



PRESS RELEASE

For immediate release

by LYC Healthcare Berhad

LYC HEALTHCARE BERHAD COMPLETES THE ACQUISITION OF 70% OF AQURATE INGREDIENTS INTL (M) SDN BHD

Kuala Lumpur, 28 September 2021

LYC Healthcare Berhad ("**LYC Healthcare**" or "**Group**") is a listed company on the ACE Market of Bursa Malaysia. Under its healthcare arm, the Company is presently focused on the postpartum care, senior living home, childcare centre, cosmetic & aesthetic, fertility, nutraceutical and general & specialised medical services (i.e. chronic disease and orthopaedics).

LYC Healthcare, via its indirect wholly-owned subsidiary LYC Nutrihealth Sdn Bhd ("**LYC Nutrihealth**") has completed the acquisition of 70% shareholding in Aqurate Ingredients Intl (M) Sdn Bhd ("**Aqurate**") for a total cash consideration of RM36,400,000.

This acquisition marks a new chapter of growth for LYC Healthcare as it marks its foray in the nutraceutical industry. As part of its long-term business strategy, the Group plans to accelerate its growth through the expansion of its healthcare services segment both organically and via mergers and acquisitions.

The acquisition of Aqurate would complement and expand LYC Group's healthcare service offerings and network presence by leveraging on Aqurate's expertise and experience in the nutraceutical field. The Group expects to reap business synergy between its healthcare arm and the new nutraceutical segment, such as being able to complement one another's knowledge and resources to develop new pharmaceutical and/ or nutraceutical products (which may consist in-house brands and/ or external brands), as well as creating cross-selling opportunities through the introduction of nutraceutical product range to the Group's healthcare customers in the Group's various healthcare sub-segments.

In addition, the Group can also tap into Aqurate's partners and supply/ distribution network to attain a wider customer outreach and marketability of its enlarged range of healthcare products and services.

The acquisition of Aqurate is also expected to enhance the Group's earnings base over the profit guarantee period. The Proposed Acquisition comes with the Profit Guarantee of RM19,500,000 on a cumulative basis to the Group over 3 financial years up to the FYE 31 March 2024. The achievement of the aforesaid profit guarantee by Aqurate is expected to improve the consolidated profit of the Group throughout the profit guarantee period.



This is the third major acquisition made by the Group within the past 2 years, which had on November and December 2020 respectively completed the acquisition of T&T Medical Group Pte Ltd (“**T&T**”) and HC Orthopaedic Surgery Pte Ltd (“**HCOS**”) for a total purchase consideration of SGD7,293,000 and SGD6,936,000 for each company. The T&T and HCOS acquisitions also came with a Profit Guarantee of SGD9,000,000 on a cumulative basis over 3 financial years up to the FYE 31 March 2024. The combined cumulative Profit Guarantee of Aqurate, T&T and HCOS is expected to be RM47,400,000 over the 3 financial years up to the FYE 31 March 2024 (based on a SGD:MYR exchange rate of RM3.1)

The acquisition was made after also taking into consideration notably, the favourable outlook of the nutraceutical industry, which include amongst others, the growing appeal of the herbal industry (in which are closely related to nutraceutical products) as a substitute for conventional health treatments, and also the potential GDP contributions to Malaysia from nutraceutical products ranging from RM19 billion to RM28 billion by 2027, as well as the potential business synergy to be derived between the healthcare arm and the new nutraceutical segment.

The Company believes there has been an increase in demand for health and food-based supplements and a renewed focus on preventive healthcare due to the Covid-19 pandemic. Other contributing factors leading to growth in the food and health supplement industry is Malaysia’s ageing population, which increases the needs for products that supplement the intake of vitamins, calcium and other supplements, and this has led to change in consumer preferences.

Further details on the Company’s business plans will be made in due course and shall be in accordance with any prevailing disclosure requirements issued by Bursa Malaysia Securities Berhad.

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This Press Release was prepared by LYC Healthcare Berhad
