Co. Reg. No. 196700346M

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BUSINESS UPDATE AND NO DIVIDEND PAYMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

SINGAPORE, 6 November 2021 – Avarga Limited ("**Avarga**") today reports its business update for the third quarter ended 30 September 2021.

Highlights of Avarga's performance by business units are as follows:

3Q FY2021 (1 July 2021 to 30 September 2021)

Building Products Distribution

The building products distribution business in Canada and USA under Taiga Building Products Ltd reported C$484.6m in sales for 3Q FY2021, a decline of 3% from C$500.7 million in 3Q FY2020.

During the quarter, commodity prices, particularly lumber, fell dramatically after rising sharply in 1H FY2021. Taiga booked an inventory reserve of C$13.4 million, which together with lower margins amid declining prices, resulted in an EBITDA loss of C$1.8 million for 3Q FY2021.

Please refer to the 3Q FY2021 Press Release, Earnings Report, and other materials announced by Taiga Building Products Ltd.

Paper Manufacturing

The paper manufacturing division in Malaysia, under UPP Pulp & Paper (M) Sdn Bhd, was affected by the national lockdown and COVID-19 restrictions which disrupted customers and supply chains.

These restrictions limited operations for businesses in Malaysia, including a shutdown of most industries in June and July 2021. Many of our customers and suppliers were not allowed to operate, or faced severe restrictions. As a result, volume sales declined and costs increased. These restrictions were gradually eased from mid-August 2021 onwards.

Volume sales in 3Q FY2021 declined 35.5% to 13,006 tonnes from 20,168 tonnes in 3Q FY2020, while EBITDA for the quarter declined 62% compared with a year ago.

Power Generation

Our power plant in Myanmar generated electricity of 86.79 million kilowatt hours (kWh) in 3Q FY2021, a decline of 13.5% from 100.31 million kWh in 3Q FY2020. The plant is committed to meet an annual minimum production target of 350 million kWh. On 1 Feb 2021, the Tatmadaw assumed control of the government. We are continuing to monitor the developments closely. There has been no impact on our plant's operations and power production to-date.

Dividend Update

No dividend has been declared for 3Q FY2021 in view of the financial performance in the quarter.

Our dividend policy aims to achieve a target annual payout of 30% or higher of net profit, subject to alternative use and opportunities. The dividends will be paid quarterly.

For FY 2021, Avarga had declared interim dividends of 0.42 cent per share in August 2021 for 2Q FY2021 and 0.42 cent per share in May 2021 for 1Q FY2021, bringing cumulative year-to-date dividends to 0.84 cent per share.

END

ABOUT AVARGA LIMITED

Avarga Limited ("Avarga"), formerly known as UPP Holdings Limited, is an investment holding company listed on the Main Board of Singapore Exchange Limited (SGX). Our mission is to optimise Returns on Equities through building sustainable value for our shareholders. We build business models that are long-term, focusing on competitive advantages, good management and innovation.

Our three core businesses are paper manufacturing, power generation and building materials distribution. We operate in five countries and generate annual revenue of $1.7 billion.

For more information, please visit www.avarga.com.sg.

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