



(Incorporated in Singapore with Unique Entity No.: 201424579Z)

website: www.ughealthcarecorporation.com

SGX stock code: 8K7

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2023

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.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

| | Note | Six months ended | | | Full year ended | | |
|--|------|----------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|
| | | 30-June-23 2H FY23 S\$'000 | 30-June-22 2H FY22 S\$'000 | Increase/ (Decrease) % | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
| Revenue | 4 | 45,234 | 115,320 | (60.8) | 101,133 | 232,598 | (56.5) |
| Cost of sales | | (49,921) | (75,484) | (33.9) | (99,685) | (148,212) | (32.7) |
| Gross (loss)/profit | | (4,687) | 39,836 | N.M. | 1,448 | 84,386 | (98.3) |
| Other income | | 4,377 | 541 | >100.0 | 2,700 | 727 | >100.0 |
| | | (310) | 40,377 | N.M. | 4,148 | 85,113 | (95.1) |
| Marketing and distribution expenses | | (3,492) | (3,670) | (4.9) | (6,501) | (7,745) | (16.1) |
| Administrative expenses | | (9,527) | (13,015) | (26.8) | (20,066) | (25,475) | (21.2) |
| Other expenses | | (5,463) | (1,091) | >100.0 | (5,584) | (2,426) | >100.0 |
| Finance costs | | (573) | (377) | 52.0 | (915) | (805) | 13.7 |
| Share of profits from equity-accounted for associates | | 315 | 626 | (49.7) | 557 | 99 | >100.0 |
| (Loss)/Profit before income tax | 6 | (19,050) | 22,850 | N.M. | (28,361) | 48,761 | N.M. |
| Income tax credit/(expense) | 7 | 1,014 | (3,108) | N.M. | 1,398 | (8,963) | N.M. |
| (Loss)/Profit for the period/year | | (18,036) | 19,742 | N.M. | (26,963) | 39,798 | N.M. |
| Other comprehensive (loss)/income: | | | | | | | |
| Exchange differences on translating foreign operations | | (5,391) | 2,740 | N.M. | (11,948) | 1,716 | N.M. |
| Total comprehensive (loss)/income for the period/year | | (23,427) | 22,482 | N.M. | (38,911) | 41,514 | N.M. |
| (Loss)/Profit attributable to: | | | | | | | |
| Owners of the Company | | (15,956) | 15,549 | N.M. | (20,734) | 36,795 | N.M. |
| Non-controlling interests | | (2,080) | 4,193 | N.M. | (6,229) | 3,003 | N.M. |
| | | (18,036) | 19,742 | N.M. | (26,963) | 39,798 | N.M. |
| Total comprehensive (loss)/income attributable to: | | | | | | | |
| Owners of the Company | | (21,930) | 18,272 | N.M. | (33,094) | 39,475 | N.M. |
| Non-controlling interests | | (1,497) | 4,210 | N.M. | (5,817) | 2,039 | N.M. |
| | | (23,427) | 22,482 | N.M. | (38,911) | 41,514 | N.M. |
| Earnings per share attributable to owners of the Company (cents) | 9 | | | | | | |
| Basic | | (2.56) | 2.48 | | (3.32) | 5.93 | |
| Diluted | | (2.56) | 2.48 | | (3.32) | 5.93 | |

N.M. – not meaningful

B. Condensed interim statements of financial position

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 30-Jun-23 S\$'000 | 30-Jun-22 S\$'000 | 30-Jun-23 S\$'000 | 30-Jun-22 S\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Subsidiaries | | - | - | 31,024 | 54,621 |
| Associates | | 7,061 | 6,443 | - | - |
| Property, plant and equipment | 12 | 59,786 | 66,085 | - | - |
| Intangible assets | 11 | 616 | 476 | - | - |
| Deferred tax assets | | 2,600 | 1,745 | - | - |
| Total non-current assets | | 70,063 | 74,749 | 31,024 | 54,621 |
| Current assets | | | | | |
| Inventories | | 54,544 | 61,834 | - | - |
| Amount due from subsidiaries | | - | - | 13,530 | 26,406 |
| Trade and other receivables | | 35,653 | 40,906 | 260 | 324 |
| Income tax assets | | 7,991 | 10,332 | - | - |
| Cash and bank balances | | 61,745 | 100,218 | 38,171 | 32,088 |
| Total current assets | | 159,933 | 213,290 | 51,961 | 58,818 |
| Total assets | | 229,996 | 288,039 | 82,985 | 113,439 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 14 | 59,652 | 59,652 | 59,652 | 59,652 |
| Reserves | | (59,556) | (36,226) | - | - |
| Retained earnings | | 180,748 | 205,474 | 21,834 | 52,027 |
| Equity attributable to the owners of the Company | | 180,844 | 228,900 | 81,486 | 111,679 |
| Non-controlling interests | | 346 | 6,163 | - | - |
| Total equity | | 181,190 | 235,063 | 81,486 | 111,679 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 1,621 | 4,824 | - | - |
| Lease liabilities | | 595 | 724 | - | - |
| Bank borrowings | 13 | 13,813 | 10,273 | - | - |
| Total non-current liabilities | | 16,029 | 15,821 | - | - |
| Current liabilities | | | | | |
| Bank borrowings | 13 | 16,137 | 6,186 | - | - |
| Trade and other payables | | 14,071 | 24,506 | 1,445 | 1,638 |
| Lease liabilities | | 582 | 798 | - | - |
| Derivative financial liabilities | | 332 | 98 | - | - |
| Income tax liabilities | | 1,655 | 5,567 | 54 | 122 |
| Total current liabilities | | 32,777 | 37,155 | 1,499 | 1,760 |
| Total liabilities | | 48,806 | 52,976 | 1,499 | 1,760 |
| Total equity and liabilities | | 229,996 | 288,039 | 82,985 | 113,439 |

C. Condensed interim statements of changes in equity

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|--------------------------------------|----------------|---------------|-------------------|----------|---------------------------|--------------|
| | Share capital | Foreign currency translation reserve | Merger reserve | Other reserve | Retained earnings | Total | Non-controlling interests | Total equity |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 July 2022 | 59,652 | (10,286) | (25,940) | - | 205,474 | 228,900 | 6,163 | 235,063 |
| (Loss)/Profit for the year | - | - | - | - | (20,734) | (20,734) | (6,229) | (26,963) |
| <u>Other comprehensive (loss)/income</u> | | | | | | | | |
| Exchange differences on translating foreign operations | - | (12,360) | - | - | - | (12,360) | 412 | (11,948) |
| Total comprehensive (loss)/income for the year | - | (12,360) | - | - | (20,734) | (33,094) | (5,817) | (38,911) |
| Acquisition of 40% of capital of UGHC Brasil Importadora LTDA | - | - | - | (10,970) | - | (10,970) | - | (10,970) |
| Dividend | - | - | - | - | (3,992) | (3,992) | - | (3,992) |
| Balance as at 30 June 2023 | 59,652 | (22,646) | (25,940) | (10,970) | 180,748 | 180,844 | 346 | 181,190 |
| Balance as at 1 July 2021 | 57,745 | (12,966) | (25,940) | - | 171,797 | 190,636 | 4,124 | 194,760 |
| Profit for the year | - | - | - | - | 36,795 | 36,795 | 3,003 | 39,798 |
| <u>Other comprehensive income</u> | | | | | | | | |
| Exchange differences on translating foreign operations | - | 2,680 | - | - | - | 2,680 | (964) | 1,716 |
| Total comprehensive income for the year | - | 2,680 | - | - | 36,795 | 39,475 | 2,039 | 41,514 |
| Issuance of shares, pursuant to scrip dividend | 1,907 | - | - | - | - | 1,907 | - | 1,907 |
| Dividend | - | - | - | - | (3,118) | (3,118) | - | (3,118) |
| Balance as at 30 June 2022 | 59,652 | (10,286) | (25,940) | - | 205,474 | 228,900 | 6,163 | 235,063 |

C. Condensed interim statements of changes in equity (continued)

| | Company | | | |
|--|-----------------------------|---|---------------------------------|------------------|
| | Share Capital S\$'000 | Share-based payment reserve S\$'000 | Retained earnings S\$'000 | Total S\$'000 |
| Balance as at 1 July 2022 | 59,652 | - | 52,027 | 111,679 |
| Loss for the year, representing total comprehensive income for the year | - | - | (26,201) | (26,201) |
| Dividends | - | - | (3,992) | (3,992) |
| Balance as at 30 June 2023 | 59,652 | - | 21,834 | 81,486 |
| Balance as at 1 July 2021 | 57,745 | - | 53,451 | 111,196 |
| Profit for the year, representing total comprehensive loss for the year | - | - | 1,694 | 1,694 |
| Issuance of shares, pursuant to scrip dividend | 1,907 | - | - | 1,907 |
| Dividends | - | - | (3,118) | (3,118) |
| Balance as at 30 June 2022 | 59,652 | - | 52,027 | 111,679 |

D. Condensed interim consolidated statement of cash flows

| Note | Six Months Ended | | Full year ended | |
|--|----------------------------------|----------------------------------|-------------------------------|-------------------------------|
| | 30-June-23 2H FY23 S\$'000 | 30-June-22 2H FY22 S\$'000 | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 |
| Operating activities | | | | |
| (Loss)/ Profit before income tax | (19,050) | 22,850 | (28,361) | 48,761 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 13 | 11 | 23 | 21 |
| Property, plant and equipment written off | 210 | 481 | 406 | 547 |
| Impairment of property, plant and equipment | 5,327 | - | 5,327 | - |
| Gain on disposal of property, plant and equipment | - | (22) | - | (22) |
| Depreciation of property, plant and equipment | 1,889 | 2,432 | 3,451 | 3,885 |
| Loss allowance on trade receivables | 26 | 24 | 42 | 25 |
| Interest expense | 573 | 377 | 915 | 805 |
| Interest income | (1,218) | (299) | (2,153) | (427) |
| Share of profits from equity-accounted for associates | (315) | (626) | (557) | (99) |
| Fair value loss/(gain) on derivative financial instruments | 55 | 457 | 235 | (267) |
| Unrealised exchange differences | (13,869) | 4,055 | (17,435) | 4,399 |
| Operating cash flows before movements in working capital | (26,359) | 29,740 | (38,107) | 57,628 |
| <i>Movements in working capital</i> | | | | |
| Inventories | 5,040 | (3,917) | 7,290 | 10,574 |
| Trade and other receivables | 5,029 | 3,807 | 5,211 | 19,332 |
| Trade and other payables | (2,719) | 1,238 | (10,435) | (10,249) |
| Cash (used in)/ generated from operations | (19,009) | 30,868 | (36,041) | 77,285 |
| Interest paid | (574) | (340) | (848) | (738) |
| Income taxes paid | (3,092) | (7,003) | (4,230) | (22,597) |
| Net cash (used in)/ generated from operating activities | (22,675) | 23,525 | (41,119) | 53,950 |
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (1,583) | (13,217) | (8,029) | (22,080) |
| Additional of intangible assets | (101) | (116) | (175) | (242) |
| Dividend received | - | 562 | - | 562 |
| Proceeds from disposal of property, plant and equipment | - | 133 | - | 133 |
| Decrease in fixed deposits pledged to bank | 26 | 13 | 40 | 6 |
| Interest received | 1,218 | 299 | 2,153 | 427 |
| Net cash used in investing activities | (440) | (12,326) | (6,011) | (21,194) |
| Financing activities | | | | |
| Drawdown of borrowings | 19,830 | 11,948 | 33,180 | 21,658 |
| Repayment of borrowings | (12,033) | (8,196) | (19,689) | (20,459) |
| Repayment of lease liabilities | (392) | (529) | (801) | (961) |
| Dividend paid | - | - | (3,992) | (1,211) |
| Net cash generated from/(used in) financing activities | 7,405 | 3,223 | 8,698 | (973) |
| Net (decrease)/ increase in cash and cash equivalents | (15,710) | 14,422 | (38,432) | 31,783 |
| Cash and cash equivalents at beginning of financial period | 76,858 | 85,158 | 99,580 | 67,797 |
| Cash and cash equivalents at end of financial period | 61,148 | 99,580 | 61,148 | 99,580 |
| Cash and cash equivalents comprised the following: | | | | |
| Cash and bank balances | 61,745 | 100,218 | 61,745 | 100,218 |
| Less: Fixed deposits pledged to bank | (597) | (638) | (597) | (638) |
| | 61,148 | 99,580 | 61,148 | 99,580 |

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

UG Healthcare Corporation Limited (the “**Company**”) (Registration Number 201424579Z) is incorporated and is domiciled in Singapore. The address of the Company’s registered office is 38 Beach Road, #29–11 South Beach Tower, 189767 Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months and full year ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group’s accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Reportable segment revenues, profit or loss, assets and liabilities and other material items

The revenue is derived from the sale of goods which is recognised based on point in time.

| | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
|---|-------------------------------|-------------------------------|------------------------------|
| Revenue | | | |
| Total revenue for reportable segments | 238,677 | 491,179 | (51.4) |
| Elimination of inter-segment revenue | (137,544) | (258,581) | (46.8) |
| | <u>101,133</u> | <u>232,598</u> | <u>(56.5)</u> |
| Profit or Loss | | | |
| Total (loss)/profit reportable segments | (28,918) | 48,662 | N.M. |
| Share of profit of associate | 557 | 99 | >100.0 |
| (Loss)/Profit before income tax | <u>(28,361)</u> | <u>48,761</u> | <u>N.M.</u> |
| Assets | | | |
| Total assets for reportable segments | 222,935 | 281,596 | (20.8) |
| Investments in associate | 7,061 | 6,443 | 9.6 |
| Total assets | <u>229,996</u> | <u>288,039</u> | <u>(20.2)</u> |
| Liabilities | | | |
| Total liabilities for reportable segments | 48,806 | 52,976 | (7.9) |
| Total liabilities | <u>48,806</u> | <u>52,976</u> | <u>(7.9)</u> |

| | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
|---|-------------------------------|-------------------------------|------------------------------|
| Sales reported for first half year | 55,899 | 117,278 | (52.3) |
| Operating (loss)/ profit after tax before deducting minority interests for first half year | (8,927) | 20,056 | N.M. |
| Sales reported for second half year | 45,234 | 115,320 | (60.8) |
| Operating (loss)/ profit after tax before deducting minority interests for second half year | (18,036) | 19,742 | N.M. |

By product segments

| | 30-June-23 2H FY23 S\$'000 | 30-June-22 2H FY22 S\$'000 | Increase/ (Decrease) % | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
|-----------------------------------|----------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|
| Revenue | | | | | | |
| Latex examination gloves | 28,896 | 60,616 | (52.3) | 66,394 | 110,496 | (39.9) |
| Nitrile examination gloves | 12,027 | 51,059 | (76.4) | 28,687 | 115,451 | (75.2) |
| Other ancillary products | 4,311 | 3,645 | 18.3 | 6,052 | 6,651 | (9.0) |
| Total | 45,234 | 115,320 | (60.8) | 101,133 | 232,598 | (56.5) |
| Gross (loss)/profit | | | | | | |
| Latex examination gloves | (3,779) | 20,088 | N.M. | 457 | 39,924 | (98.9) |
| Nitrile examination gloves | (1,461) | 19,498 | N.M. | 144 | 43,828 | (99.7) |
| Other ancillary products | 553 | 250 | >100.0 | 847 | 634 | 33.6 |
| Total | (4,687) | 39,836 | N.M. | 1,448 | 84,386 | (98.3) |
| Gross (loss)/profit margin | | | | | | |
| | % | % | | % | % | |
| Latex examination gloves | (13.1) | 33.1 | | 0.7 | 36.1 | |
| Nitrile examination gloves | (12.1) | 38.2 | | 0.5 | 38.0 | |
| Other ancillary products | 12.8 | 6.9 | | 14.0 | 9.5 | |
| Overall | (10.4) | 34.5 | | 1.4 | 36.3 | |

By geographical locations

| | 30-June-23 2H FY23 S\$'000 | 30-June-22 2H FY22 S\$'000 | Increase/ (Decrease) % | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
|----------------|----------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|
| Revenue | | | | | | |
| Europe | 20,805 | 65,434 | (68.2) | 40,904 | 116,010 | (64.7) |
| North America | 2,567 | 10,192 | (74.8) | 7,262 | 24,005 | (69.7) |
| South America | 9,455 | 14,579 | (35.1) | 21,022 | 35,707 | (41.1) |
| Africa | 3,809 | 3,917 | (2.8) | 8,575 | 11,998 | (28.5) |
| Asia | 7,892 | 19,467 | (59.5) | 20,971 | 40,751 | (48.5) |
| Others | 706 | 1,731 | (59.2) | 2,399 | 4,127 | (41.9) |
| Total | 45,234 | 115,320 | (60.8) | 101,133 | 232,598 | (56.5) |

Locations of non-current assets

| | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 | Increase/ (Decrease) % |
|---------------------------|-------------------------------|-------------------------------|------------------------------|
| Non-current assets | | | |
| Europe | 7,468 | 6,301 | 18.5 |
| North America | 734 | 776 | (5.4) |
| South America | 6,826 | 4,549 | 50.1 |
| Africa | 1,740 | 2,343 | (25.7) |
| Asia | 53,295 | 60,780 | (12.3) |
| Total | 70,063 | 74,749 | (6.3) |

5. Financial assets and financial liabilities

Set out of below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 30 June 2022:

| | The Group | | The Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30-June-23 S\$'000 | 30-June-22 S\$'000 | 30-June-23 S\$'000 | 30-June-22 S\$'000 |
| Financial assets | | | | |
| Trade and other receivables (excluding prepayment) | 29,602 | 37,517 | 219 | 219 |
| Cash and cash equivalents | 61,745 | 100,218 | 38,171 | 32,088 |
| Amounts due from subsidiaries | - | - | 13,530 | 26,406 |
| Financial assets measured at amortised cost | 91,347 | 137,735 | 51,920 | 58,713 |
| Financial liabilities | | | | |
| Trade and other payables | 14,071 | 24,506 | 1,445 | 1,638 |
| Bank borrowings | 29,950 | 16,459 | - | - |
| Lease liabilities | 1,177 | 1,522 | - | - |
| Financial liabilities measured at amortised cost | 45,198 | 42,487 | 1,445 | 1,638 |

6. (Loss)/Profit before taxation

6.1 Significant items

| | 30-June-23 | 30-June-22 | 30-June-23 | 30-June-22 |
|---|--------------------|--------------------|-----------------|-----------------|
| | 2H FY23 S\$'000 | 2H FY22 S\$'000 | FY23 S\$'000 | FY22 S\$'000 |
| Income | | | | |
| Interest income | 1,218 | 299 | 2,153 | 427 |
| Gain on disposal of property, plant and equipment | - | 22 | - | 22 |
| Foreign exchange gain | 3,098 | - | 370 | - |
| Expenses | | | | |
| Interest expenses | 573 | 377 | 915 | 805 |
| Depreciation of property, plant and equipment | 1,889 | 2,432 | 3,451 | 3,885 |
| Property, plant and equipment written off | 210 | 481 | 406 | 547 |
| Impairment of property, plant and equipment | 5,327 | - | 5,327 | - |
| Inventory written down | 6,568 | - | 6,568 | - |
| Amortisation of intangible assets | 13 | 11 | 23 | 21 |
| Loss allowance on trade receivables | 26 | 24 | 42 | 25 |
| Foreign exchange loss | - | 702 | - | 1,931 |

Note

* Foreign exchange gain/loss includes net realised and unrealised foreign exchange gain/loss and fair value gain/loss on financial derivatives that are used mainly for hedging purposes.

6.2 Related party transactions

During the year, in addition to those disclosed elsewhere in these financial statements, the Groups entities entered into the following transactions with related parties:

| | 30-June-23 | 30-June-22 | 30-June-23 | 30-June-22 |
|---------------------|--------------------|--------------------|-----------------|-----------------|
| | 2H FY23 S\$'000 | 2H FY22 S\$'000 | FY23 S\$'000 | FY22 S\$'000 |
| Sales to associates | 5,749 | 11,681 | 13,841 | 23,370 |

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | 30-June-23 2H FY23 S\$'000 | 30-June-22 2H FY22 S\$'000 | 30-June-23 FY23 S\$'000 | 30-June-22 FY22 S\$'000 |
|---|----------------------------------|----------------------------------|-------------------------------|-------------------------------|
| Current income tax | | | | |
| - Current | 21 | 3,425 | 522 | 9,280 |
| - Over-provision in prior years | (15) | (516) | (900) | (516) |
| Deferred income tax | | | | |
| - Current | (780) | 24 | (780) | 24 |
| - (Over)/Under-provision in prior years | (240) | 175 | (240) | 175 |
| Total income tax (credit)/expenses | <u>(1,014)</u> | <u>3,108</u> | <u>(1,398)</u> | <u>8,963</u> |

8. Dividends

| | FY2023 S\$'000 |
|---|-------------------|
| Ordinary dividend paid: | |
| Tax exempt final dividend declared for FY22 (paid in December 2022) | 1,996 |
| Tax exempt special dividend declared for FY22 (paid in December 2022) | 1,996 |
| Total dividends paid | <u>3,992</u> |

Please refer to Notes 5 and 6 in section F. Other information required by Catalyst Rules Appendix 7C for further details.

9. Earnings per share

| | 30-June-23 2H FY23 | 30-June-22 2H FY22 | 30-June-23 FY23 | 30-June-22 FY22 |
|---|-----------------------|-----------------------|--------------------|--------------------|
| Earnings (S\$'000) | | | | |
| Earnings for the purpose of basic and diluted earnings per share (loss)/profit for the year attributable to the Company) | <u>(15,956)</u> | <u>15,549</u> | <u>(20,734)</u> | <u>36,795</u> |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purpose of | | | | |
| - basic share | 623,825,811 | 623,825,811 | 623,825,811 | 620,197,769 |
| - effect of dilution from share options | - | - | - | - |
| - diluted share | <u>623,825,811</u> | <u>623,825,811</u> | <u>623,825,811</u> | <u>620,197,769</u> |
| Earnings per share (cents) | | | | |
| - basic | <u>(2.56)</u> | <u>2.48</u> | <u>(3.32)</u> | <u>5.93</u> |
| - diluted | <u>(2.56)</u> | <u>2.48</u> | <u>(3.32)</u> | <u>5.93</u> |

10. Net asset value

| | The Group | | The Company | |
|--|--------------|--------------|--------------|--------------|
| | 30-June-23 | 30-June-22 | 30-June-23 | 30-June-22 |
| Number of ordinary shares | 623,825,811 | 623,825,811 | 623,825,811 | 623,825,811 |
| Total net asset value (attributable to owners of the Company) (S\$'000) | 180,844 | 228,900 | 81,486 | 111,679 |
| Net asset value per share (cents) | <u>28.99</u> | <u>36.69</u> | <u>13.06</u> | <u>17.90</u> |

11. Intangible assets

| | FY23 S\$'000 | FY22 S\$'000 |
|----------------------------------|---|---|
| Cost: | | |
| Balance at 1 July | 566 | 344 |
| Addition | 175 | 242 |
| Exchange difference | (15) | (20) |
| Balance at 30 June | 726 | 566 |
| Accumulated amortisation: | | |
| Balance at 1 July | (90) | (81) |
| Amortisation | (23) | (21) |
| Exchange difference | 3 | 12 |
| Balance at 30 June | (110) | (90) |
| | FY23 Carrying Amount S\$'000 | FY22 Carrying Amount S\$'000 |
| Business license | 184 | 184 |
| Computer software | 405 | 263 |
| Customer base | 27 | 29 |
| Balance at 30 June | 616 | 476 |

12. Property, plant and equipment

During the financial year ended 30 June 2023, the Group acquired property, plant and equipment for an amounting of S\$8,833,000 (30 June 2022: S\$23,050,000) of which S\$804,000 (30 June 2022: S\$970,000) was acquired by means of a lease, and disposed and wrote off assets amounting to S\$406,000 (30 June 2022: S\$547,000).

13. Borrowings

| | 30-June-2023 | | 30-June-2022 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 16,137 | - | 6,186 | - |
| Amount repayable after one year | 13,813 | - | 10,273 | - |
| Total borrowings | 29,950 | - | 16,459 | - |

Details of collaterals

As at 30 June 2023 and 30 June 2022, the borrowings of the Group were secured by:

- (i) motor vehicles;
- (ii) debentures over certain production lines;
- (iii) charge on certain leasehold land and building of a subsidiary;
- (iv) fixed deposits pledged as collateral
- (v) corporate guarantees; and
- (vi) keyman insurance

14. Share capital

| | Group and Company | |
|--|------------------------|------------|
| | No. of share (’000) | S\$’000 |
| Issued and paid-up share capital as at 30 June 2022 and 30 June 2023 | 623,825,811 | 59,651,699 |

The Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2023 and 30 June 2022.

15. Acquisition of asset

(a) Health Focus Diagnostics Nigeria (PTY) Limited

During the financial year, Group’s 75%-owned Nigeria subsidiary, Uni-Medical Healthcare Limited, has together with Health Focus Diagnostics GmbH incorporated a joint venture partnership, to set up a medical diagnostic centre in the state of Enugu, Nigeria. Please refer to the Company’s announcement dated 27 December 2022 for more details.

(b) Indigo Teguh Sdn Bhd

On 18 January 2023, the Company announced that it has completed the acquisition of 100% of the share capital of Indigo Teguh Sdn Bhd from the vendor for an aggregate consideration of RM100. Please refer to the Company’s announcement dated 18 January 2023 for more details.

(c) Acquisition of 40% of the total corporate capital of UGHC Brasil Importadora LTDA

The Company has on 23 June 2023 obtained approval from the shareholders of the Company in respect of the proposed acquisition of 40% of the total corporate capital of UGHC Brasil Importadora LTDA from Mr. Fabricio Stevan (the “**Vendor**”) for an aggregate consideration of S\$10,539,597.61, which shall be satisfied by way of offsetting against trade receivables owed to UGHC Brasil Importadora LTDA by a non-related company which is wholly-owned by the Vendor (the “**Proposed Acquisition**”). Subsequent to the completion of the Proposed Acquisition, the Company’s shareholdings in UGHC Brasil (held through Unigloves Singapore) has increased from 50.0% to 90.0% and UGHC Brasil continues to be a subsidiary of the Company. Please refer to the Company’s announcement dated 31 May 2023 and 23 June 2023 and circular dated 8 June 2023 for more details.

16. Subsequent events

There are no known subsequent events which led to adjustments to this set of interim financial statements.

F. Other information required by Catalyst Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position UG Healthcare Corporation Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Income Statements

Revenue for all business segments decreased in the financial year ended 30 June 2023 (“FY23”) as compared to the financial year ended 30 June 2022 (“FY22”). This was mainly due to the decrease in the average selling price (“ASP”) and sales volume of disposable gloves resulting from an oversupply of disposable gloves. Revenue for latex examination gloves, nitrile gloves and other ancillary products have decreased by 39.9%, 75.2% and 9.0% respectively in FY23 as compared to FY22 mainly due to the reasons described above. The Group’s revenue decreased by approximately S\$131.5 million from S\$232.6 million in FY22 to S\$101.1 million in FY23.

Cost of sales decreased by S\$48.5 million from S\$148.2 million in FY22 to S\$99.7 million in FY23. This was due to the decrease in the average purchase price of raw materials, which was partially offset by the increase in minimum labour wages in Malaysia and both electricity and gas tariffs.

Gross profit decreased by approximately S\$83.0 million from S\$84.4 million in FY22 to S\$1.4 million in FY23 in tandem with the decrease in ASP of disposable gloves, write down of inventory value, as well as the higher overhead expenses at the upstream manufacturing. Correspondingly, the gross profit margin of the Group decreased from 36.3% in FY22 to 1.4% in FY23.

Other income increased from S\$0.7 million in FY22 to S\$2.7 million in FY23 mainly due to the increase in interest income from the fixed deposits with the banks in tandem with rising interest rate during the period under review. The Group’s other expenses increased from S\$2.4 million in FY22 to S\$5.6 million in FY23 mainly due to the impairment of machineries recorded at the upstream manufacturing offset with the absence of foreign exchange loss recorded in FY22.

Operating expenses comprising marketing and distribution expenses and administrative expenses decreased by S\$6.6 million from S\$33.2 million in FY22 to S\$26.6 million in FY23. This was mainly due to the decrease in administrative expenses as groupwide staff bonuses and commission were reduced in tandem with the decrease in revenue and profit.

Finance costs increased by S\$0.1 million from S\$0.8 million in FY22 to S\$0.9 million in FY23 due to the increase in trade facilities utilisation, as well as an increase in the borrowing interest rate.

Share of profits from associates increased from S\$0.1 million in FY22 to S\$0.6 million in FY23 due to profit reported by German and USA associates.

After taking into account the tax expenses and minority interests, the Group’s net profit/ loss attributable to the shareholders decreased from a gain of S\$36.8 million in FY22 to a loss of S\$20.7 million in FY23.

Financial Position

Non-current assets decreased by approximately S\$4.6 million from S\$74.7 million as at 30 June 2022 to S\$70.1 million as at 30 June 2023 mainly due to the lower value of property, plant and equipment recorded which mainly pertains to the impairment of machineries of S\$5.3 mil.

Current assets decreased by approximately S\$53.4 million from S\$213.3 million as at 30 June 2022 to S\$159.9 million as at 30 June 2023, mainly due to:

- Decrease in cash and bank balances of S\$38.5 million from S\$100.2 million as at 30 June 2022 to S\$61.7 million as at 30 June 2023;
- Decrease in inventories of S\$7.3 million from S\$61.8 million as at 30 June 2022 to S\$54.5 million as at 30 June 2023 due to inventory written down of S\$6.6 million;
- Decrease in trade and other receivables by S\$5.2 million from S\$40.9 million as at 30 June 2022 to S\$35.7 million as at 30 June 2023 due to lower average selling price of gloves; and
- Decrease in income tax assets of S\$2.3 million from S\$10.3 million as at 30 June 2022 to S\$8.0 million as at 30 June 2023.

Non-current liabilities increased from S\$15.8 million as at 30 June 2022 to S\$16.0 million as at 30 June 2023 mainly due to the increase in non-current borrowings of S\$3.5 million which was mainly for construction of new factory and new production lines, partially offset by decrease in deferred tax liabilities of S\$3.2 million.

Current liabilities decreased by approximately S\$4.4 million from S\$37.2 million as at 30 June 2022 to S\$32.8 million as at 30 June 2023 mainly due to:

- Decrease in trade and other payables by S\$10.4 million from S\$24.5 million as at 30 June 2022 to S\$14.1 million as at 30 June 2023 due to decrease in selling price of raw materials; and
- Decrease in income tax liabilities of S\$3.9 million from S\$5.6 million as at 30 June 2022 to S\$1.7 million as at 30 June 2023 due to repayment of tax payable; partially offset by
- Increase in current borrowings by S\$9.9 million from S\$6.2 million as at 30 June 2022 to S\$16.1 million as at 30 June 2023 due to increase of borrowings from trade facilities.

The Group's net asset value decreased from S\$228.9 million as at 30 June 2022 to S\$180.8 million as at 30 June 2023. Similarly, net asset value decreased from 36.69 Singapore cents as at 30 June 2022 to 28.99 Singapore cents as at 30 June 2023.

Statement of Cash Flow

In FY23, the net cash used in operations amounted to S\$41.1 million taking into account of the loss before tax of S\$28.4 million, adjusted for working capital inflows of S\$2.1 million which was mainly due to decrease in inventory and trade and other receivables, as well as income tax paid of S\$4.2 million. Net cash used in investing activities amounted to S\$6.0 million due to purchases of property, plant and equipment, which was mainly for the construction of new factory and new production lines, partially offset by cash inflows from interest received. Net cash generated from financing activities amounted to S\$8.7 million mainly due to the net increase in the borrowing of trade facilities.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The global rubber gloves market size is expected to expand at a compound annual growth rate of 3.9% from 2022 to 2030⁽¹⁾. However, the normalisation of global demand and supply for disposable examination gloves post-pandemic has been gradual amid intense price competition arising from excess capacity, slow consumption of relatively high-priced inventories, and higher operating costs.

The Group targets to commence production of disposable examination gloves in its third manufacturing facility in the financial year ending 30 June 2024. This could potentially improve the Group's production efficiency and volume of disposable examination gloves, hence mitigating rising inflationary pressure on operating cost at its upstream manufacturing operations.

As the Group rationalises its upstream manufacturing operations, it has also further strengthened its marketing and business development teams at its downstream distribution operations. The intention is to build on its proprietary **UNIGLOVES**® brand position in its key markets with a broadened product portfolio to maximise the growth potential of its entrenched downstream distribution network. The diversification of its product portfolio is aimed at balancing its business risks on disposable examination gloves in the longer term.

The business diversification into non-glove healthcare businesses comprising (i) the joint development, management and operation of active retirement homes, and healthcare and wellness business, and (ii) the joint establishment of a medical diagnostic centre in Nigeria, are at various stages of progress. The Group is of the view that these business initiatives intended for the Group's sustainable growth in the long term, require time and resources to build.

The Group will update shareholders on material developments as and when they arise.

Source: (1) <https://www.grandviewresearch.com/industry-analysis/rubber-gloves-market>

5. Dividend

No dividend has been declared or recommended for FY2023.

Dividend declared for FY22

| | |
|--------------------|-------------------------------|
| Name of dividend | Special dividend |
| Dividend type | Cash |
| Dividend per share | S\$0.00320 per ordinary share |
| Tax rate | Tax exempt |
| Book closure date | 18 November 2022 |
| Payment date | 16 December 2022 |

| | |
|--------------------|-------------------------------|
| Name of dividend | Final dividend |
| Dividend type | Cash |
| Dividend per share | S\$0.00320 per ordinary share |
| Tax rate | Tax exempt |
| Book closure date | 18 November 2022 |
| Payment date | 16 December 2022 |

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended as the Group recorded net losses for the FY23.

7. Breakdown of total annual dividend

| | | |
|-------------------|---------------------|---------------------|
| | 30-June-2023 | 30-June-2022 |
| | S\$'000 | S\$'000 |
| Ordinary dividend | - | 3,992 |

8. Interested person transactions

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------|----------------------------|--|--|
| Lee Keck Keong | Executive Director and CEO | S\$10,183,171 | Not applicable |

The Company does not have a general mandate for interested person transaction. More details on the interested person transactions entered by the Group during FY23 can be found in the announcement dated 14 October 2022.

9. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rules

The Company has received undertaking from all its Directors and Executive Officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

10. Disclosure pursuant to Rule 706A of the Catalist Rules

Save as disclosed in Part E – Note 15, there was no acquisition or sale of shares by the Company in FY23 which requires disclosure pursuant to Rule 706A of the Catalist Rules.

11. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that, to the best of its knowledge as of the date hereof, none of the person occupying a managerial position in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

28 August 2023