UGHEALTHCARE CORPORATION

(Incorporated in Singapore with Unique Entity No.: 201424579Z)
website: www.ughealthcarecorporation.com
SGX stock code: 8K7

VOLUNTARY BUSINESS UPDATE FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2022 ("3Q FY22")

The board of Directors (the "**Board**") of UG Healthcare Corporation Limited ("**UG Healthcare**" or the "**Company**" and together with its subsidiaries, the "**Group**") wishes to update shareholders in this voluntary business update on its financial performance for the financial quarter and nine months ended 31 March 2022 ("**3Q FY22**" and "**9M FY22**"). The financial performance is based on a preliminary assessment of the Group's latest unaudited consolidated management accounts.

FINANCIAL HIGHLIGHTS

FYE 30 Jun (S$'000)	3Q FY22	3Q FY21	YoY Change	9M FY22	9M FY21	YoY Change
Revenue	64,253	93,458	- 31.2%	181,531	252,875	- 28.2%
Gross profit	20,429	58,574	- 65.1%	64,979	157,802	- 58.8%
Gross margin	31.8%	62.7%	- 30.9 pp	35.8%	62.4%	- 26.6 pp
Profit before tax	15,676	46,465	- 66.3%	41,587	128,514	- 67.6%
Net profit after tax	12,162	33,670	- 63.9%	32,218	94,798	- 66.0%
Net profit (1)	10,682	34,332	- 68.9%	31,928	89,271	- 64.2%
Net margin	16.6%	36.7%	- 20.1 pp	17.6%	35.3%	- 17.7 pp
EPS (2) (Singapore cents)	1.71	5.58	- 69.4%	5.16	14.63	- 64.7%

Notes:

* 3Q denotes three months and 9M denotes nine months ended 31 March.

(1) Net profit attributable to owners of the Company.

(2) Earnings per share ("**EPS**") is based on the average weighted number of shares of 623.8 million for 3Q FY22, 616.3 million for 3Q FY21, 619.0 million for 9M FY22, and 609.9 million for 9M FY21.

- In 3Q FY22, the average selling price ("**ASP**") of disposable gloves continued to decline as the market supply of disposable examination gloves increased and competition among disposable gloves manufacturers intensified. The Group, operating through its own-brand manufacturing ("**OBM**") model, mitigated the impact with higher volume produced on its existing production capacity of 3.4 billion pieces of gloves per annum.

- Group revenue in 3Q FY22 declined 31.2% year-on-year to S$64.3 million, buffered by a higher volume of disposable gloves sold, despite relatively lower ASP.

- Gross profit decreased by 65.1% year-on-year to S$20.4 million as ASP across all product segments adjusted towards pre-COVID pandemic levels. Correspondingly, gross margin declined

from 62.7% in 3Q FY21 to 31.8% in 3Q FY22.

- Profit before tax decreased 66.3% year-on-year to S$15.7 million in tandem with the lower gross profit.
- Net profit attributable to owners of the Company decreased 68.9% year-on-year to S$10.7 million in 3Q FY22.

FINANCIAL POSITION

FYE 30 Jun (S$'000)	As at 31 March 2022	As at 30 June 2021
Equity attributable to the owners of the Company ("**Net asset value**")	223,096	190,636
Cash and bank balances	92,030	68,441
Long-term bank borrowings	8,322	5,303
Short-term bank borrowings	7,013	9,957

- The Group maintains a strong net cash position of S$76.7 million.
- The increase in long-term bank borrowings was to tap on favourable interest rates for its capital expenditure.
- The net asset value per share increased to 35.76 Singapore cents as at 31 March 2022, from 30.93 Singapore cents as at 30 June 2021.

  Note: Net asset value per share was computed based on the share capital of 616.3 million shares as at 30 June 2021 and 623.8 million as at 31 March 2022.

OUTLOOK

Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, "**The ramp up of our productivity in the second quarter (Oct – Dec 2021) following the temporary closure and 60% manpower capacity in the first quarter (Jul – Sep 2021), allowed us to record higher revenue sequentially in 3Q FY22. We are, however, mindful that the prevailing manpower shortage in Malaysia could potentially impede our progress to achieve optimal utilisation rate as we increase our total production capacity to 4.6 billion pieces of gloves per annum.**

Note: As a result of the integrated supply chain, the Group recognises sales only after the products have been sold by the distribution companies. The goods in transit and in the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

While the ASP normalises, we are also experiencing better visibility on the demand for our proprietary 'Unigloves' brand of disposable gloves with our customers at our downstream distribution. The additional production capacity of 1.2 billion pieces of gloves per annum that is coming onstream progressively from end May this year, is catered for our existing customers as disposable examination gloves remain essential for hand protection.

We will continue to grow prudently at both our upstream and downstream operations, while managing the rising operating costs. We believe the benefits derived from economies of scale through our OBM model outweigh the adverse impact of ASP adjustment and higher operating cost."

According to the Malaysian Rubber Glove Manufacturers Association ("**MARGMA**"), global demand for disposable gloves is projected to grow 12-15% year-on-year to reach 452 billion pieces in 2022.
(Source: https://www.thestar.com.my/business/business-news/2022/04/01/robust-global-demand-for-rubber-gloves-in-2022)

USE OF PROCEEDS

Pursuant to the Company's placement exercise completed on 21 August 2020, the Company received net proceeds of approximately S$18,388,500 (the "**Net Proceeds**"). The Net Proceeds were fully utilised as at the date of this announcement.

CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, or other professional advisers before trading in or making any investment decision regarding the Company's securities.

By Order of the Board
UG Healthcare Corporation Limited

Lee Keck Keong
Executive Director and CEO

12 May 2022

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

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Charmian Lim (Telephone no.: (65) 6232 3210) at 1, Robinson Road, #21-00 AIA Tower, Singapore 048542.