UG HEALTHCARE CORPORATION

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

UG Healthcare narrows net loss by 70.8% in FY24 with higher revenue and improved gross margin

- Group rides on the global recovery trend as market demand for and supply of disposable examination gloves continue to seek new equilibrium and ASP increases, resulting in improved profit margins.
- Group is also well-positioned to increase its traction for stable and sustainable long-term growth through its ongoing investments and efforts in (i) proprietary **UNI**GLOVES® brand positioning, (ii) downstream distribution network expansion, (iii) product portfolio expansion, and (iv) non-glove healthcare business initiatives.

KEY FINANCIAL HIGHLIGHTS:

FYE 30 Jun (S$'000)	2H FY24	2H FY23	YoY Change	FY24	FY23	YoY Change
Revenue	65,508	45,234	+ 44.8%	115,205	101,133	+ 13.9%
Gross profit / (loss)	17,751	(4,687)	N.M.	25,866	1,448	> 100.0%
Gross margin	27.1%	(10.4)%	+ 37.5 pp	22.5%	1.4%	+ 21.1 pp
Loss before tax	(2,932)	(19,050)	(84.6)%	(9,089)	(28,361)	(68.0)%
Net loss after tax	(2,769)	(18,036)	(84.6)%	(8,781)	(26,963)	(67.4)%
Net loss [(1)]	(1,077)	(15,956)	(93.3)%	(6,056)	(20,734)	(70.8)%
Net margin	(1.6)%	(35.3)%	+ 33.7 pp	(5.3)%	(20.5)%	+ 15.2 pp
LPS [(2)] (cents)	(0.17)	(2.56)	(93.4)%	(0.97)	(3.32)	(70.8)%

Notes:

* 2H denotes 6 months and FY denotes 12 months ended 30 June; N.M. denotes not meaningful; pp denotes percentage points.

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

(2) Loss per share ("**LPS**") was computed based on the average weighted number of shares of 623.8 million for 2H FY24, 2H FY23, FY24 and FY23.

SINGAPORE, 29 August 2024 – UG Healthcare Corporation Limited 优格医疗集团 ("UG Healthcare" and together with its subsidiaries, the "**Group**"), an own brand manufacturer that markets and sells proprietary **UNI**GLOVES® branded products through its own established global downstream distribution network, narrowed its net loss attributable to shareholders by 70.8% year-on-year, from S$20.7 million in FY23 to S$6.1 million in FY24, as markets continue to determine a new equilibrium and average selling price ("**ASP**") of disposable examination gloves and ancillary products continue to increase.

Commenting on the financial performance, Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare, said, "**We believe the disposable examination gloves supply chain is reaching normalisation, and our Group is well-positioned to capitalise on this global recovery trend while also increasing traction for stable and sustainable long-term growth through our strategic developments over the last year.**

Our notable strategic developments include increasing the Group's equity interests in Unigloves Germany and UG NITREX in Spain in the fourth quarter of FY24. These acquisitions, which are earnings-accretive, are expected to bolster our downstream distribution operations in Europe with (i) a broadened product portfolio of disposable and reusable gloves and ancillary products, such as safety footwear and personal protective equipment ("PPE") for industrial applications; (ii) improved reliability and delivery lead time; and (iii) better support for our growing customer base.

We believe that expanding our geographical footprint in Southern Europe and Central Eastern Europe via these established platforms, which include local warehouse and logistics infrastructures in Germany and Spain, as well as our UK platform, will allow us to strengthen our market position in Europe.

This strategic downstream distribution expansion approach to cultivating demand for our proprietary products is likely to result in a higher demand for productivity. While we maintain the option of outsourcing some of the production of disposable examination gloves under our proprietary UNIGLOVES® brand, we are planning to commence production at our third manufacturing facility in the near future. In this respect, we will continue to monitor the cost-effectiveness of producing the products ourselves."

The Group's entry into the non-glove healthcare business — the joint development, management, and operation of the active retirement homes in Desaru, Malaysia (the "**Active Retirement Home Project**") — has begun site clearance activities. As announced on 1 February 2024, all essential and relevant approvals for the development of the Active Retirement Home Project have been obtained. The Active Retirement Home Project is still in the planning and development stages, and additional updates will be provided in due course.

FINANCIAL REVIEW

The Group registered higher revenue for nitrile disposable examination gloves and ancillary products, which included reusable gloves and face masks, offsetting decreased revenue for latex disposable

examination gloves as demand for nitrile examination gloves remained high. Group revenue increased by 13.9% year-on-year due to higher average selling prices of disposable gloves and sales volume, as well as higher sales from ancillary products including reusable gloves and PPE.

REVENUE ANALYSIS BY PRODUCT SEGMENTS

FYE 30 Jun (S$'000)	Revenue			Gross Profit			Gross Margin	
	FY24	FY23	YoY Change	FY24	FY23	YoY Change	FY24	FY23
Latex examination gloves	59,285	66,394	(10.7)%	14,391	457	>100.0%	24.3%	0.7%
Nitrile examination gloves	43,897	28,687	53.0%	9,575	144	>100.0%	21.8%	0.5%
Other ancillary products	12,023	6,052	98.7%	1,900	847	>100.0%	15.8%	14.0%
Group total	**115,205**	**101,133**	**13.9%**	**25,866**	**1,448**	**>100.0%**	**22.5%**	**1.4%**

Sales in the European market increased as a result of the expansion of Europe's downstream distribution networks, while other key markets continued to recover.

REVENUE ANALYSIS BY KEY MARKETS

FYE 30 June (S$'000)	1H FY24	2H FY24	FY24	FY23	YoY Change
Europe	22,062	41,371	63,433	40,904	55.1%
North America	1,681	3,358	5,039	7,262	(30.6)%
South America	13,731	6,082	19,813	21,022	(5.8)%
Africa	3,015	3,795	6,810	8,575	(20.6)%
Asia	8,289	10,206	18,495	20,971	(11.8)%
Others	919	696	1,615	2,399	(32.7)%
Group total	**49,697**	**65,508**	**115,205**	**101,133**	**13.9%**

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's efficient resource management at both upstream manufacturing division and downstream distribution division, together with lower average purchase prices of raw materials and improved average selling price of disposable examination gloves and ancillary products resulted in a significant increase in gross profit from S$1.4 million in FY23 to S$25.9 million in FY24. Correspondingly, gross profit margin increased from 1.4% in FY23 to 22.5% in FY24.

Other income decreased by 10.6% year-on-year from S$2.7 million in FY23 to S$2.4 million in FY24 on the back of lower interest income from fixed deposits with the banks.

Other expenses decreased by 37.0% year-on-year from S$5.6 million in FY23 to S$3.5 million in FY24, owing to no impairment of machinery and equipment in upstream manufacturing in FY24, which was

partially offset by foreign exchange losses recorded in FY24.

Total operating expenses, comprising marketing and distribution expenses and administrative expenses, increased by 22.3% year-on-year from S$26.6 million in FY23 to S$32.5 million in FY24. The increase was mainly due to higher marketing expenses to promote new ancillary products and higher administrative expenses to support the downstream distribution business expansion.

Finance costs increased 40.1% year-on-year from S$0.9 million in FY23 to S$1.3 million in FY24 due to the increase in trade facilities utilisation and higher borrowing interest rate.

Share of results from associates saw a reversal from a gain of S$557,000 in FY23 to a loss of S$77,000 in FY24 due to the losses reported by its associates in Germany and the USA in the first six months of FY24. Following the increase in equity interest in Unigloves Germany, the Germany associate was reclassified as a subsidiary from 1 January 2024.

After taking into account tax expenses and minority interests, the Group narrowed its net loss attributable to shareholders from S$20.7 million in FY23 to S$6.1 million in FY24.

FINANCIAL POSITION ANALYSIS

FYE 30 Jun (S$'000)	As at 30 June 2024	As at 30 June 2023
Equity attributable to the owners of the Company ("**Net asset value**")	163,393	180,844
Cash and bank balances	27,998	61,745
Long-term bank borrowings	24,927	13,813
Short-term bank borrowings	17,907	16,137
Net asset value per share (Singapore cents)	26.19	28.99

Note: Net asset value per share was computed based on the share capital of 623.8 million shares as at 30 June 2024 and 30 June 2023.

The Group maintained a strong balance sheet, despite a net debt position of S$14.8 million as at 30 June 2024, a reversal from a net cash position of S$31.8 million as at 30 June 2023. The net asset value decreased from S$180.8 million as at 30 June 2023 to S$163.4 million as at 30 June 2024, resulting from the strategic acquisitions in Unigloves Germany and UG NITREX, partially offset by a lower net loss recorded in FY24. Correspondingly, the net asset value per share decreased from S$0.2899 as at 30 June 2023 to S$0.2619 as at 30 June 2024.

The Company will update shareholders on material developments of the Group, as and when 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 29 August 2024.

UG HEALTHCARE CORPORATION 优格医疗集团

(Stock Code – SGX: **8K7** | Bloomberg: **UGHC SP** | Reuters: **UGHE.SI**)

UG Healthcare Corporation Limited ("**UG Healthcare**" and together with its subsidiaries, the "**Group**") is an own brand manufacturer that markets and sells proprietary **UNI**GLOVES® branded products through its own established global downstream distribution network.

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 proprietary **UNI**GLOVES® brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, reusable 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 **UNI**GLOVES® brand and third-party labels in its upstream manufacturing facilities located in Malaysia.

The Group's upstream manufacturing is certified by British Standards Institution ("**BSI**") for ISO 9001:2015, ISO 13485:2016 and EN ISO 13485:2016 for the scope of manufacture and supply of natural latex and nitrile latex examination gloves.

Its **UNI**GLOVES® brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, antimicrobial 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.

The Group's proprietary brand of products conform to various international standards and requirements, including the ASTM International (formerly known as American Society for Testing and Materials), European standard for medical gloves ("**EN455**"), ISO 11193 standards (International Organization for Standardization for Single-use medical examination gloves), CE and UKCA Type Examination Certificates of Latex and Nitrile Examination Gloves PPE 2016(425) Cat III, Acceptance Quality Level requirements under the Food and Drug Administration ("**USFDA**"), China Food and Drug Administration ("**CFDA**"), Brazilian Health Regulatory Agency ("**Anvisa**") and the National Agency for Food and Drug Business Strategy Administration and Control ("**NAFDAC**").

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

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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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