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MEDIA RELEASE

Vicplas International's medical devices segment continues to invest for future growth

- For FY2024, the Group's revenue decreased by 20.8% to S$102.4 million and recorded a loss after tax of S$1.4 million
- Medical devices segment continues to be impacted by certain customers' right sizing of their inventories, but maintains focus on building new capabilities and operationalising the new Mexico manufacturing plant
- Pipes and pipe fittings segment continues to grow and is expected to benefit from increased public housing and infrastructure projects in Singapore

SINGAPORE, 28 September 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 financial year ended 31 July 2024 ("**FY2024**").

Financial Highlights

In FY2024, the Group recorded a revenue of S$102.4 million which was a decrease of 20.8% over the financial year ended 31 July 2023 ("**FY2023**") due to lower revenue from the medical devices segment.

The revenue for the medical devices segment was S$63.1 million in FY2024, a decrease of 30.3% from FY2023 mainly due to the reduction in orders from certain customers as they continued to rebalance their inventory levels in response to the gradual recovery of the global logistics situation. The pipes and pipe fittings segment recorded an increase of 1.5% in revenue from FY2023 to S$39.2 million in FY2024 as construction activities in Singapore improved.

Segmental Revenue			
S$'M	**FY2024**	**FY2023**	**% Change**
Medical Devices	63.1	90.6	(30.3)
Pipes & Pipe Fittings	39.2	38.7	1.5

Segmental Results[1]			
S$'M	**FY2024**	**FY2023**	**% Change**
Medical Devices	(4.2)	3.4	nm
Pipes & Pipe Fittings	7.7	7.2	7.5

Other income increased by 15.1% to S$5.1 million in FY2024 mainly due to a net foreign exchange gain as compared to a net foreign exchange loss in FY2023, as well as an increase in income from tooling, mould and maintenance services in FY2024. Raw materials and consumables used decreased by 19.9% to S$50.2 million in FY2024 due to the decrease in production activities, and employee benefits expense (including salary) decreased by 12.4% to S$35.5 million in FY2024 due to decreased headcount and overtime.

Other operating expenses decreased by 11.5% to S$15.3 million in FY2024 mainly due to lower production activities that resulted in lower factory consumables, selling and marketing expenses and tooling expenses.

Overall, the Group recorded a loss before tax of S$1.1 million in FY2024 as compared to a profit before tax of S$5.6 million in FY2023; and a loss after tax of S$1.4 million for FY2024 as compared to profit after tax of S$4.2 million in FY2023. The Group's adjusted EBITDA[2] for FY2024 was S$7.3 million, which was a decrease of 50.1%, as compared to S$14.7 million in FY2023. The Group, in particular its medical devices segment, is continuing to invest intensively as it scales up its capabilities and global manufacturing footprint to meet both current and future customer demand.

[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.

[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.

Financial Position

As of 31 July 2024, the Group has a net asset value per share (excluding treasury shares) of 14.59 Singapore cents (31 July 2023: 15.37 Singapore cents)[3] and shareholders' equity of S$74.6 million (31 July 2023: S$78.6 million).

Final Dividend

The Board of Directors of Vicplas has not recommended a dividend in respect of the financial year ended 31 July 2024 due to the loss after tax incurred during the period.

Mr Walter Tarca, Group Chief Executive Officer of Vicplas commented: *"The performance of our medical devices segment for FY2024 continued to be adversely affected by certain customers' rebalancing their inventory levels, which was carried over from FY2023. In addition, the segment is also facing increased operating costs from the Changzhou plant extension, new business development and marketing costs, and startup costs associated with our new plant in Mexico. This new plant is located in Juarez, a border city close to El Paso, Texas, USA and is in the final stages of internal fitout and validation. We expect that the Juarez plant will contribute to revenue in the second half of financial year ending 31 July 2025 ("FY2025"). Notwithstanding that we are in a transition phase following the last few years of high growth, we continue to invest for future growth in order to become a more diversified and resilient global manufacturing partner to, and to meet the demand for new commercialisations from, our existing and future customers. We continue to build our capabilities for these future commercialisations through increased investments in plant and equipment, technology and technical staff. At the same time, we are continuing to improve our efficiency in all our manufacturing locations around the world. After this transitional phase is completed, we will be well-positioned to offer greater manufacturing flexibility and further grow our global customer base in key medical devices markets such as USA, Europe and Japan, as well as expand our capability to service new projects for the China market. Our pipes and pipe fittings segment continues to support the Group's performance as it benefits from increased public housing and infrastructure projects in Singapore, despite facing higher costs in the current built environment. I am happy to note that the segment continued to develop its market position in civil engineering projects, driven by increased demand*

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

from infrastructure developments related to residential and mega projects in Singapore. Overall, the Group will continue to monitor the challenges arising from uncertainties in the macro-environment, and ongoing inflationary and interest rates pressures. Nevertheless, we will continue to exercise prudent cost management and enhance our efficiency, while building up our capabilities to acquire new customers so as to capitalise on business opportunities for future sustained growth."

Business Outlook

For the next reporting period, the current expectation is for the Group's revenue growth to be somewhat constrained in relation to the medical devices segment, whilst the pipes and pipe fittings segment is expected to continue its gradual growth. The Group also faces increasing operating costs due to inflationary pressures and higher development and expansion costs.

While the Group remains cautiously optimistic, it continues to keep a vigilant watch on the challenges that may arise from the 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>

The medical devices segment recorded revenue of S$63.1 million in FY2024, a decrease of 30.3% from FY2023, mainly due to continued adjustments by certain customers in their post pandemic inventory holdings. In FY2023, certain customers conducted a review of their internal supply chains as they right sized their finished goods inventories and reduced their 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 FY2024. This reduced ordering situation is expected to continue until the customers' inventory levels have stabilised.

In FY2024, the segment faced increased operating costs associated with the Changzhou plant extension, new business development and marketing costs, and startup related costs associated with the new plant in Mexico (with a larger proportion incurred in the second half of FY2024). The plant in Juarez, Mexico is in the final stages of constructing the internal fitout, including clean rooms. The segment also brought on board additional technical staff in China and Singapore in the first half of FY2024 and in Juarez in the second half of FY2024 to meet future demand for new project commercialisations from its customers. Due to reduced revenue and higher expenses, the segment recorded a negative result of S$4.2 million for FY2024 (as compared to a positive result of S$3.4 million for FY2023).

During FY2024, the segment continued to focus on building up new capabilities especially in China, as well as completing and validating its new manufacturing site in Juarez, Mexico to improve its collaboration with, and offerings to its global customer base. The segment currently expects the Mexico plant to contribute to segmental revenue in the second half of FY2025. Meanwhile, the segment has also continued to focus on efficiency improvements in all its manufacturing locations.

The current expectation is for the revenue and segmental result of the medical devices segment to continue to be constrained mainly by the right sizing of inventory by its customers which is still progress, the new Mexico plant being set up and operationalised and the operating costs associated with the Changzhou plant extension. After this phase is completed, the segment will be well-positioned to offer greater manufacturing flexibility and 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. The segment continues to prioritise commercialising new projects in order to meet its customers' market launch dates.

Pipes and pipe fittings segment

In FY2024, the pipes and pipes fittings segment recorded revenue of S$39.2 million in FY2024, which was a slight increase of 1.5% compared to FY2023. While the segment is expected to benefit from increased public housing and infrastructure projects, it is also expected to continue facing challenges due to higher costs in the current built environment. These cost pressures, compounded by the lingering effects of the pandemic, have resulted in prolonged difficulties for some customers. The segment achieved a positive result of S$7.7 million in FY2024, posting a 7.5% improvement compared to FY2023, driven by cost and efficiency improvements in its manufacturing plants.

The segment continued to develop its market position in civil engineering projects, driven by increased demand from infrastructure developments, particularly residential and mega projects in Singapore. Its local manufacturing presence remains a key factor in ensuring supply chain resilience by enabling timely delivery to customers amid the fast pace of construction. Additionally, the segment's products are certified with 4 Green Marks by the Singapore Green Building Council, positioning them well to meet growing industry trends and quality requirements. Although the segment expects to benefit from increased 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. 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 EN ISO13485:2016 quality certification and, with the exception of XentiQ (Pte.) Ltd., are registered under the United States Food and Drug Administration (FDA) as a "contract manufacturer for medical devices" and Accreditation certificate of foreign medical device manufacturer from Japan Ministry of Health, Labour and Welfare. Forefront Medical Investments Pte. Ltd. additionally has a Class A, B, C, D Medical Device manufacturer license registered under Health Science Authority (HAS) Singapore and Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

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. Vicplas Holdings Pte Ltd is ISO5001:2018, ISO14001:2015 and ISO45001:2018 certified and both subsidiaries are ISO9001:2015 certified. For more information, please visit the corporate website https://www.vicplas.com

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