believe the imminent risks to our financial performance for the second half year ending 31 December 2026 ("H2 2026") are as follows:

Economic risk

Increased trade tensions, volatile geopolitical conflicts in the Middle East and persistent inflation may threaten the global economy in H2 2026. As the chemical industry is inextricably intertwined with global economy, the impact may be felt in our business.

Supply chain risk

Geopolitical risks, trade policy shifts and tariffs may continue to complicate supply chain and inventory planning leading to uneven customers' demand.

Supply risk

One of Megachem's strengths is the ability to secure supply of quality products. Even though our sources of supply are fairly diversified, supply disruption arising from the Gulf conflict may have an impact our business.

Energy prices

A highly unstable ceasefire in the Gulf has caused a spike in energy prices again. Chemical prices, especially that of bulk chemicals, are closely linked to oil prices. Specialty chemicals, though less susceptible to oil price fluctuations in comparison to bulk commodity chemicals, are not immune to oil price volatility which will have an impact of our purchase cost and revenue.

Inventory risk

Our business involves keeping inventory of chemicals to meet customers' requirements. In the event of an unexpected fall in customers' demand levels, we may end up with excess inventory. Supply chain disruption leading to longer shipment lead-time, may force us to keep higher level of inventory in order to meet customers requirement.

Currency risk

We operate internationally and therefore are exposed to foreign currency risks arising from various currency exposures. The currency market remains volatile and difficult to predict. Furthermore, some countries impose foreign exchange controls. These pose a challenge to our foreign exchange risk management. While we will continue to hedge our exposure, we recognize that there is no perfect hedge. In addition, currencies of certain countries have limited liquidity and carry high hedging cost. Thus, any adverse changes in foreign currency may have an impact on our profitability.

Interest rate risk

Our interest rate risk arises from bank borrowings at floating rates. As inflation resurges, interest rates are likely to stay elevated, leading to higher borrowing costs.

Credit risk

Our products are sold to more than 2,000 customers across many countries. Although there is no significant concentration of credit risk, the credit risks in some countries are more difficult to assess. Some customers may also face financial stress if financial conditions worsen. Any significant payment default will negatively impact our financial performance.

Country risk

Our products are sourced and sold globally. Our business may be affected if any of our markets suffers significant escalation in country risk.

PROSPECTS

There was no forecast or prospect statement previously disclosed to shareholders.

Economic Outlook

The global economic outlook for the second half of 2026 will likely remain fragile, weighed down by ongoing geopolitical tensions in the Middle East. Despite this uncertainty, most analysts project moderate growth, driven largely by the continued expansion of artificial intelligence technologies and related technology sectors.

Chemical Industry Landscape

The chemical industry at large is expected to remain under pressure, with volatile feedstock prices and persistent supply chain volatility eroding margin stability especially across commodity chemical segments.

Megachem

These headwinds in the industry may persist, reinforcing the need for us to continue to position ourselves within the specialty chemical space which provides better margin stability.

Following the issuance of the Temporary Occupation Permit for our new warehouse in June, we have transferred a major part of our inventory from 3rd party warehouses back, which will lead to significant reduction in warehousing cost as well as increase our operational efficiency and competitiveness.

DIVIDEND

(a) Current financial year reported on

Any interim dividend declared for the financial period ended? Yes

The directors are pleased to declare an interim tax exempt dividend of 0.5 cent per share in respect of the financial period ended 30 June 2026 as follows:

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.5
Tax rate	Exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the immediately preceding financial period ended 30 June 2025? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.5
Tax rate	Exempt

(c) Date payable

The interim tax exempt dividend of 0.5 cent per share in respect of the financial period ended 30 June 2026 will be paid on 30 September 2026.

(d) Record date

The Share Transfer Books and Register of Members of the Company will be closed on 10 September 2026 for the purpose of determining member's entitlements to the proposed interim tax exempt dividend.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, up to 5.00pm on 9 September 2026 (the "Record Date") will be registered to determine member's entitlements to the proposed dividend.

Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares as at Record Date will be entitled to the payment of the proposed dividend.

Payment of the interim tax exempt dividend of 0.5 cent per share will be made on 30 September 2026.

Undertaking from directors and executive officers in pursuant to Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the "Catalist Rules")

The Company had procured signed undertakings from all its Directors and executive officers based on the latest revised form set out in Appendix 7H of the Catalist Rules.

Disclosures on Acquisitions and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

The following acquisitions by the Company's associate, Megachem (Thailand) Public Company Limited ("Megachem Thailand"), in which the Company holds approximately 36.19% equity interest, were disclosed by Megachem Thailand.

In H1 2026, Megachem Thailand acquired 65% of the total issued and paid-up capital of SPD Biotech Co., Ltd ("SPD") for an aggregate consideration of THB1,300,000 or approximately S$51,000. The Company's indirect equity interest in SPD is approximately 23.52%. The principal activities of SPD consist of importing and distributing pharmaceutical and medical products as well as providing consultancy and design service for hospitals, laboratories and pharmaceutical factories.

Megachem Thailand also incorporated a wholly owned subsidiary, MGT Investment Pte Ltd ("MIPL"), with a paid-up capital of S$10,000. The Company's indirect equity interest in MIPL is approximately 36.19%. The principal activities of MIPL consist of investment holdings.

Megachem Thailand and its subsidiary, Green Leaf Chemical Company Limited, acquired preferred shares representing 5.24% and 1.31% of the issued share capital of Kyberlife Pte. Ltd. ("KPL") for a total consideration of USD 2 million or approximately S$2,557,000 and USD 0.5 million or approximately S$639,000 respectively. The Company's indirect equity interest in KPL is approximately 2.16%. The principal activities of KPL consist of development of software and online marketplace applications relating to the sale of laboratory equipment and products.

The acquisitions of SPD and KPL and the incorporation of MIPL were fully funded internally from Megachem Thailand and in the ordinary course of business, which are not expected to have any material impact on earnings per share of the Group and net tangible assets per share of the Company and of the Group for the financial year ending 31 December 2026.

None of the Directors or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in the acquisitions of SPD and KPL and the incorporation of MIPL, other than through their respective shareholdings (if any) in the Company.

The acquisitions of SPD and KPL and the incorporation of MIPL were not previously announced as it did not constitute a disclosable transaction under Chapter 10 of the Catalist Rules.

Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Catalist Rules

I, Chew Choon Tee, being the Managing Director of Megachem Limited, do hereby confirm on behalf of the Board of Directors that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited results for the half year ended 30 June 2026 to be false or misleading in any material aspects and the financial statements are in compliance with relevant accounting standards.

On behalf of the Board of Directors

Chew Choon Tee
Managing Director

13 August 2026