



NEWS RELEASE

MEGACHEM REPORTS 1.7% DECREASE IN H1 2025 REVENUE TO S\$64.1 MILLION

- *Lower revenue attributed to lower demand for chemicals amid macroeconomic and geopolitical headwinds*
- *Net profit after tax at S\$1.7 million was relatively unchanged from H1 2024 (excluding a net impact from a fire incident in July 2023)*
- *Maintains healthy financial position with net gearing ratio of 0.25 times¹*
- *Interim dividend of 0.5 cents per share declared for H1 2025*

Singapore, 13 August 2025 – 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 1.7% decrease in revenue to S\$64.1 million for the half year ended 30 June 2025 (“**H1 2025**”). H1 2025 net profit after tax stood at S\$1.7 million which was relatively unchanged as compared to the previous corresponding period ended 30 June 2024 (“**H1 2024**”) (adjusted for a net impact from a fire incident in July 2023).

Mr. Sidney Chew (“**Mr Chew**”), Managing Director of the Group, said, “Despite the challenging global environment which has impacted the chemicals industry, our business has displayed remarkable resilience. In light of supply chain challenges the industry faces, prudent and optimal inventory management will continue to be a key focus area for us. We are also pleased that the construction of our new warehouse is progressing well, with structural work largely completed following the completion of the piling phase. The new warehouse remains on track to be completed by the end of 2025 and will boost our competitiveness in the long term.”

¹ As at 30 June 2025.

Performance Review for H1 2025

Megachem recorded a revenue of S\$64.1 million in H1 2025, a decrease of 1.7% as compared to S\$65.2 million recorded in H1 2024. The marginal decline in revenue reflects lower demand for chemicals, as geopolitical events and US tariffs impeded demand and growth for the industry.

In terms of geographical segment, revenue from ASEAN, the Group's largest market, was down by 5.4% to S\$35.6 million in H1 2025, compared to S\$37.6 million recorded in H1 2024. Meanwhile, revenue from Europe, the Group's second largest market, saw a decrease of 0.8% to S\$8.5 million in H1 2025 compared to S\$8.6 million H1 2024. Other market segments of North Asia, Middle East and America registered increases in sales between H1 2024 and H1 2025, while Australia, South Asia and Africa saw a decline.

Total operating expenses decreased by S\$3.4 million or 19.4% year-on-year, largely due to the absence of expenses incurred as a result of the fire incident such as the demolition and decontamination costs and waste disposal costs, which amounted to S\$3.8 million in H1 2024. The decrease was offset by higher net foreign exchange translation losses, higher employee compensation and higher warehouse storage charges.

Megachem recorded a net profit after tax of S\$1.7 million in H1 2025, 13.4% lower year-on-year. The decrease in profitability was mainly due to lower other income offset by higher gross profit and the absence of expenses incurred in H1 2024 as a result of the fire incident. After adjusting for the impact of the fire incident in H1 2024, H1 2025 net profit after tax would be relatively unchanged as compared to H1 2024.

The Group's liquidity remained consistent with cash and bank balances falling from S\$16.0 million as at 31 December 2024, to S\$14.2 million as at 30 June 2025. The Group's total borrowings increased by S\$3.8 million or 14.9% to S\$29.0 million as at June 2025. The increase was mainly due to proceeds from long-term bank loans, which were used to finance the reconstruction of the warehouse, offset by repayment of bills payables

and short-term bank loans. Net gearing ratio remains healthy at 0.25 times as at 30 June 2025, increasing from 0.16 times as at 31 December 2024, in line with higher borrowings.

Earnings per share for H1 2025 came in at 1.26 cents as compared to earnings per share of 1.5 cents in H1 2024. Net asset value per share increased to 43.97 cents as at 30 June 2025, from 43.92 cents as at 31 December 2024.

Proposed Dividend

For H1 2025, the board of directors declared an interim tax-exempt dividend of 0.5 cents per share at a 39.6% payout ratio.

Outlook

Looking ahead, US protectionist trade policies, geopolitical conflicts in Ukraine and the Middle East as well as the sluggish economic recovery in China continue to present heightened downside risks to the global economy. As Megachem's chemical products are sold to a wide spectrum of industries, these factors are expected to continue to reverberate across the economy and impact the Group's business activities.

"On the back of ongoing uncertainties, global manufacturing activities and demand may weaken and adversely impact the chemicals industry, which is reliant on manufacturing activities for continued growth. Amid a weaker external environment and potential changes in global trade flows, Megachem will continue to diversify our supply sources and deepen our market penetration especially in Asia. We will also focus on staying nimble through prudent inventory and financial management," concluded Mr Chew.

Rebuilding of Singapore Warehouse On Track

On 5th July 2023, Megachem informed shareholders via an SGX announcement that a fire broke out on the same day at 132 Pioneer Road where one of its warehouses is

located. Following the completion of the piling phase, the structural work for rebuilding the warehouse is largely completed.. Barring unforeseen circumstances, construction is targeted to complete by the end of 2025.

While the reconstruction of the warehouse will lead to increased costs in the short and medium term, the Group is expected to benefit from lower warehousing cost in the longer term as reliance on third-party warehouses is reduced. The new warehouse will also enhance Megachem's operational efficiency and long-term 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 electronics, water treatment, metal finishing, construction, oil and gas, food, beverage, flavours, fragrance, pharmaceuticals, polymers, coatings, 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.

The contact person for the Sponsor is Mr Bernard Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-01, AIA Tower, Singapore 048542.

ISSUED ON BEHALF OF :	Megachem Limited
BY :	CDR
	158 Cecil Street
	#05-01
	Singapore 069545
CONTACT :	Ms Chia Hui Kheng / Ms Jaslin Tan
	at telephone
DURING OFFICE HOURS :	6534-5122
EMAIL :	Megachem@cdrconsultancy.com
