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

UG Healthcare delivers record net profit of S$118.8 million for FY21

- **Integrated own brand manufacturing (OBM) business model balances the impact from market dynamics on upstream manufacturing and downstream distribution businesses**
  - ► **stronger "Unigloves" brand presence with growing market share in all key markets especially the emerging markets of Brazil, China, and Nigeria**
- **Board proposes a final dividend of 0.406 Singapore cents per share and a special dividend of 0.100 Singapore cents per share, which together with the special interim dividend of 0.105 Singapore cents per share paid in March 2021, brings the total dividend for FY21 to 0.611 Singapore cents per share**
  - ► **Major shareholders who collectively own 61% of the Company are committed to elect to receive the final dividend in scrip to conserve the cash resources for future expansion, as well as to demonstrate their faith in the prospects of the Group**
- **Production capacity expansion of additional 1.2 billion pieces of gloves per annum to come onstream by March 2022, bringing total installed capacity to 4.6 billion pieces of gloves per annum**
- **Group will plan for further expansion in both upstream manufacturing and downstream distribution divisions, entrenching its proprietary "Unigloves" brand's strong positioning in the markets, and seizing potential non-glove opportunities to broaden product portfolio**

Key Financial Highlights:

FYE 30 Jun (S$'000)	2H FY21	2H FY20	YoY Change	FY21	FY20	YoY Change
Revenue	178,984	91,031	+ 96.6%	338,401	144,209	> 100.0%
Gross profit	96,932	32,756	> 100.0%	196,160	42,519	> 100.0%
Gross profit margin	54.2%	36.0%	+ 18.2 pp	58.0%	29.5%	+ 28.5 pp
Profit before tax	77,354	17,211	> 100.0%	159,403	18,057	> 100.0%
Net profit (1)	63,826	12,556	> 100.0%	118,765	13,402	> 100.0%
EPS (2) (cents)	10.37	2.13	> 100.0%	19.42	2.28	> 100.0%

* 2H denotes six months ended 30 June
(1) Net profit attributable to owners of the Company
(2) Earnings per share is based on the average weighted number of shares of 616.3 million for 2H FY21, 611.5 million for FY21 and 588.3 million for 2H FY20 and FY20 (adjusted for share split of 1 existing ordinary share into 3 ordinary shares) for comparative purpose.

Singapore, 27 August 2020 – **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, registered another breakthrough in its revenue and net profit of S$338.4 million and S$118.8 million, respectively, for the financial year ended 30 June 2021 ("**FY21**"). The significant increase in both revenue and net profit were attributable to the increase in the volume of glove products produced and sold which was contributed by the higher production capacity, and the relatively favourable average selling prices ("**ASP**") of gloves which was underpinned by the COVID-19 pandemic.

Mr Lee Jun Yih, Executive Director of UG Healthcare said, "**While global gloves demand remains strong, as heightened hygiene awareness led to the structural change of increased usage of gloves across all industries – both medical and non-medical, the urgency to stockpile has reduced. Consumers are taking the option to hold lower inventory in a bid to purchase at lower prices as an increasing supply of gloves comes into the market. This resulted in the ASP of gloves reaching a peak in March 2021 and it has started on a downtrend. The current situation was the reverse a year ago.**

The fluctuations in the ASP of gloves over the last 12 months created uncertainties and challenges across the supply chain. Our integrated OBM business model, however, balances such impact on the upstream manufacturing and downstream distribution businesses. Amid the challenging market dynamics, our customers and employees remain our highest priority to ensure they continue to be part of the Group's sustainable and steadfast growth in the long term.

We value the trust and brand loyalty of our customers in our "Unigloves" branded products. The capacity expansion of 500 million pieces of gloves per annum in April 2021, lifted our economies of scale and gave us the opportunity to grow our market share in all our key markets, particularly the emerging markets of Brazil, China and Nigeria."

Revenue analysis by geographical location

FYE 30 June (S$'000)	FY21	FY20	Increase /(Decrease)
Europe	162,745	51,798	> 100.0%
North America	26,452	19,706	+ 34.2%
South America	75,639	47,489	+ 59.3%
Africa	18,207	7,022	> 100.0%
Asia	46,473	13,019	> 100.0%
Others	8,885	5,175	+ 71.7%
Total	**338,401**	**144,209**	**> 100.0%**

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.

The Group achieved its planned production capacity expansion of 3.4 billion pieces of gloves per annum for FY21. It continues to produce both latex and nitrile examination gloves with approximately 87.2% of the total volume produced, marketed and sold under its proprietary "Unigloves" brand. Given the Group's entrenched downstream distribution network, it also purchases other ancillary products that it does not produce, to complement its glove products, which are sold through its downstream distribution.

Revenue analysis by product segments

FYE 30 Jun (S$'000)	Revenue		YoY Change	Gross Profit		YoY Change	Gross Margin	
	FY21	FY20		FY21	FY20		FY21	FY20
Latex examination gloves	147,293	74,697	+ 97.2%	92,932	22,861	>100.0%	63.1%	30.6%
Nitrile examination gloves	176,427	60,168	>100.0%	99,922	17,503	>100.0%	56.6%	29.1%
Other ancillary products	14,681	9,344	+ 57.1%	3,306	2,155	+ 53.4%	22.5%	23.1%
Total	**338,401**	**144,209**	**>100.0%**	**196,160**	**42,519**	**>100.0%**	**58.0%**	**29.5%**

Gross profit quadrupled year-on-year to S$196.2 million in FY21 with better economies of scale from the additional production capacity as well as higher margins for its proprietary glove products. Correspondingly, composite gross margin increased from 29.5% in FY20 to 58.0% in FY21.

Other income increased from S$0.4 million in FY20 to S$1.3 million in FY21 arising from a gain from foreign exchange. The gain was mainly attributable to the strength of the functional currencies of the Group's distribution subsidiaries, namely the Brazilian Real, Renminbi and the British Pound against the US dollar. Other expenses decreased from S$6.3 million in FY20 to S$0.6 million in FY21 due to foreign exchange loss being recorded in other expenses in prior year.

Total operating expenses increased 127.9% from S$17.7 million in FY20 to S$40.4 million in FY21, mainly due to (i) higher marketing and distribution costs to strengthen brand awareness and grow market share through expansion of its distribution networks in Brazil, the United Kingdom, China, and Nigeria, (ii) the increase in staff costs, and (iii) 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.

Finance costs decreased by 69.6% from S$2.0 million in FY20 to S$0.6 million in FY21 with the decrease in utilisation of trade facilities and borrowing costs.

Share of profits from its German and US associates tripled from S$1.2 million in FY20 to S$3.6 million in FY21. After taking into account tax expenses and minority interests, the Group's net profit attributable to shareholders increased by 8.9 times from S$13.4 million in FY20 to S$118.8 million in FY21.

The Group strengthens net cash position with net asset value attributable to the owners of the Company more than tripled from S$52.2 million as at 30 June 2020 to S$190.6 million as at 30 June 2021. Correspondingly, net asset value per share increased from 8.88 Singapore cents as at 30 June 2020 to 30.93 Singapore cents as at 30 June 2021 based on 588.3 million shares and 616.3 million shares, respectively.

Added Mr Lee, "**We are appreciative to have our financial position strengthened during this exceptional time. As a fast-growing company, we are mindful of our resource deployment as we plan for further expansion through (i) expanding production capacity beyond 4.6 billion pieces of gloves per annum, (ii) growing market share with continuous distribution network expansion and further entrenching our proprietary "Unigloves" brand's strong positioning in the markets, and (iii) seizing potential non-glove opportunities to broaden our product portfolio. We are committed to build the Group to perform well even in ordinary times."**

The Board has proposed a special dividend of 0.100 Singapore cents per share and a final dividend of 0.406 Singapore cents per share, which together with the special interim dividend of 0.105 Singapore cents per share that was paid in March 2021, would see total dividend payout increased to 0.611 Singapore cents per share for FY21, from 0.238 Singapore cents per share in FY20. Shareholders will have the option of receiving the final dividend of 0.406 Singapore cents per share in scrip or cash.

"**The major shareholders who collectively own approximately 61% of the Company, have committed to elect to receive the final dividend in scrip to conserve the cash resources for future expansion, as well as to demonstrate their faith in the prospects of the Group**," said Mr Lee.

Progress on production capacity expansion

The Group expanded its annual production capacity by 500 million pieces of gloves to 3.4 billion pieces of gloves in April 2021. The productivity was, however, affected in the first two months of the financial year ending 30 June 2022 ("**FY22**") as a result from a temporary shutdown due to COVID-19 cases and the enhanced movement control order ("**EMCO**") in Seremban, Negeri Sembilan Malaysia. Since end of July 2021, the upstream manufacturing division has been operating with only 60% of the workforce in attendance.

Nevertheless, the Group will be ramping up the productivity progressively to its full capacity with almost all of its employees fully vaccinated (with two doses of vaccines) at end August 2021 and will be allowed to operate at 100% of workforce in attendance under the latest government guidelines.

The Group's new factory, which will increase production capacity by an additional 1.2 billion pieces of gloves per annum, is currently under construction. The construction had temporarily halted as the Malaysia government rolled out various tight measures since June 2021 in a bid to stop COVID-19 infections. Consequently, the commercialisation of this new capacity has been delayed to February / March 2022. This additional capacity will bring the Group's total installed capacity to 4.6 billion pieces of gloves per annum.

The Company will update shareholders on material developments as they arise.

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This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 27 August 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:

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

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