

Rectitude Holdings Ltd Announces Fiscal 2025 First Half Financial Results

SINGAPORE, March 27, 2025 (GLOBE NEWSWIRE) -- Rectitude Holdings Ltd (the "Company" or "Rectitude"), a Singapore-based provider of safety equipment and related industrial-grade hardware products, today announced its unaudited financial results for the six months ended September 30, 2024.

Fiscal 2025 First Half Financial Results Compared to Fiscal 2024 First Half (amounts in U.S. dollars (\$) unless otherwise noted):

- Revenues for the first six months of fiscal 2025 were \$17.2 million. Revenues in Singapore Dollars, increased 7.89% to S\$22.1 million, from S\$20.5 million in the prior-year period. Revenue growth was driven by a S\$5.6 million increase in safety equipment revenues, partially offset by a S\$4.0 million decrease in auxiliary product revenues.
- Gross profit increased to S\$7.7 million, from S\$7.6 million in the prior year was primarily due to higher sales volumes and improved efficiencies, partially offset by pressures from increased procurement costs arising from customizable products made for customers and newly launched auxiliary products under the DADE brand.
- Gross profit margin decreased to 34.74% of revenue, from 36.96% of revenue in the prior year as a result of the factors noted above.
- Selling and marketing expenses in Singapore Dollars, increased by S\$0.5 million to S\$2.5 million, due to opening of new branches and their associated operating costs.
- General and administrative expenses in Singapore Dollars, increased by S\$0.9 million to S\$3.8 million due to increased costs associated with the Company's initial public offering as well as ongoing public company costs.
- Net income was \$0.9 million, or \$0.06 per diluted share, for the fiscal first half ended September 30, 2024. In Singapore Dollars, net income was S\$1.1 million, or S\$0.08 per diluted share, for the fiscal first half ended September 30, 2024, compared to net income of S\$2.1 million, or S\$0.17 per diluted share, for the fiscal first half ended September 30, 2023.
- Adjusted EBITDA for the fiscal first half ended September 30, 2024, was \$2.4 million. In Singapore Dollars, Adjusted EBITDA decreased slightly to S\$3.2 million, compared to S\$3.4 million in the prior year period.

"The first six months of the fiscal year have marked by continued innovation for the Company as we seek to meet the evolving needs of our customers. As we continue to invest in developing new products, we are opening the door to new markets and an expanded customer relationships," said Mr. Jian Zhang, Chairman, Chief Executive Officer, and Executive Director at Rectitude. "The tenacity and dedication of all our employees is evident in our continued revenue growth and customer satisfaction. As we look to the future, we are inspired by the opportunities ahead of us and how those affect our total addressable market. Continued investment in the Company, along with increasing our strategic presence across Singapore and Southeast Asia will strengthen our position in the market and enable Rectitude to maximize our shareholder value."

Revenues

For the fiscal first half ended September 30, 2024, total revenues were \$17.2 million. In Singapore Dollars, revenues were S\$22.1 million and S\$20.5 for the respective fiscal first half's ended September 30, 2024 and 2023. The increase was primarily driven by stronger customer demand for safety equipment given the increased construction activity within the Company's markets, partial offset by a decrease in auxiliary product revenues.

Cost of Revenues

For the fiscal first half ended September 30, 2024, cost of revenues was \$11.2 million. In Singapore Dollars, for the

fiscal first half ended September 30, 2024 and 2023, cost of revenues were S\$14.4 million and S\$12.9 million, respectively. The increase in cost of revenue was consistent with the increase of revenue during the year, however, procurement costs have increased, rising from customizable products made for customers and newly launched auxiliary products embodying the Company's DADE brand.

Gross profit and Gross profit margin

Gross profit for the fiscal first half ended September 30, 2024, was \$6.0 million, representing 34.74% of operating revenues. In Singapore Dollars, gross profit for the fiscal first half ended September 30, 2024 and 2023 was S\$7.7 million and \$7.6 million, representing 34.74% and 36.96% of operating revenues, respectively. The increase in gross profit was mainly due to higher sales volumes. The decrease in gross profit margin is mainly due to higher sales volumes offset by pressures from the increase in procurement costs arising from customizable products made for customers and newly launched auxiliary products under the DADE brand.

Selling and marketing expenses

Selling and marketing expenses primarily included expenses related to advertising and marketing activities and associated costs of our retail branches, which included labor costs, sales commissions and operating lease expenses. For the fiscal first half ended September 30, 2024, selling and marketing expenses were \$1.9 million. In Singapore Dollars, for the fiscal first half ended September 30, 2024 and 2023, selling and marketing expenses were S\$2.5 million and S\$1.9 million respectively. The increase was primarily due to increase in salaries arising from new hires employed to run newly opened branches.

Research and development expenses

Research and development expenses primarily consisted of compensation cost to engineering, design and product development employees and software expenses. For the fiscal first half ended September 30, 2024, research and development expenses were \$0.04 million. In Singapore Dollars, for the fiscal first half ended September 30, 2024 and 2023, research and development expenses were S\$0.05 million and S\$0.04 million respectively. The increase was primarily due to continued investment in new products and services to meet emerging customer demand.

General and administrative expenses

General and administrative expenses consisted primarily of motor vehicle operating expenses, transportation, property maintenance and property tax, allowance for expected credit losses and general administrative expenses such as staff costs, depreciation, legal and professional fees and other miscellaneous administrative expenses. For the fiscal first half ended September 30, 2024, general and administrative expenses were \$3.0 million. In Singapore Dollars, for the fiscal first half ended September 30, 2024 and 2023, general and administrative expenses were S\$3.8million and S\$2.9 million respectively. The increase was mainly due to increased public company costs, including professional fees and compliance costs incurred related to the Company's listing on NASDAQ.

Net Income

As a result of the factors described above, net income for the fiscal first half ended September 30, 2024 was approximately \$0.9 million. In Singapore Dollars, net income for the fiscal first half ended September 30, 2024 was approximately S\$1.1 million, compared to net income of S\$2.1 million, for the fiscal first half ended September 30, 2023.

Earnings per Share - Basic and Diluted

Earnings per basic and diluted share for the fiscal first half ended September 30, 2024 was \$0.06. In Singapore Dollars, earnings per basic and diluted share for the fiscal first half ended September 30, 2024 was S\$0.08, compared to S\$0.17 for the same period of 2023.

Adjusted EBITDA

The Company also views earnings before interest, taxes, depreciation and amortization, subject to specific adjustments (Adjusted EBITDA) as an important measure of the results of operations. For the fiscal first half ended September 30, 2024, Adjusted EBITDA was \$2.4 million. In Singapore dollars, Adjusted EBITDA decreased slightly to S\$3.2 million, from S\$3.4 million during the same period. The decrease was primarily driven by compliance costs and professional fees incurred related to the Company's listing on NASDAQ.

Outlook

Contemplating the Company's Outlook for the second half of Fiscal Year 2025, Mr. Zhang commented, "We look forward to start the fiscal second half with stronger growth in Rectitude with our Energy and Power Storage Products to increase workplace safety for users. We will focus on growing our revenue as we continue expanding our presence within the Southeast Asian markets we serve. We remain committed to the core principles that have guided our Company throughout its history, setting the foundation for increased growth and returns over the long term."

About Rectitude Holdings Ltd

Founded in 1997 in Singapore, Rectitude is principally involved in the provision of safety equipment, encompassing essential items such as personal protective clothing, gloves, safety footwear, personal fall arrest systems, portable fire extinguishers and traffic products. The Company also offers auxiliary products such as industrial hardware tools and electrical hardware required for construction sites. Rectitude's products and solutions are marketed to a wide array of distributor networks and end markets, both in Singapore and increasingly throughout the Southeast Asian region, including Brunei, Cambodia, Malaysia, Indonesia, and Vietnam.

The Company has also posted an earnings presentation to its website which can be found here:

<https://ir.rectitude.com.sg/presentations/>

For more information, please visit the Company's website: <https://ir.rectitude.com.sg>.

Forward-Looking Statements

Certain statements in this announcement are forward-looking statements, including, but not limited to, the Company's proposed Offering. These forward-looking statements involve known and unknown risks and uncertainties and are based on the Company's current expectations and projections about future events that the Company believes may affect its financial condition, results of operations, business strategy and financial needs, including the expectation that the Offering will be successfully completed. Investors can identify these forward-looking statements by words or phrases such as "approximates," "believes," "hopes," "expects," "anticipates," "estimates," "projects," "intends," "plans," "will," "would," "should," "could," "may" or other similar expressions. The Company undertakes no obligation to update or revise publicly any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and the Company cautions investors that actual results may differ materially from the anticipated results and encourages investors to review other factors that may affect its future results in the Company's registration statement and other filings with the U.S. Securities and Exchange Commission.

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RECTITUDE HOLDINGS LTD
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND
COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED SEPTEMBER, 30 2023 AND 2024

	For the Periods ended September 30,		
	2023	2024	2024
	S\$	S\$	US\$
Revenue	20,483,795	22,099,549	17,223,559
Cost of revenue	(12,912,013)	(14,422,920)	(11,240,683)
Gross profit	7,571,782	7,676,629	5,982,876
Selling and marketing expenses	(1,913,781)	(2,461,020)	(1,918,027)
Research and development expenses	(48,291)	(51,376)	(40,041)
General and administrative expenses	(2,916,668)	(3,821,950)	(2,978,683)
Total operating expenses	(4,878,740)	(6,334,346)	(4,936,751)
Income from operations	2,693,042	1,342,283	1,046,125
Other income (expense)			
Other income, net	37,187	200,766	156,470
Interest expense	(79,173)	(88,865)	(69,259)
Total other income, net	(41,986)	111,901	87,211
Income before income tax	2,651,056	1,454,184	1,133,336
Income tax expense	(553,689)	(337,177)	(262,783)
Net income	2,097,367	1,117,007	870,553
Other comprehensive income			
Foreign currency translation loss	-	(388,769)	(302,992)
Total comprehensive income	2,097,367	728,238	567,561
Weighted average number of ordinary shares			
Basic*	12,500,000	13,614,754	13,614,754
Diluted*	12,500,000	13,614,754	13,614,754
Earnings per share			
Basic	0.17	0.08	0.06
Diluted	0.17	0.08	0.06

RECTITUDE HOLDINGS LTD
CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2024 AND UNAUDITED INTERIM
CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2024

	March 31, 2024	September 30, 2024	September 30, 2024
	S\$	S\$	US\$
Assets			
Current assets			
Cash and cash equivalents	3,468,594	3,970,988	3,094,839
Accounts receivable, net	11,508,064	12,745,334	9,933,235
Inventories, net	6,249,895	6,095,351	4,750,488
Deferred initial public offering ("IPO") costs	1,560,933	-	-
Other receivables	497,309	617,646	481,370
Advances to related parties	358,019	413,810	322,508
Total current assets	23,642,814	23,843,129	18,582,440
Non-current assets			
Financial instrument	231,293	222,772	173,620
Loan receivables	-	7,057,050	5,500,000
Property, plant and equipment, net	5,811,883	6,233,598	4,858,232
Right-of-use assets - operating leases	4,522,524	4,918,763	3,833,499
Total non-current assets	10,565,700	18,432,183	14,365,351
Total assets	34,208,514	42,275,312	32,947,791
Liabilities and shareholders' equity			
Current liabilities			
Bank loans, current portion	598,848	1,057,695	824,328
Finance lease liabilities, current portion	168,192	195,777	152,581
Accounts payable	6,441,094	7,195,709	5,608,066
Operating lease liabilities, current portion	1,240,129	1,250,366	974,488
Other payables	3,058,781	1,068,646	832,860
Provision for income taxes	1,177,119	646,221	503,640
Total current liabilities	12,684,163	11,414,414	8,895,963
Non-current liabilities:			
Bank loans, non-current portion	3,070,967	2,864,403	2,232,408
Finance lease liabilities, non-current portion	379,481	657,916	512,755
Operating lease liabilities, non-current portion	3,487,144	4,018,004	3,131,482
Deferred tax liabilities	1,446	1,446	1,127
Total non-current liabilities	6,939,038	7,541,769	5,877,772
Total liabilities	19,623,201	18,956,183	14,773,735
Commitments and contingencies (Note 20)	-	-	-
Shareholders' equity			
Ordinary shares, US\$0.0001 par value, authorized 500,000,000 shares, issued 12,500,0000 shares outstanding as of March 31, 2024 and issued 14,500,000 shares outstanding as of September 30 2024, respectively*	1,707	1,978	1,542
Additional paid-in capital	3,377,293	11,382,600	8,871,172
Retained earnings	11,206,313	12,323,320	9,604,334
Other comprehensive loss	-	(388,769)	(302,992)
Total shareholders' equity	14,585,313	23,319,129	18,174,056
Total liabilities and shareholders' equity	34,208,514	42,275,312	32,947,791

RECTITUDE HOLDINGS LTD
 UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2024

	September 30, 2023	September 30, 2024	September 30, 2024
	S\$	S\$	US\$
Cash flows from operating activities			
Net income	2,097,367	1,117,007	870,553
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Depreciation of property, plant and equipment	269,095	289,103	225,316
Amortization of right-of-use assets	415,364	791,120	616,569
Operating lease modifications	(7,025)	(40,525)	(31,584)
Bad debts write-off	28,542	-	-
Gain on disposal of property, plant and equipment	(5,000)	(957)	(746)
Allowance for inventories write-down	110,392	28,214	21,989
Allowance for expected credit losses - third parties	3,304	133,618	104,136
Fair value change in financial instrument	(9,162)	(3,031)	(2,362)
Changes in operating assets and liabilities			
Accounts receivable, net	1,314,885	(1,370,888)	(1,068,419)
Other receivables	(109,147)	(120,337)	(93,786)
Advances to related parties	(56,959)	(55,791)	(43,481)
Inventories	(274,165)	126,330	98,457
Accounts payable	(73,743)	754,615	588,119
Other payables	309,327	(1,990,135)	(1,551,037)
Finance lease liabilities - interest portion of lease payment	(16,782)	(19,015)	(14,820)
Operating lease liabilities	(321,309)	(605,737)	(472,089)
Income tax payable	65,913	(530,898)	(413,760)
Net cash provided by/(used in) operating activities	3,740,897	(1,497,307)	(1,166,945)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(178,424)	(298,761)	(232,843)
Proceeds from disposal of property, plant and equipment	5,000	1,000	779
Disbursement of loan to third party	-	(7,057,050)	(5,500,000)
Net cash used in investing activities	(173,424)	(7,354,811)	(5,732,064)
Cash flows from financing activities:			
Proceeds from common shares issued for cash	-	9,189,294	7,161,791
Advances from /(repayment to) shareholders, net	(122,767)	-	-
Deferred IPO expenses	(241,690)	-	-
Dividends paid	(2,000,000)	-	-
Repayments of bank loans	(191,611)	252,283	196,620
Payments for finance lease liabilities - principal portion	(83,175)	(87,065)	(67,855)
Net cash (used in)/provided by financing activities	(2,639,243)	9,354,512	7,290,556
Net changes in cash and cash equivalents	928,230	502,394	391,547
Cash and cash equivalents at beginning of the period	2,432,557	3,468,594	2,703,292
Cash and cash equivalents at end of the period	3,360,787	3,970,988	3,094,839
Supplement disclosures of cash flow information			
Income taxes paid	(487,776)	(868,075)	(676,545)
Interest paid	(79,173)	(88,865)	(69,259)