



MEDTECS INTERNATIONAL CORPORATION LIMITED
(Incorporated in Bermuda)

NEWS RELEASE

MEDTECS REPORTS 1H2021 REVENUE OF US\$85.3 MILLION AND NET PROFIT OF US\$18.5 MILLION

- *Revenue decline primarily due to government stockpiling cycle*
- *Gross profit and net profit margins remained healthy at 36.1% and 21.7%, respectively.*
- *Continue to enhance brand awareness and online presence to expand market reach of the Group's own branded products*
- *Expansion of production capacity*
- *Continued efforts to secure more long-term orders with a view to ultimately building a resilient global PPE supply chain with government agencies, brand owners and industry players*

Singapore, 13 August 2021 – Medtecs International Corporation Limited (“**Medtecs**” and together with its subsidiaries, the “**Group**”) (美德向邦医疗国际股份有限公司), a leading PPE and hospital service provider, today announced its unaudited financial results for the half year ended 30 June 2021 (“**1H2021**”).

In 1H2021, the Group's revenue decreased by 47.5% to US\$85.3 million, from US\$162.6 million in the previous corresponding period (“**1H2020**”). Net profit decreased 52.4% to US\$18.5 million in 1H2021, compared to US\$38.9 million in 1H2020. This was due to reduced PPE demand in 1H2021 from customers that had already stocked up in FY2020, resulting in more stable market prices and supply chain situation.

In line with the Group's earlier guidance, the Group reported revenue of US\$43.1 million in the second quarter ended 30 June 2021, which exceeded US\$42.2 million recorded in the first quarter ended 31 March 2021.

Mr. William Yang (杨威远), Deputy Chairman, Executive Director and Chief Executive Officer of Medtecs, said, “On the back of a record-breaking year in terms of revenue and profitability in 2020, we are pleased to announce a resilient set of 1H2021 results, compared

to pre-COVID-19. We will continue to work with partners who possess health-related expertise and supply chain resilience to expand our global sales channels and sourcing ability. We will push forward with our strategy to build awareness of our brand both online and offline and seek stockpiling partnership opportunities in key regions around the world.”

FINANCIAL HIGHLIGHTS

In 1H2021, the Group’s Manufacturing segment reported revenue of US\$71.7 million, down 52.2% from 1H2020’s US\$150.2 million. This was due to lower sales of PPEs and facemasks to customers for the purposes of stockpiling, resulting from a build-up of stocks in the market in FY2020. Despite the decline, the Group has shown improvements in its OEM sales while retaining firm orders for its PPEs and own branded products. The Manufacturing segment accounted for 84% of the Group’s total revenue in 1H2021.

Revenue from the Hospital Services division increased 7.8% from US\$7.0 million in 1H2020 to US\$7.6 million in 1H2021 due to higher services on new hospital contracts in Taiwan.

In 1H2021, the Group achieved a 10.9% increase in revenue to US\$6.0 million from the Trading and Distribution division, due to higher e-commerce and domestic sales in Taiwan.

Asia Pacific remains the Group’s key revenue contributor, accounting for 41% of the Group’s total revenue in 1H2021. The Group’s revenue from Europe and North America stood at 23% and 36% respectively, compared to 32% and 10% respectively in 1H2020.

Gross profit margins remain healthy with an increase from 1H2020’s 31.6% to 36.1% in 1H2021 but was still lower than overall gross profit margins in FY2020 of 42.9%. This was due primarily to a shift in customer preference towards regular OEM products as retail customers remained vigilant with the continued use of products such as masks and face shields due to the resurgence in cases brought about by the Delta variant. Meanwhile, demand for higher-margin products such as coveralls and isolation gowns decreased during 1H2021 as customers, including medical institutions and Global Purchasing Organisations (“GPOs”), which purchase these products in bulk, have built up their stockpiles for the time being.

Correspondingly, the Group’s net profit for 1H2021 fell 52.4% to US\$18.5 million.

The Group maintains a sound financial position, enjoys a positive operating cash flow and has a healthy debt-to-equity ratio sufficient for its working capital and future capital expansion.

Earnings per share on a fully diluted basis was 3.489 US cents for 1H2021, a decrease from 7.078 US cents in 1H2020. Net asset value per share decreased to 34.26 US cents in 1H2021, compared to 35.40 US cents in 1H2020, mainly due to the distribution of cash dividends amounting to US\$22.8 million in 1H2021.

OPERATIONAL UPDATES/ REVIEW

As part of its growth strategy and as announced by the Company on 2 March 2021, the Company has established a joint venture for the purposes of building a fully vertically integrated product development, manufacturing, sales and distribution platform for PPE. This will further strengthen the Group's position as a leading PPE stockpiling provider and Asia's first multi-national group procurement platform with one-stop shop capabilities. The Group will provide further updates on its joint venture via an SGXNET announcement as and when they become available.

Owing to the Group's unique position as one of the biggest PPE providers in the Philippines and as a founding member of the Confederation of Philippine Manufacturers of PPE, the Company's subsidiary has won multiple local tenders amounting to more than US\$10 million since the start of 2021.

In April 2021, the Group entered into a number of agreements with the Ministry of Health of Cambodia, to supply N95 respirators, isolation gowns, shoe covers, and coveralls. The Group will continue to leverage its strength as the biggest PPE manufacturer and supplier in Cambodia to secure more long-term supply contracts with government agencies, and to position itself as the Cambodian government's national stockpiling partner.

In May 2021, Taiwan experienced its first major COVID-19 outbreak. Overnight, the demand for PPE exploded and the Group responded in record time, shipping much-needed PPE and other medical supplies back to Taiwan by air to hospitals, clinics and those in need. In just 25 days, Medtecs was able to distribute five million pieces of PPE from five distribution centres around the world. This proves that Medtecs is well-equipped to mobilise resources globally to assist clients across all sectors, times of public health crisis, owing to its years of accumulating the right experiences and building the right relationships.

In June 2021, Medtecs was invited by Tokyo, host city of the 2020 Summer Olympic Games, to provide 1,000 CoverU coveralls to safeguard the health of the Chinese Taipei Olympic team at the Games. Medtecs was also honoured to be appointed a sponsor of the Chinese Taipei Olympic Committee, providing 200,000 pieces of Games-inspired facemasks for use by its athletes, coaches and trainers at the Tokyo Olympic Games. This showed that Medtecs has been recognised as one of the premier healthcare brands in Taiwan.

In 2021, the Group introduced Medtecs Shield, a new line of anti-viral products that prevent the spread of pathogens, comprising masks, handphone cases and antiviral sprays incorporated with nanotechnologies that can kill viruses and bacteria. Medtecs is the only company with a full suite of such products, backed by relevant tests and certificates. Medtecs will continue to leverage major e-commerce sites including Alibaba and Amazon to sell these products, in addition to offline channels like convenient stores and department stores. The Group's Amazon US shop has more than tripled the daily sales volumes since 31 December 2020. The Group is also looking to set up distribution channels across North America, Japan and Europe to extend Medtecs Shield's reach before the end of the year.

Barring unforeseen circumstances, the Group remains confident and expects to be profitable for FY2021.

The Group affirms its continued intention in effecting the proposed transfer of the Company's listing to the Mainboard of the Singapore Exchange Securities Trading Limited. Further updates on the outcome will be provided to shareholders in due course, via a separate SGXNet announcement.

BUSINESS OUTLOOK

With the recent rise of new COVID-19 variants and new waves of infections across the globe, demand for the Group's PPE remains elevated despite global efforts to administer COVID-19 vaccines, resulting in higher order volumes. This is due to enhanced safety and hygiene practices at hospitals and public areas, the potential need for regular COVID-19 vaccinations, and governments maintaining and replenishing national stockpiles. After a record-breaking year in terms of revenue and profitability in FY2020, the board is of the view that it will be a challenge to exceed that level of performance, but stable growth can be expected for FY2021.

In support of its growth strategy, the Group is in talks with key industry players to develop new

product lines and broaden its PPE product range to include gloves, syringes, rapid test kits, and medical devices to secure long-term supply contracts with major group purchasing organisations worldwide. The Group will also be looking to expand its sales channels through the use of e-commerce platforms and social media.

The Company announced multiple strategic alliances in FY2020 and 1H2021 and will continue to seek joint venture and M&A opportunities in FY2021 to broaden the Group's product range, and to help the Group build a fully integrated product development, manufacturing, sales and distribution platform in line with the Company's mission to supply and deliver reliable and high-quality PPE and healthcare products.

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ABOUT MEDTECS INTERNATIONAL CORPORATION LIMITED

Medtecs International Corporation Limited (“**Medtecs**” and together with its subsidiaries, the “**Group**”) is a leading personal protective equipment (“**PPE**”) and hospital service provider. Established in 1989 in the Philippines, the Group’s three main lines of business include (i) Original Product Manufacturing, (ii) Hospital Services, and (iii) Trading and Distribution.

Headquartered in Taipei, Taiwan, the Group has manufacturing facilities in the Philippines, Cambodia and China, and is a key supplier to global PPE companies, exporting to over 30 countries in Europe, USA, South East Asia, North Asia and Australia. Medtecs also serves as a one-stop vendor to hospitals, supplying PPE, workwear and medical consumables to more than 200 hospitals in Taiwan and the Philippines. It is also a key partner for Taiwan’s and Singapore’s national PPE stockpiles.

Listed in Singapore on 6 October 1999, Medtecs’ shares are now listed on the Catalist Board of the Singapore Exchange Securities Trading Limited and its Taiwan Depository Receipts (“**TDRs**”) commenced trading on 13 December 2002. Medtecs is a constituent of the iEdge SG All Healthcare Index and the S&P Global BMI index.

For more information, please visit <http://www.medtecs.com/en/>

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed. This announcement has not been examined or approved by the Exchange. The Exchange assumes no responsibility for

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