

MEDIA RELEASE

**Vicplas International's 1H2021 net profit after tax
rose 120% to S\$5 million**

- Medical devices segment continues positive growth momentum
- Pipes and pipe fittings segment makes recovery from the Covid-19 pandemic

SINGAPORE, 15 March 2021 – SGX Mainboard-listed Vicplas International Ltd (“Vicplas” or the “Company”), or collectively with its subsidiaries, the “Group” or “Vicplas Group”), is pleased to announce that it has achieved a net profit after tax of S\$5.0 million for the six months ended 31 January 2021 (“**1H2021**”), an increase of 119.7% from S\$2.3 million for the six months ended 31 January 2020 (“**1H2020**”). The Group also recorded an increase of 73.3% in profit before tax from S\$3.6 million in 1H2020 to S\$6.2 million in 1H2021.

Mr Cheng Liang, Group Chief Executive Officer of Vicplas, commenting on the 1H2021 results, said: ***“Vicplas Group performed well in 1H2021 with substantial increase in profitability from 1H2020 driven by the medical devices segment continuing on its growth path and the pipes and pipe fittings segment making a recovery with the re-opening of the construction industry.”***

Mr Walter Tarca, President of Medical Devices, made the following observation about the positive growth momentum of this segment: ***“Both revenue and profitability are growing for the medical devices segment. Increased customer orders and higher productivity led to segmental results increasing by 85.0% in 1H2021 compared to 1H2020. Long term growth prospects in the medical devices outsourcing industry remain attractive and, as our growth prospects are underpinned by products used for elective surgery and patient care, we are well-positioned to continue our expansion by tapping opportunities in a post Covid world.”***

Financial Highlights

The Group's 1H2021 revenue increased by 19.8% to S\$56.5 million from S\$47.2 million in 1H2020, driven by higher revenue from the medical devices segment, which was partially offset by lower revenue from the pipes and pipe fittings segment.

| Segmental Revenue | | | |
|-----------------------|-------------|-------------|-------------|
| S\$'million | 1H2021 | 1H2020 | % Change |
| Medical Devices | 40.5 | 29.8 | 35.7 |
| Pipes & Pipe Fittings | 16.0 | 17.3 | -7.6 |
| Total | 56.5 | 47.2 | 19.8 |

| Segmental Results | | | |
|-----------------------|------------|------------|-------------|
| S\$'million | 1H2021 | 1H2020 | % Change |
| Medical Devices | 5.4 | 2.9 | 85.0 |
| Pipes & Pipe Fittings | 2.2 | 2.4 | -6.8 |
| Total | 7.6 | 5.3 | 43.6 |

The revenue for the Group's medical devices segment increased by 35.7% to S\$40.5M in 1H2021 due to increased orders from its customers, while its segmental result improved to S\$5.4 million in 1H2021 from S\$2.9 million in 1H2020.

However, revenue for the pipes and pipe fittings segment had a slight decrease of 7.6% to S\$16.0 million in 1H2021 with a segmental result of S\$2.2 million in 1H2021 which was slightly lower than S\$2.4 million in 1H2020 (which was pre Covid-19), as the construction industry gradually recovered from the disruptions caused by the Covid-19 pandemic.

The Group's use of raw materials and consumables increased by 30.6% to S\$26.2 million due to increased usage in the medical devices segment, and an increase in headcount and overtime in the medical devices segment to meet the higher revenue also led to a 23.7% increase in employee benefits to S\$17.2 million. Depreciation and amortisation expenses increased by 33.4% to S\$3.1 million due to the increase in property, plant and equipment ("PPE") used in the medical devices segment and the reclassification of the Group's investment property to PPE in December 2019.

Other operating expenses fell by 16.9% to S\$6.1 million with a reduction in marketing-related, travelling and entertainment expenses due to the Covid-19 pandemic, and lower foreign exchange loss.

The Group also saw a 154.0% increase in other income to S\$2.8 million, due to more tools built for customers as well as the receipt of Covid-19 related government subsidies.

As a result of the above, the Group recorded a net profit before tax of S\$6.2 million and a net profit after tax of S\$5.0 million in 1H2021 from S\$3.6 million and S\$2.3 million in 1H2020, an increase of 73.3% and 119.7% respectively.

Business Outlook

Medical Devices Segment

The Group's medical devices segment continues its positive growth momentum with revenue increasing by 35.7% in 1H2021 as compared to 1H2020, resulting in an 85.0% increase in segmental results. The segment will continue to broaden its customer base and improve its core capabilities to provide enhanced service offerings to customers. In addition, it will continue efforts to improve efficiency at its manufacturing plants to lower costs and raise margins. Although operations have mostly normalised at this stage of the Covid-19 pandemic, the segment will continue to monitor the situation very closely. The segment continues to assess the establishment of the next medical device plant outside China in order to provide operational diversity, growth, and resilience for its customer base.

The medical devices segment remains optimistic about its long term growth opportunities in medical device manufacturing globally, but will continue to be very mindful of uncertainties in current international trading conditions.

Pipes and Pipe Fittings Segment

The Group's pipes and pipe fittings segment has seen a gradual recovery in 1H2021 as construction projects in Singapore re-commence activities, with segmental results slightly lower than 1H2020, which was pre Covid-19. This recovery is expected to continue for the rest of the financial year ending 31 July 2021 ("**FY2021**").

However, recent price increases for raw materials, labour shortages, and intensified competition are key concerns which may affect the performance of the pipes and pipe fittings segment for the remainder of FY2021. Notwithstanding this challenging operating environment, the segment will continue to focus on civil engineering projects and product expansion and targets to grow its revenue in FY2021.

(Note: 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 paragraph 14 of the announcement.)

The Group

Despite the Covid-19 pandemic, the Group achieved higher profitability in 1H2021 as compared to 1H2020. While the Group remains cautiously optimistic for the remainder of FY2021, it is keeping a vigilant watch on uncertainties and challenges that may arise from the ongoing Covid-19 pandemic. The Group will continue to exercise prudent cost management, while developing new business opportunities and strengthening the base for future growth.

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 segments.

Medical Devices

The first is the design, development and manufacture of sterile and non-sterile medical devices through our 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 quality certifications of EN ISO13485:2016 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”. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China and Accreditation certificate of foreign medical device manufacturer from Japan.

Pipes and Pipe Fittings

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.

For more information, please visit <https://www.vicplas.com/>