

## UG Healthcare posts S\$4.8 million net loss in 1H FY23 amid industry doldrums

- OBM business model cushioned the adverse impact of the disequilibrium between demand and supply of disposable examination gloves, but margin was undermined by higher overhead expenses at upstream manufacturing business
- Reinforce efforts in downstream distribution through expansion into new markets in the Europe region, strengthen brand position, and cultivate demand for proprietary branded reusable industrial gloves to pave way for recovery
- Group embarked on diversification into non-glove healthcare related businesses to broaden earnings base and enhance sustainable growth in the long term

### Key Financial Highlights:

FYE 30 Jun (S\$'000)	1H FY23	1H FY22	YoY Change	FY22
Revenue	55,899	117,278	- 52.3%	232,598
Gross profit	6,135	44,550	- 86.2%	84,386
Gross margin	11.0%	38.0%	- 27.0 pp	36.3%
(Loss)/Profit before tax	(9,311)	25,911	N.M.	48,761
Net (loss)/profit after tax	(8,927)	20,056	N.M.	39,798
Net (loss)/profit <sup>(1)</sup>	(4,778)	21,246	N.M.	36,795
(LPS) / EPS <sup>(2)</sup> (Singapore cents)	(0.77)	3.45	N.M.	5.93

Notes:

\* 1H denotes six months ended 31 December and FY denotes 12 months ended 30 June; N.M. denotes not meaningful.

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

(2) Loss per share (“LPS”) or earnings per share (“EPS”) is based on the average weighted number of shares of 623.8 million for 1H FY23 and 616.6 million for 1H FY22, and 620.2 million for FY22.

**Singapore, 14 February 2023 – 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 **UNIGLOVES®** branded products through its own established global downstream distribution network, recorded a significant decline in revenue to S\$55.9 million and a net loss of S\$4.8 million for the six months ended 31 December 2022 (“**1H FY23**”). The rapid decline in the average selling prices (“**ASP**”) across all product segments, in particular, the disposable examination gloves amid the disequilibrium between the global demand and supply of disposable personal protection equipment, and the increase in fixed overhead expenses including the hike in minimum labour wage in Malaysia and higher electricity and gas tariffs, undermined the Group’s financial performance in 1H FY23.

Commenting on the financial performance, Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, **“Whilst we anticipated the declining ASP trend and lower demand in disposable examination gloves as we adapt to normality, the disequilibrium between the demand and supply of disposable gloves is likely to take some time to equilibrate. The inflationary pressure on fixed overheads such as electricity and gas tariffs, hike in minimum labour wage and new employment act, however, added burden to the upstream manufacturing business.**

**Through our own brand manufacturing (“OBM”) business model, we took the option to rationalise our upstream manufacturing operations, cushioning the adverse impact of the intense competition across the supply chain in the disposable gloves industry. At the same time, we continue to be driven by our expansion into new markets in the Europe region, strengthening our UNIGLOVES® brand position, and cultivating demand for our proprietary branded range of reusable industrial gloves with new customers. We believe our efforts will pave way for recovery when the demand-supply equilibrates.**

**We have also embarked on diversifying into non-glove healthcare related businesses to broaden our future earnings base and improve sustainable growth in the long term. These business initiatives, including (i) the joint development, management and operation of active retirement homes, and healthcare and wellness business in Desaru, Malaysia, and (ii) the joint establishment of a medical diagnostic centre in Nigeria, require time to nurture and re-balance our Group’s reliance on gloves related business.**

**Despite rising awareness of the need for hand protection for safety and hygiene purposes, we remain mindful of the market dynamics in the disposable gloves business. Hence, we believe it is timely for us to seize the opportunities to diversify our business through strategic collaborations to safeguard the interests of our stakeholders.”**

The commencement of the additional production capacity of 1.2 billion pieces of gloves per annum, which was initially scheduled for commission progressively from October 2022, was further postponed due to shortage of manpower as extensive due diligence is required for the recruitment of foreign workers. With the current oversupply of disposable examination gloves globally, the Group prefers to maintain relatively higher utilisation at its existing manufacturing facilities of 3.4 billion pieces of gloves per annum in order to achieve better production efficiency.

On 27 December 2022, the Group's 75%-owned Nigeria subsidiary, Uni-Medical Healthcare Limited (“**UNIGLOVES Nigeria**”) has, together with Health Focus Diagnostics GmbH (“**Health Focus**”), incorporated a joint venture partnership to set up a medical diagnostic centre in the state of Enugu, Nigeria. The medical diagnostic centre will be set up in a ready-built and ready-to-use property owned by UNIGLOVES Nigeria and the business activities will be focused on laboratory diagnostics, occupational health screening and medical imaging. Please refer to the Company's announcement dated 27 December 2022 for more details:

[https://links.sgx.com/FileOpen/UG%20Healthcare Annt Investment%20in%20Diagnostic%20Centre%20in%20Nigeria.ashx?App=Announcement&FileID=742553](https://links.sgx.com/FileOpen/UG%20Healthcare%20Annt%20Investment%20in%20Diagnostic%20Centre%20in%20Nigeria.ashx?App=Announcement&FileID=742553)

On 18 January 2023, the Group announced the completion of the acquisition of Indigo Teguh Sdn Bhd, following approval from shareholders of the Company at the extraordinary general meeting held on 8 December 2022, in respect of business diversification into the development, management and operation of active retirement homes and healthcare and wellness business in Desaru, Malaysia. Please refer to the Company's announcement dated 18 January 2023 for more details:

<https://links.sgx.com/FileOpen/UG%20Healthcare%20-%20Completion%20of%20the%20Proposed%20Acquisition.ashx?App=Announcement&FileID=744382>

## FINANCIAL REVIEW

The Group recorded lower revenue for all product segments in 1H FY23 as intense competition in a global oversupply market situation for personal protection equipment led to depressed ASPs and lower sales volume.

### Revenue analysis by key markets

FYE 30 June (S\$'000)	1H FY23	1H FY22	YoY Change
Europe	20,099	50,576	- 60.3%
North America	4,695	13,813	- 66.0%
South America	11,567	21,128	- 45.3%
Africa	4,766	8,081	- 41.0%
Asia	13,079	21,284	- 38.6%
Others	1,693	2,396	- 29.3%
<b>Total</b>	<b>55,899</b>	<b>117,278</b>	<b>- 52.3%</b>

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.

Whilst cost of sales reduced due to the decrease in the average purchase price of raw materials, the increase in minimum labour wage in Malaysia and both electricity and gas tariffs eroded the gross profit margin.

## Revenue analysis by product segments

FYE 30 Jun (S\$'000)	Revenue			Gross Profit			Gross Margin	
	1H FY23	1H FY22	YoY Change	1H FY23	1H FY22	YoY Change	1H FY23	1H FY22
Latex examination gloves	37,498	49,880	- 24.8%	4,236	19,836	- 78.6%	11.3%	39.8%
Nitrile examination gloves	16,660	64,392	- 74.1%	1,605	24,330	- 93.4%	9.6%	37.8%
Other ancillary products	1,741	3,006	- 42.1%	294	384	- 23.4%	16.9%	12.8%
<b>Total</b>	<b>55,899</b>	<b>117,278</b>	<b>- 52.3%</b>	<b>6,135</b>	<b>44,550</b>	<b>- 86.2%</b>	<b>11.0%</b>	<b>38.0%</b>

In tandem with the lower ASP and sales volumes across both disposable gloves and ancillary products segments, coupled with higher overhead expenses faced by its upstream manufacturing, gross profit declined significantly from S\$44.6 million in 1H FY22 to S\$6.1 million in 1H FY23. Correspondingly, gross profit margin decreased from 38.0% in 1H FY22 to 11.0% in 1H FY23.

Other income increased from S\$0.2 million in 1H FY22 to S\$1.1 million in 1H FY23 as a result of higher interest income from fixed deposits with the banks.

Other expenses increased from S\$1.3 million in 1H FY22 to S\$2.8 million in 1H FY23, was due from effects of foreign currency translation as fixed deposits placed in US dollar and Renminbi weakened against the Singapore dollar.

(Note: The Group has bank accounts in various currencies and foreign exchange gain/loss arises from translation effect to the reporting currency (Singapore dollar).)

Total operating expenses comprising marketing and distribution expenses and administrative expenses decreased from S\$16.5 million in 1H FY22 to S\$13.5 million in 1H FY23. The reduction stemmed from the decrease groupwide staff bonuses and commission in tandem with the decline in revenue and profit.

Finance costs decreased from S\$0.4 million in 1H FY22 to S\$0.3 million in 1H FY23 due to lower utilisation of trade facilities.

Share of results from associates saw a reversal from a loss of S\$0.5 million in 1H FY22 to a profit of S\$0.2 million in 1H FY23 on higher profits reported by its associates in Germany and the USA. After taking into account tax expenses and minority interests, the Group registered a net loss attributable to shareholders of S\$4.8 million in 1H FY23, as compared to a net profit attributable to shareholders of S\$21.2 million in 1H FY22.

**FINANCIAL POSITION**

FYE 30 Jun (S\$'000)	As at 31 December 2022	As at 30 June 2022
Equity attributable to the owners of the Company (" <b>Net asset value</b> ")	213,744	228,900
Cash and bank balances	77,481	100,218
Long-term bank borrowings	16,665	10,273
Short-term bank borrowings	5,489	6,186
Net asset value per share	S\$ 0.3426	S\$ 0.3669

Note: Net asset value per share was computed based on the share capital of 623.8 million shares as at 31 December 2022 and 30 June 2022.

The Group's balance sheet remains strong with net cash position of approximately S\$55.3 million as at 31 December 2022. Due to the net loss attributable to shareholders of S\$4.8 million in 1H FY23, net asset value per share decreased correspondingly from S\$0.3669 as at 30 June 2022 to S\$0.3426 as at 31 December 2022.

The Company will update shareholders on material developments of the Group, as and when they arise.

##

*This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 14 February 2023.*

**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 **UNIGLOVES®** 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 **UNIGLOVES®** 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 **UNIGLOVES®** 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 **UNIGLOVES®** 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](http://www.ughealthcarecorporation.com)

---

Issued for and on behalf of **UG Healthcare Corporation Limited** by:

---



Investor relations contact:

**Rosalina Soh 苏沛熙**

Office : (65) 6955 7767

Mobile : (65) 9677 6683

Email : [rosalina@octavecomms.com](mailto:rosalina@octavecomms.com)

---

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

*This media release 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 media release, including the correctness of any of the statements or opinions made or reports contained in this media release.*

*The contact person for the Sponsor is Ms Charmian Lim (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*