

**ISEC HEALTHCARE LTD.**

(Company Registration No.201400185H)

**Unaudited Financial Statement for the Third Quarter Ended 30 September 2022**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	3 Months Ended			9 Months Ended		
	30	30	Change	30	30	Change
	September	September		September	September	
2022	2021		2022	2021		
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	17,670	8,202	>100%	45,605	27,235	67%
Cost of sales	(9,560)	(4,668)	>100%	(24,663)	(15,238)	62%
<b>Gross profit</b>	<b>8,110</b>	<b>3,534</b>	<b>&gt;100%</b>	<b>20,942</b>	<b>11,997</b>	<b>75%</b>
<b>Other item of income</b>						
Other income	97	212	-54%	292	578	-49%
<b>Other items of expense</b>						
Selling and distribution expenses	(20)	(25)	-20%	(72)	(47)	53%
Administrative expenses	(2,743)	(2,020)	36%	(7,384)	(6,107)	21%
Other expenses	(481)	(116)	>100%	(1,184)	(521)	>100%
Finance costs	(175)	(93)	88%	(388)	(305)	27%
Share of results of associate	-	(5)	-100%	(1)	(15)	-93%
<b>Profit before income tax</b>	<b>4,788</b>	<b>1,487</b>	<b>&gt;100%</b>	<b>12,205</b>	<b>5,580</b>	<b>&gt;100%</b>
Income tax expense	(1,149)	(343)	>100%	(2,998)	(1,296)	>100%
<b>Profit for the financial period</b>	<b>3,639</b>	<b>1,144</b>	<b>&gt;100%</b>	<b>9,207</b>	<b>4,284</b>	<b>&gt;100%</b>

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	Group			Group		
	3 Months Ended			9 Months Ended		
	30	30	Change	30	30	Change
	September	September		September	September	
2022	2021		2022	2021		
(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%	
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Other comprehensive income</b>						
<i>Items that may be reclassified</i>						
<i>subsequently to profit or loss:</i>						
Foreign currency translation						
of subsidiaries	(995)	49	NM	(1,797)	(709)	>100%
<b>Other comprehensive</b>						
<b>income for the financial</b>						
<b>period, net of tax</b>	(995)	49	NM	(1,797)	(709)	>100%
<b>Total comprehensive</b>						
<b>income for the financial</b>						
<b>period</b>	2,644	1,193	>100%	7,410	3,575	>100%
<b>Profit attributable to:</b>						
Owners of the parent	3,618	1,204	>100%	9,102	4,366	>100%
Non-controlling interests	21	(60)	NM	105	(82)	NM
<b>Profit for the financial</b>						
<b>period</b>	3,639	1,144	>100%	9,207	4,284	>100%
<b>Total comprehensive</b>						
<b>income attributable to:</b>						
Owners of the parent	2,631	1,253	>100%	7,312	3,658	100%
Non-controlling interests	13	(60)	NM	98	(83)	NM
<b>Total comprehensive</b>						
<b>income for the financial</b>						
<b>period</b>	2,644	1,193	>100%	7,410	3,575	>100%

NM – Not meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit before income tax is arrived after charging/(crediting) the following:

	Group			Group		
	3 Months Ended		Change	9 Months Ended		Change
	30 September	30 September		30 September	30 September	
	2022	2021	2022	2021		
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment – cost of sales	185	166	11%	523	505	4%
Depreciation of right-of-use assets – cost of sales	146	120	22%	406	360	13%
Depreciation of property, plant and equipment – administrative expenses	139	88	58%	341	271	26%
Depreciation of right-of-use assets – administrative expenses	304	281	8%	893	835	7%
Amortisation of intangible assets – other expenses	133	140	-5%	398	421	-5%
Amortisation of intangible assets – administrative expenses	1	5	-80%	7	20	-65%
Interest income	(47)	(57)	-18%	(158)	(157)	1%
Interest income – net investment of sublease	*	(1)	-100%	(2)	(5)	-60%
Other income – government grants	(21)	(71)	-70%	(78)	(284)	-73%
Other income – rental rebate	-	(45)	-100%	(3)	(53)	-94%
Interest expense – lease liabilities	104	59	76%	255	191	34%
Interest expense – loans	26	24	8%	67	76	-12%
Loss/(gain) on exchange differences, net	303	(24)	NM	559	97	>100%
Gain on disposal of property, plant and equipment	-	-	NM	(2)	-	NM
Property, plant and equipment written-off	1	-	NM	5	1	>100%
Allowance for /(write-back of) expected credit losses, net	35	(4)	NM	54	(3)	NM
Share-based compensation expense	5	13	-62%	26	54	-52%
Forfeiture of share options	(26)	-	NM	(26)	-	NM
Loss on disposal of associate	-	-	NM	155	-	NM

NM – Not meaningful  
\* Less than \$1,000

**1(b)(i) A statement of financial position for the group, together with a comparative statement as at the end of the immediately preceding financial year**

	Group	
	30 September 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,290	9,428
Right-of-use assets	9,694	6,382
Intangible assets – goodwill	54,719	41,865
Intangible assets – others	1,210	1,619
Investment in associate	-	156
Net investment of sublease	5	50
Deposits	-	207
Deferred tax assets	134	140
	81,052	59,847
<b>Current assets</b>		
Inventories	1,920	1,271
Trade receivables, net <sup>(1)</sup>	3,932	2,941
Other receivables and deposits	722	804
Prepayments	310	271
Net investment of sublease	59	58
Cash and cash equivalents <sup>(1)</sup>	18,257	22,494
	25,200	27,839
<b>TOTAL ASSETS</b>	106,252	87,686
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	75,524	70,068
Treasury share reserve	(105)	(105)
Other reserves	(9,931)	(8,141)
Retained earnings	11,636	6,932
<b>Equity attributable to owners of Company</b>	77,124	68,754
Non-controlling interests	1,054	553
<b>TOTAL EQUITY</b>	78,178	69,307
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Other payables	1,041	-
Borrowings	2,000	2,244
Lease liabilities	8,806	5,212
Deferred tax liabilities	236	273
Provisions	149	153
	12,232	7,882

	Group	
	30 September 2022 (Unaudited) S\$'000	31 December 2021 (Audited) S\$'000
<b>Current liabilities</b>		
Trade payables	2,008	1,634
Other payables	4,607	1,546
Advances and contract liabilities	989	263
Accrued expenses	906	839
Payroll payable	3,412	2,760
Borrowings	837	849
Lease liabilities	1,330	1,560
Current income tax payable	1,743	1,036
Provisions	10	10
	15,842	10,497
<b>TOTAL LIABILITIES</b>	28,074	18,379
<b>TOTAL EQUITY AND LIABILITIES</b>	106,252	87,686

(1) Breakdown of the following in the respective currencies:

	Group	
	30 September 2022 S\$'000	31 December 2021 S\$'000
<b>Trade receivables, net denominated in the following currencies:</b>		
Singapore Dollar	1,381	1,175
Ringgit Malaysia	2,528	1,750
Myanmar Kyat	23	16
	3,932	2,941
<b>Cash and cash equivalents denominated in the following currencies:</b>		
Singapore Dollar	8,002	4,862
Ringgit Malaysia	9,565	17,194
Myanmar Kyat	623	395
United States Dollar	67	43
	18,257	22,494

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30 September 2022		As at 31 December 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
837	1,330 <sup>(1)</sup>	849	1,560 <sup>(1)</sup>

**Amount repayable after one year**

As at 30 September 2022		As at 31 December 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,000	8,806 <sup>(1)</sup>	2,244	5,212 <sup>(1)</sup>

(1) Unsecured borrowings relate to lease liabilities recognised under SFRS(I) 16 *Leases*.

**Details of any collateral**

On 6 August 2020, ISEC (Penang) Sdn. Bhd., a wholly owned indirect subsidiary of the Company, entered into a 5-year term bank loan of RM13,000,000 (equivalent S\$4,254,000) with OCBC Bank (Malaysia) Berhad to partially finance the acquisition of freehold land and building. The loan is repayable monthly over 5-year term. The loan bears a floating interest rate of the bank's cost of funds + 0.5% margin per annum. The interest rate for the current financial period ended 30 September 2022 was 3.25% (FY2021: 2.85%). The borrowing balance as at 30 September 2022 was S\$2,350,000 (31 December 2021: S\$3,093,000). The loan is secured by the freehold land and building for which the loan was entered into, and the subsidiary is required to maintain certain deposits balance with the bank.

On 26 May 2022, the Group completed its acquisition of ME Centre Sdn Bhd ("ME Centre") which includes an existing 15-year bank loan of RM1,709,160 (equivalent to S\$539,000) entered into on 29 January 2021 with Public Bank Berhad to partially finance the acquisition of building. The loan is repayable monthly over the 15-year term. The loan bears a floating interest rate of the bank's base lending rate -2.57% margin per annum for the first year and bank's base lending rate -2.30% margin per annum from the second year onwards. The interest rate for the current financial period ended 30 September 2022 was 3.67%. The borrowing balance as at 30 September 2022 was S\$487,000. The loan is secured by the building for which the loan was entered into.

**1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flows**

	Group 3 Months Ended		Group 9 Months Ended	
	30 September 2022 (Unaudited) S\$'000	30 September 2021 (Unaudited) S\$'000	30 September 2022 (Unaudited) S\$'000	30 September 2021 (Unaudited) S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	4,788	1,487	12,205	5,580
Adjustments for:				
Allowance for/(write-back of) expected credit losses, net	35	(4)	54	(3)
Amortisation of intangible assets	134	145	405	441
Depreciation of property, plant and equipment and right-of-use assets	774	655	2,163	1,971
Interest income	(47)	(58)	(160)	(162)
Interest expense	175	93	388	305
Gain on disposal of property, plant and equipment	-	-	(2)	-
Loss on disposal of associate	-	-	155	-
Other income from rental rebates	-	(45)	(3)	(53)
Property, plant and equipment written-off	1	-	5	1
Share of results of associate	-	5	1	15
Share-based compensation expense	5	13	26	54
Forfeiture of share options	(26)	-	(26)	-
Operating cash flows before working capital changes	5,839	2,291	15,211	8,149
Working capital changes:				
- Inventories	(207)	58	(518)	64
- Trade and other receivables	477	803	459	310
- Prepayments	(33)	(24)	(56)	(5)
- Trade and other payables	117	380	528	263
Cash generated from operations	6,193	3,508	15,624	8,781
Income tax paid	(1,397)	(561)	(2,457)	(1,675)
<b>Net cash generated from operating activities</b>	4,796	2,947	13,167	7,106

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	Group		Group	
	3 Months Ended		9 Months Ended	
	30 September 2022 (Unaudited) S\$'000	30 September 2021 (Unaudited) S\$'000	30 September 2022 (Unaudited) S\$'000	30 September 2021 (Unaudited) S\$'000
<b>Cash flows from investing activities</b>				
Payment to vendors <sup>(1)</sup>	-	-	(577)	(1,765)
Purchase of property, plant and equipment	(1,832)	(372)	(4,055)	(608)
Proceeds from disposal of property, plant and equipment	-	-	3	-
Purchase of intangible assets	-	-	-	(41)
Acquisition of subsidiaries, net of cash acquired	-	-	(5,534)	-
Interest received	46	56	157	156
<b>Net cash used in investing activities</b>	<b>(1,786)</b>	<b>(316)</b>	<b>(10,006)</b>	<b>(2,258)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(2,747)	-	(4,398)	(4,402)
Share issue expenses	-	-	(16)	-
Proceeds from exercise of share options	-	14	-	14
Principal element of lease liabilities	(412)	(395)	(1,280)	(1,228)
Interest paid – lease liabilities	(103)	(69)	(252)	(184)
Repayment of bank loan	(214)	(209)	(632)	(632)
Interest paid – bank loan	(20)	(26)	(62)	(80)
<b>Net cash used in financing activities</b>	<b>(3,496)</b>	<b>(685)</b>	<b>(6,640)</b>	<b>(6,512)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(486)</b>	<b>1,946</b>	<b>(3,479)</b>	<b>(1,664)</b>
Cash and cash equivalents at beginning of financial period	19,073	20,401	22,494	24,124
Effects of exchange rate changes on cash and cash equivalents	(330)	(130)	(758)	(243)
<b>Cash and cash equivalents at end of financial period</b>	<b>18,257</b>	<b>22,217</b>	<b>18,257</b>	<b>22,217</b>

(1) The Group acquired Indah Specialist Eye Centre Sdn. Bhd. (“Indah Specialist”) on 27 February 2020. In the financial period ended 31 March 2021 (“1Q2021”), 30% of the total cash consideration, amounting to RM5,379,840 (equivalent to S\$1,765,000) was paid to the vendors as partial settlement of the total cash consideration. The remaining 10% balance of the total cash consideration of RM1,793,280 (or S\$577,000) was paid to the vendors in the financial period ended 31 March 2022 (“1Q2022”). As at the date of this announcement, the consideration has been fully settled.



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**1(d) A statement for the group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**
**Statements of Changes in Equity**

Group (Unaudited)	Attributable to owners of the company									Total equity S\$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>At 1 January 2022</b>	<b>70,068</b>	<b>(105)</b>	<b>(245)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>139</b>	<b>6,932</b>	<b>68,754</b>	<b>553</b>	<b>69,307</b>
<b>Profit for the financial period</b>	-	-	-	-	-	-	5,484	5,484	84	5,568
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	(803)	-	-	-	-	(803)	1	(802)
<b>Total comprehensive income for the financial period</b>	-	-	<b>(803)</b>	-	-	-	<b>5,484</b>	<b>4,681</b>	<b>85</b>	<b>4,766</b>
<b>Transactions with owners of the Company</b>										
Issuance of ordinary shares <sup>(1)</sup>	5,472	-	-	-	-	-	-	5,472	-	5,472
Share issue expenses	(16)	-	-	-	-	-	-	(16)	-	(16)
Dividends	-	-	-	-	-	-	(1,651)	(1,651)	-	(1,651)
Share-based compensation expense <sup>(2)</sup>	-	-	-	-	-	21	-	21	-	21
<b>Total transactions with owners of the Company</b>	<b>5,456</b>	-	-	-	-	<b>21</b>	<b>(1,651)</b>	<b>3,826</b>	-	<b>3,826</b>
<b>Transactions with non-controlling interests</b>										
Arising from acquisition <sup>(3)</sup>	-	-	-	-	-	-	-	-	403	403
<b>Total transactions with non-controlling interests</b>	-	-	-	-	-	-	-	-	<b>403</b>	<b>403</b>
<b>At 30 June 2022</b>	<b>75,524</b>	<b>(105)</b>	<b>(1,048)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>160</b>	<b>10,765</b>	<b>77,261</b>	<b>1,041</b>	<b>78,302</b>

(1) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC Sdn. Bhd. ("ISEC KL"), completed the acquisition of IE Centre Sdn. Bhd. ("IE Centre") and Kampar Eye Sdn. Bhd. ("Kampar Eye"), by way of the allotment and issuance of 21,881,135 consideration shares, equivalent to fair value consideration of S\$5,472,000 to the Vendors.

(2) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

(3) On 26 May 2022, the Company, through its wholly-owned subsidiary, ISEC KL, completed the acquisition of 50% plus 1 ordinary share each of ME Centre Sdn Bhd ("ME Centre"), TE Centre Sdn Bhd ("TE Centre") and Taiping Eye Sdn Bhd ("Taiping Eye") respectively, by way of subscription of 500,001 new ordinary shares in each of the respective entities at an offer price of approximately \$0.315 (RM1.00) per share, with total net identifiable assets at fair value of S\$807,000 (RM2,555,000).

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**Statements of Changes in Equity**

Group (Unaudited)	Attributable to owners of the company									Total equity S\$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>At 1 July 2022</b>	<b>75,524</b>	<b>(105)</b>	<b>(1,048)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>160</b>	<b>10,765</b>	<b>77,261</b>	<b>1,041</b>	<b>78,302</b>
<b>Profit for the financial period</b>	-	-	-	-	-	-	3,618	3,618	21	3,639
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	(987)	-	-	-	-	(987)	(8)	(995)
<b>Total comprehensive income for the financial period</b>	-	-	<b>(987)</b>	-	-	-	<b>3,618</b>	<b>2,631</b>	<b>13</b>	<b>2,644</b>
<b>Transactions with owners of the Company</b>										
Dividends	-	-	-	-	-	-	(2,747)	(2,747)	-	(2,747)
Share-based compensation expense <sup>(1)</sup>	-	-	-	-	-	5	-	5	-	5
Forfeiture of share options <sup>(2)</sup>	-	-	-	-	-	(26)	-	(26)	-	(26)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>(21)</b>	<b>(2,747)</b>	<b>(2,768)</b>	-	<b>(2,768)</b>
<b>At 30 September 2022</b>	<b>75,524</b>	<b>(105)</b>	<b>(2,035)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>139</b>	<b>11,636</b>	<b>77,124</b>	<b>1,054</b>	<b>78,178</b>

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

(2) The forfeiture of share options refers to participants who left the Group and hence no longer eligible for the options as at 30 September 2022.

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**Statements of Changes in Equity**

Group (Unaudited)	Attributable to owners of the company									Total equity S\$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>At 1 January 2021</b>	<b>70,054</b>	<b>(105)</b>	<b>567</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>71</b>	<b>8,557</b>	<b>71,109</b>	<b>580</b>	<b>71,689</b>
<b>Profit for the financial period</b>	-	-	-	-	-	-	3,162	3,162	(22)	3,140
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	(757)	-	-	-	-	(757)	(1)	(758)
<b>Total comprehensive income for the financial period</b>	-	-	<b>(757)</b>	-	-	-	<b>3,162</b>	<b>2,405</b>	<b>(23)</b>	<b>2,382</b>
<b>Transactions with owners of the Company</b>										
Dividends	-	-	-	-	-	-	(4,402)	(4,402)	-	(4,402)
Share-based compensation expense <sup>(1)</sup>	-	-	-	-	-	41	-	41	-	41
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	<b>41</b>	<b>(4,402)</b>	<b>(4,361)</b>	-	<b>(4,361)</b>
<b>At 30 June 2021</b>	<b>70,054</b>	<b>(105)</b>	<b>(190)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>112</b>	<b>7,317</b>	<b>69,153</b>	<b>557</b>	<b>69,710</b>

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

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**Statements of Changes in Equity**

Group (Unaudited)	Attributable to owners of the company									Total equity S\$'000
	Share capital	Treasury share reserve	Foreign currency translation reserve	Merger reserve	Capital reserve	Share option reserve	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>At 1 July 2021</b>	<b>70,054</b>	<b>(105)</b>	<b>(190)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>112</b>	<b>7,317</b>	<b>69,153</b>	<b>557</b>	<b>69,710</b>
<b>Profit for the financial period</b>	-	-	-	-	-	-	1,204	1,204	(60)	1,144
<b>Other comprehensive income</b>										
Foreign currency translation	-	-	49	-	-	-	-	49	-	49
<b>Total comprehensive income for the financial period</b>	-	-	<b>49</b>	-	-	-	<b>1,204</b>	<b>1,253</b>	<b>(60)</b>	<b>1,193</b>
<b>Transaction with owners of the Company</b>										
Share-based compensation expense <sup>(1)</sup>	-	-	-	-	-	13	-	13	-	13
Issuance of ordinary shares <sup>(2)</sup>	<b>14</b>	-	-	-	-	-	-	14	-	14
<b>Total transaction with owners of the Company</b>	<b>14</b>	-	-	-	-	<b>13</b>	-	<b>27</b>	-	<b>27</b>
<b>At 30 September 2021</b>	<b>70,068</b>	<b>(105)</b>	<b>(141)</b>	<b>(3,572)</b>	<b>(4,463)</b>	<b>125</b>	<b>8,521</b>	<b>70,433</b>	<b>497</b>	<b>70,930</b>

(1) The Company has granted 3,809,150 options under the ISEC Healthcare Share Option Scheme on 22 April 2020.

(2) On 2 July 2021, the Company issued and allotted 49,614 ordinary shares in the share capital of the Company (the "New Shares"), at an issue price of S\$0.29 per New Share, pursuant to the exercise of options granted under the ISEC Healthcare Share Option Scheme. Following the issue and allotment of the New Shares, the number of issued and paid-up shares in the share capital of the Company has increased from 550,685,857 ordinary shares to 550,735,471 ordinary shares.

**2. Review of comparative performance of the Group for the 3 months ended 30 September 2022 ("3Q2022") and 30 September 2021 ("3Q2021"), and 9 months ended 30 September 2022 ("9M2022") and 30 September 2021 ("9M2021"), where applicable.**

*Revenue*

3Q2022 vs 3Q2021

The Group's revenue for 3Q2022 was S\$17.67 million, an increase of more than 100%, or S\$9.47 million from S\$8.20 million in 3Q2021.

Overall, the Group showed positive revenue growth across all business segments where the Group operates in, with specialised health services contributing S\$9.31 million to the total increase in the Group's revenue. The increase is mainly attributable to increased business activities with the lifting of international travel restrictions and easing of movement control measures. Out of the S\$9.31 million increased contribution from specialised health services, the acquired subsidiaries in Malaysia, IE Centre and Kampar Eye, contributed S\$2.49 million revenue to the Group in 3Q2022, subsequent to the completion on 26 May 2022. Such revenue was absent in 3Q2021.

9M2022 vs 9M2021

The Group recorded revenue of S\$45.61 million in 9M2022, an increase of S\$18.37 million or 67% from 9M2021.

The Group's increase in revenue was mainly from its specialised health services, which showed a total increase of S\$17.79 million to the Group's revenue. This was mainly due to the significant increase in patient visits and business activities with the lifting of international travel restrictions and easing of movement control measures in Singapore, Malaysia and Myanmar in 2022. The acquisition of IE Centre and Kampar Eye in Malaysia also contributed S\$3.56 million revenue to the Group in 9M2022, subsequent to the completion on 26 May 2022. Such revenue was absent in 3Q2021.

The revenue from general health services increased by S\$0.58 million between 9M2022 and 9M2021, largely due to the increased performance of COVID-19 swab tests by the Group's clinics in general health services, as well as improved business activities.

*Cost of sales*

3Q2022 vs 3Q2021

Cost of sales increased by S\$4.89 million, to S\$9.56 million in 3Q2022, with increased business activities in the Group's operations as a whole.

9M2022 vs 9M2021

Cost of sales increased by 62%, or S\$9.42 million, in line with the increased business activities in the Group's operations.

*Gross profit and gross profit margin*

3Q2022 vs 3Q2021

Gross profit increased by S\$4.58 million to S\$8.11 million in 3Q2022 with an increase in gross profit of 2.8 percentage points, from 43.1% in 3Q2021 to 45.9% in 3Q2022, mainly due to the increased business activities from specialised health services, as explained above. The increase in cost of sales was lower compared to the increase in revenue by approximately 11%, generally as a result of improved cost efficiency in covering fixed costs such as depreciation.

9M2022 vs 9M2021

As a result of the above, gross profit increased significantly by 75% to S\$20.94 million in 9M2022 with an increase in gross profit margin of 1.9 percentage points, from 44.0% in 9M2021 to 45.9% in 9M2022. The increase in cost of sales was lower compared to the increase in revenue with improved cost efficiency resulted from higher utilisation rate of resources' capacity, such as medical equipment.

*Profit after tax*

3Q2022 vs 3Q2021

The Group reported a net profit of S\$3.64 million in 3Q2022. This was an increase of S\$2.50 million compared to a net profit of S\$1.14 million in 3Q2021, mainly due to the increased revenue and gross profit as explained above.

Keeping up with the increased business activities of the Group, staff-related expenses (incorporated under Administrative Expenses) increased by S\$0.40 million of which S\$0.12 million contributed from IE Centre and KE, in 3Q2022 compared to that in 3Q2021.

In addition, in 3Q2022, an exchange loss of S\$0.30 million with further weakening of Ringgit Malaysia and Myanmar Kyat against Singapore Dollar was recorded. An exchange gain of S\$0.02 million was recorded in 3Q2021.

9M2022 vs 9M2021

Net profit of the Group in 9M2022 stood at S\$9.21 million, an increase of S\$4.93 million, from 9M2021, mainly attributed to the increase in gross profit as explained above.

Government grants and rental rebates arising as part of the respective governments' support measures to relief operations affected by COVID-19 have reduced between the periods, by S\$0.21 million between 9M2022 and 9M2021.

The loss on disposal of an associate (I Medical & Aesthetics Pte. Ltd.) made on 30 April 2022 contributed S\$0.16 million to the increase in other expenses, as this was absent in 9M2021. There was also an increase in exchange loss by S\$0.46 million between 9M2022 and 9M2021, with further weakening of Ringgit Malaysia and Myanmar Kyat against Singapore Dollar in 9M2022 compared to that in 9M2021.

**3. 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 reporting period and the next 12 months.**

*Coronavirus 2019 (“COVID-19”) pandemic*

With most of the global economic activities already returned to normalcy, our clinics’ businesses have improved. The Group also sees increasing foreign patients’ visiting, mainly arriving from the Southeast Asian region since year 2022. While we are optimistic that our performance for the current year ending 31 December 2022 will sustain with gradual resumption of travel, business and lifestyle activities globally, we are also mindful that the COVID-19 situation remains fluid all over the world. The Group continues to remain vigilant during this endemic period.

*Political situation in Myanmar*

On 1 August 2022, Myanmar’s military announced the extension of the state of emergency measure, which ended on 31 July 2022, for another six months. As at the date of this announcement, ISEC Myanmar’s clinic continues to be operational. The on-going protest may adversely affect the operations of the clinic for rest of the year. Barring any unforeseen circumstances, the financial performance of ISEC Myanmar is expected to be consistent for the next reporting period and the next 12 months.

**BY ORDER OF THE BOARD**

Dr Lee Hung Ming

Executive Vice Chairman

21 October 2022

*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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