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

VOLUNTARY BUSINESS UPDATE FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2021

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 ended 31 March 2021 ("**3Q FY21**"). The financial performance for 3Q FY21 is based on a preliminary assessment of the Group's latest unaudited consolidated management accounts.

KEY HIGHLIGHTS:

- **Group recorded four consecutive quarters of earnings growth from 4Q FY20 (April – June 2020), having achieved S$34.3 million in net profit for 3Q FY21**
- **Progress on production capacity:**
  - **500 million pieces of gloves per annum commenced in April 2021**
  - **1.2 billion pieces of gloves per annum will be commencing from 1Q FY22 (July – September 2021)**
- **Further capacity expansion to be announced when plans are finalised**
- **Group will continue to invest and grow its proprietary "Unigloves" brand and strengthen its distribution capabilities with local warehousing and logistics infrastructure for its downstream distribution network expansion**

FYE 30 Jun (S$'000)	3Q FY21	3Q FY20	YoY Change	9M FY21	9M FY20	YoY Change
Revenue	93,458	38,586	> 100.0%	252,875	91,764	> 100.0%
Gross profit	58,574	7,538	> 100.0%	157,802	17,301	> 100.0%
Gross margin	62.7%	19.5%	+ 43.2 pp	62.4%	18.9%	+ 43.5 pp
Profit/(Loss) before tax	46,465	(1,181)	N.M.	128,514	(335)	N.M.
Net profit/(loss) after tax	33,670	(1,458)	N.M.	94,798	(1,152)	N.M.
Net profit attributable to owners of the Company	34,332	606	> 100.0%	89,271	1,452	> 100.0%
Net margin	36.7%	1.6%	+ 35.1 pp	35.3%	1.6%	+ 33.7 pp

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

- For 3Q FY21, the Group continued to operate at optimum efficiency with its upstream manufacturing capacity of 2.9 billion pieces of gloves per annum, producing both nitrile and

natural latex examination gloves, with around 85% of gloves sold under the Group's "Unigloves" brand through its own downstream distribution companies.

- Revenue in 3Q FY21 more than doubled year-on-year, even surpassing the S$91.8 million recorded for 9M FY20. This was mainly due to the higher volume of gloves produced and sold, as well as relatively stable average selling prices of both nitrile and natural latex gloves in the key markets in 3Q FY21.

- Gross margin increased significantly year-on-year as the Group recorded higher margins for both its upstream manufacturing and downstream distribution businesses, driven by the Group's Original Brand Manufacturing ("**OBM**") business model.

- Operating expenses increased moderately in tandem with the Group's capacity expansion plans that raise administrative expenses, additional expenses relating to regular Covid-19 testing for employees, and an increase in transportation expenses due to the global container shortage that affected shipments of gloves to some of the core markets including Europe, Brazil and China. This was partially offset by lower finance costs as borrowings were reduced further.

- Net profit attributable to owners of the Company increased in tandem with higher revenue and margins in 3Q FY21.

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 the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

REVENUE ANALYSIS BY KEY MARKETS

FYE 30 June (S$'000)	9M FY21	9M FY20	Increase	FY20
Europe	117,989	35,948	> 100.0%	51,798
North America	17,645	13,306	+ 32.6%	19,706
South America	59,454	26,539	> 100.0%	47,489
Africa	13,670	4,887	> 100.0%	7,022
Asia	36,982	7,331	> 100.0%	13,019
Malaysia*	7,135	3,753	+ 90.1%	5,175
Total	**252,875**	**91,764**	**> 100.0%**	**144,209**

Note: Malaysia includes revenue from intermediaries that may export the Group's products to overseas market.

FINANCIAL POSITION

FYE 30 Jun (S$'000)	As at 31 March 2021	As at 30 June 2020
Equity attributable to the owners of the Company ("**Net asset value**")	159,941	52,221
Cash and bank balances	60,126	9,292
Long-term bank borrowings	5,970	4,595
Short-term bank borrowings	4,314	30,520

- The Group remains in a strong net cash position of S$49.8 million.
- Short-term borrowings were further reduced with strong operating cash flow.
- The net asset value per share was 25.95 Singapore cents as at 31 March 2021, up from 8.88 Singapore cents (after share split) as at 30 June 2020.

  (Note: Net asset value per share was computed based on the share capital of 616.26 million shares as at 31 March 2021 and 588.28 million shares (post-split) as at 30 June 2020.)

Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, "**The Group had registered four sequential quarters of strong earnings from 4Q FY20 to 3Q FY21. We are, however, mindful of the impending challenges ahead such as rising costs and the surge in production capacities, which could lead to the average selling prices adjusting correspondingly to the increase in the global supply of gloves as competition warms up at the upstream manufacturing level.**

At UG, we will continue to focus on growing together with our customers at the downstream distribution level, and continue to invest in expanding our distribution network beyond our core markets. We believe our prudent strategy to grow our proprietary "Unigloves" brand and strengthen our distribution capabilities with local warehousing and logistics infrastructure, will drive the natural progression for further capacity expansion beyond 4.6 billion gloves per annum."

PROGRESS ON CAPACITY EXPANSION

The Group has commissioned the production capacity of 500 million pieces of gloves per annum since April 2021, bringing the Group's total annual production capacity to 3.4 billion pieces of gloves.

Note: As the Group operates an integrated OBM model comprising both upstream manufacturing and downstream distribution with its own "Unigloves" brand, it does not expect a significant contribution from this additional capacity to its earnings for the fourth quarter ending 30 June 2021 ("**4Q FY21**").

The COVID-19 situation in Malaysia has caused slight delay to the construction of the new factory for the additional capacity of 1.2 billion pieces of gloves per annum. The delay would see the Group gradually commissioning the production lines from the third quarter of this calendar year (July – September 2021), bringing the Group's total annual production capacity to 4.6 billion pieces of gloves in the financial year ending 30 June 2022.



Capacity expansion beyond 4.6 billion pieces of gloves per annum would be announced when the plans are finalised.

"**Capacity expansion would allow the Group to benefit from economies of scale in our OBM model and bolster our margins as the average selling prices are likely to converge with the increase in the global supply of gloves over time,**" added Mr. Lee.

UTILISATION OF NET PROCEEDS

The net proceeds of approximately S$18,388,500 from the placement completed on 21 August 2020 are intended for the following purposes:

Purpose	Amount allocated as stated in placement announcement dated 18 August 2020		Amount utilised	
	(%)	(S$'million)	(%)	(S$'million)
a) Capital expenditure for production capacity expansion plans	85 – 90	15.6 – 16.6	35	6.5[(1)]
b) General working capital	10 – 15	1.8 – 2.8	10	1.8[(2)]
Total:	**100**	**18.4**	**45**	**8.3**

Notes:

(1) Net proceeds used for capital expenditures are mainly for the expansion of production lines to produce an

additional 500 million pieces of gloves per annum and the construction of a factory building together with additional production lines for a further 1.2 billion pieces of gloves per annum.

(2) Net proceeds used for general working capital are mainly for administrative expenses incurred.

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

10 May 2021

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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.