UG Healthcare Corporation Limited
(Incorporated in Singapore with Unique Entity No.: 201424579Z)
SGX Stock Code: 8K7
website: www.ughealthcarecorporation.com

UG Healthcare delivered strong growth in revenue and profit, and margin expansion in 1H FY21

- **Board declared special cash dividend of 0.105 Singapore cents per share for 1H FY21**
- **Production capacity expansion of additional 500 million pieces of gloves per annum is on track to come on stream in March / April 2021, and additional 1.2 billion pieces per annum after July 2021 onwards**
- **Group continues to invest to strengthen own marketing and distribution infrastructure in its key markets, and further entrench and enhance brand awareness of its own "Unigloves" brand**

Key Financial Highlights:

FYE 30 Jun (S$'000)	1H FY21	1HY FY20	YoY Change	FY20
Revenue	159,417	53,178	> 100.0%	144,209
Gross profit	99,228	9,763	> 100.0%	42,519
Gross margin	62.2%	18.4%	+ 43.8 pp	29.5%
Profit before tax	82,049	846	> 100.0%	18,057
Net profit after tax	61,128	306	> 100.0%	15,086
Net profit attributable to owners of the Company	54,939	846	> 100.0%	13,402
Net margin	34.5%	1.6%	+ 32.9 pp	9.3%

* 1H denotes six months ended 31 December

Singapore, 04 February 2021 – UG Healthcare Corporation Limited 优格医疗集团 ("**UG Healthcare**" and together with its subsidiaries, the "**Group**"), a disposable gloves manufacturer with its own established global downstream distribution business that markets and sells disposable glove products under its proprietary "Unigloves" brand, delivered a new record growth in revenue and net profit of S$159.4 million and S$54.9 million, respectively, for the six months ended 31 December 2020 ("**1H FY21**"). The stellar financial performance was underpinned by the significant increase in demand for gloves at higher selling prices amid the ongoing coronavirus pandemic. The Group benefited from this trend with its increased production capacity and efficiency, supported by its own local distribution capabilities and networks in its key markets.

Mr Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, "**Our OBM model comprising both upstream manufacturing and downstream distribution with our own "Unigloves" brand, allows the Group to manage our supply chain efficiently to ensure all our customers receive their required inventory of gloves. It is the Group's culture to nurture long term relationships with our customers. With the shortage in the supply of gloves likely to persist, arising from challenges such as delays in capacity expansion and shipment of goods, we will continue to balance the increasing average selling prices of gloves and the rising costs across the supply chain to make it palatable to our customers. We believe in overcoming the challenges together with our customers, particularly emerging stronger from this pandemic.**"

Financial Review

The Group continues to focus on building its own "Unigloves" brand of disposable glove products by cultivating demand through its established local presence in the key markets, with core markets of Europe and its emerging markets including Brazil, China and Nigeria showing significant revenue growth in 1H FY21.

Revenue tripled year-on-year to S$159.4 million in 1H FY21, surpassing the S$144.2 million recorded for the full year ended 30 June 2020 ("**FY20**"). This mainly stemmed from higher volume produced and sold on the back of better efficiency and increased production capacity, as well as higher average selling prices of both nitrile and natural latex gloves in the key markets.

Revenue Analysis by Key Markets

FYE 30 June (S$'000)	1H FY21	1H FY20	Increase (%)	FY20
Europe	69,516	20,714	> 100.0	51,798
North America	10,598	8,780	+ 20.7	19,706
South America	42,255	14,220	> 100.0	47,489
Africa	7,218	2,536	> 100.0	7,022
Asia	23,305	4,184	> 100.0	13,019
Others	6,525	2,744	> 100.0	5,175
Total	**159,417**	**53,178**	**> 100.0**	**144,209**

Gross profit increased approximately 10.2 times from S$9.8 million in 1H FY20 to S$99.2 million in 1H FY21. This was mainly due to higher selling prices of gloves resulting from the significant increase in demand for gloves amid the pandemic, coupled with improved production efficiency of its enlarged manufacturing capacity at 2.9 billion pieces of gloves per annum. Correspondingly, gross margin increased from 18.4% in 1H FY20 to 62.2% in 1H FY21.

Other income remained relatively stable at approximately S$0.2 million in 1H FY21 and S$0.1 million in 1H FY20. Total operating expenses increased 115.1% from S$7.9 million in 1H FY20 to S$17.1 million in 1H FY21, mainly due to (i) the increase in distribution and logistics costs that increase in tandem with the higher volume of sales at the Group's overseas distribution subsidiaries, (ii) higher marketing expenses to further enhance brand awareness as the Group continues to strengthen its own marketing and distribution infrastructure in its key markets, (iii) higher administrative expenses for the expansion of its distribution networks in Brazil, the United Kingdom, China, and Nigeria, along with the increase in staff costs, and (iv) additional expenses incurred in the implementation of strict SOPs for the prevention of Covid-19 transmission in the workplaces, including but not limited to increased purchase of additional personal protective equipment, constant disinfection of workplaces, and costs relating to regular testing of employees.

Other expenses increased from S$0.4 million in 1H FY20 to S$1.7 million in 1H FY21 due to the loss from foreign exchange amounting to S$1.5 million. The loss was mainly attributable to the volatility of the functional currencies of the Group's distribution subsidiaries, namely the Brazilian Real, Renminbi and the British Pound against the US dollar.

Finance costs decreased by 62.6% from S$1.0 million in 1H FY20 to S$0.4 million in 1H FY21 with the decrease in utilisation of trade facilities and lower interest rates charged on the borrowings.

Share of profits from its German and US associates increased sixfold from S$0.3 million in 1H FY20 to S$1.8 million in 1H FY21. After taking into account tax expenses and minority interests, the Group's net profit attributable to shareholders increased from S$0.8 million in 1H FY20 to S$54.9 million in 1H FY21.

The Group remains in a strong net cash position with net asset value attributable to the owners of the Company increased from S$52.2 million as at 30 June 2020 to S$127.0 million as at 31 December 2020. Correspondingly, net asset value per share increased from 8.88 Singapore cents as at 30 June 2020 to 20.61 Singapore cents as at 31 December 2020 based on 588.3 million shares and 616.3 million shares, respectively.

Progress in Expansion

The additional capacity of 500 million pieces of gloves per annum to bring the Group's total production capacity to 3.4 billion pieces of gloves per annum is on track to come on stream by March / April 2021.

In bid to reduce the coronavirus infections, the Malaysian government has extended the movement control order ("**MCO**") to 18 February 2021. The restrictions have inevitably slowed down the construction for the Group's new factory for the additional capacity of 1.2 billion pieces of gloves per annum. However, the Group expects to commission the production lines in the third quarter of this calendar year (Jul – Sep 2021). These expansion plans will increase the Group's total manufacturing capacity to 4.6 billion pieces of gloves per annum.

Added Mr Lee, "**While we continue to experience demand outstripping supply across our markets, we are also mindful of new challenges caused by the pandemic and uneven global economic recovery. We are studying and planning the possibility of further capacity expansion beyond 4.6 billion pieces of gloves per annum, and will continue to invest in building and expanding our distribution network, local warehousing and logistics infrastructure, as well as marketing to further entrench and enhance the brand awareness of our proprietary "Unigloves" brand.**"

The Board has declared a special dividend in cash of 0.105 Singapore cents per share for 1H FY21 as an appreciation to its supportive shareholders. The dates for book closure and payment for the special dividend will be announced in due course.

##

This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 04 February 2021.

UG HEALTHCARE CORPORATION LIMITED 优格医疗集团有限公司

(Stock Codes – SGX: 8K7 | Bloomberg: UGHC SP | Reuters: 8K7.SI)

UG Healthcare Corporation Limited ("**UG Healthcare**" and together with its subsidiaries, the "**Group**") is a disposable gloves manufacturer with its own established global downstream distribution that markets and sells disposable glove products under its proprietary "**Unigloves**" brand.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, United Kingdom, USA, China, Africa and South America, where it markets and sells its own proprietary "Unigloves" brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, face masks and other medical disposables.

These downstream distribution companies are supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable gloves under its "Unigloves" brand and third-party labels in its manufacturing facilities located in Seremban, Malaysia.

Its "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, whilst catering to different applications and preferences.

For more information, please visit the company's website at www.ughealthcarecorporation.com

Issued for and on behalf of **UG Healthcare Corporation Limited** by:

Investor relations contact:

Rosalina Soh 苏沛熙
Office : (65) 6955 7767
Mobile : (65) 9677 6683
Email : rosalina@octavecomms.com

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

*This media release 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 media release, including the correctness of any of the statements or opinions made or reports contained in this media release.*

The contact person for the Sponsor is Ms Charmian Lim (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.