

FOR IMMEDIATE RELEASE

HC Surgical Specialists Posts S\$2.8 million Profit to Shareholders for FY2023

FY2023 RESULTS HIGHLIGHTS

- Revenue was S\$19.1 million in FY2023
- FY2023 Profit to Shareholders was S\$2.8 million
- Total dividend (interim dividend of S\$0.01 per ordinary share & proposed final dividend of S\$0.01 per ordinary share) will be S\$0.02 per ordinary share

Singapore, 27 July 2023 – Catalyst-listed HC Surgical Specialists Limited (SGX:1B1) (“HCSS”, or collectively with its subsidiaries, the “Group”) announced its financial results for the full year ended 31 May 2023 (“FY2023”) today.

Financial Overview (Group)

S\$' million	FY2023	FY2022	Change %
Revenue	19.08	19.31	-1.2%
Gross Profit*	16.45	16.67	-1.3%
Profit Attributable to Owners of the Company	2.79	6.38	-56.3%
Earnings Per Share (S\$ cents)	1.87	4.28	-56.3%

*Gross Profit is calculated as Revenue - change in inventories – inventories, consumables and surgery expenses.

The Group’s FY2023 profit to shareholders was lower primarily due to non-operational losses, amounting to S\$3.55 million as compared to FY2022 non-operational gains of S\$0.31 million, as set out below:-

- (i) fair value loss on financial assets at fair value through profit or loss (“FVTPL”) of S\$1.74 million (FY2022: fair value gain of S\$0.61 million),

- (ii) allowance for impairment loss on goodwill of S\$0.68 million (FY2022: S\$0.75 million),
- (iii) allowance for impairment loss on plant and equipment and reversal of allowance for impairment loss on right-of-use assets of an aggregate amount of S\$0.12 million (FY2022: S\$19,000),
- (iv) fair value loss on derivative financial instruments (“DFI”) of approximately S\$49,000 (FY2022: S\$Nil);
- (v) deemed interest on deferred consideration payable for acquisitions of S\$0.47 million (FY2022: S\$0.30 million);
- (vi) professional fees incurred for the Data Protection Trustmark Certification of S\$0.23 million (FY2022: \$Nil)
- (vii) loss on modification of other financial liabilities of S\$0.26 million (FY2022: S\$Nil).

In comparison, FY2022 included the following gains, which did not exist in FY2023:-

- (i) S\$0.38 million gain on derecognition of financial assets at FVTPL; and
- (ii) S\$0.39 million government grants for Jobs Support Scheme (ended in August 2021) and rental rebates.

Fair value loss on financial assets at FVTPL of approximately S\$1.74 million was due to (i) the decrease in share price of Medinex Limited (“**Medinex**”) in which the Company holds a direct interest of 22.66% and a deemed interest of 9.39% of Medinex’s total issued share capital; (ii) the decrease in share price of Singapore Paincare Holdings Limited (“**SPCH**”) in which the Company holds a direct interest of 3.31% of SPCH’s total issued share capital; and (iii) the decrease in share price of Aoxin in which the Company holds a direct interest of 0.34% of Aoxin’s total issued share capital. In FY2022, the fair value gain on financial assets at FVTPL of approximately S\$0.61 million arose primarily due to (i) the increase in share price of Medinex; (ii) the increase in share price of SPCH; and (iii) fair value gain on Acumen, which was partially offset by a fair value loss of HSN Healthcare Pte. Ltd..

Fair value loss on DFI of approximately S\$49,000 arose mainly due to the re-measurement of fair value for (i) put option of a subsidiary; and (ii) forward purchase contract of an associate.

Other expenses increased by approximately S\$0.43 million due to (i) allowance for impairment loss on plant and equipment of S\$0.14 million; and (ii) an increase in professional fees of S\$0.25 million incurred for the current financial year; which was partially offset by (i) lower goodwill impairment of S\$68,000, and (ii) reversal of allowance for impairment loss on plant and equipment and right-of-use assets made in prior year of an aggregate amount of approximately S\$19,000.

Finance costs increased by approximately S\$0.16 million due to deemed interest expense on the deferred consideration payable for the acquisition of Jason Lim Endoscopy and Surgery Pte. Ltd. and Total Orthopaedics Pte. Ltd..

As a result of the aforementioned, the Group recorded a profit attributable to owners of the Company of S\$2.79 million in FY2023.

Dividend

The Directors are recommending a final dividend of 1.0 Singapore cents, subject to shareholders' approval at the forthcoming Annual General Meeting to be convened. Prior to this, the Group has also paid on an interim dividend of 1.0 Singapore cents per share in March 2023. In aggregate, total dividend for FY2023 amount to 2.0 Singapore cents per share.

Annotating on the Group's FY2023 results, Chief Executive Officer of HCSS, Dr. Heah Sieu Min said, ***"FY2023 revenue remains stable as compared to FY2022, as our core operations remained profitable. We will continue to focus on our core competencies and look for opportunities for expansion."***

Moving Forward

In June 2023, the Group welcomed on board its first orthopaedic specialist, Dr. Seah Renyi, Benjamin, under Total Orthopaedics Pte. Ltd.. This represents an important first step to broaden the spectrum of the Group's medical services. The Group will continue its expansion efforts in getting more specialists on board and aims to expand its footprint to better serve its patients.

Dr. Heah Sieu Min added, ***"The Group always believe in nurturing the next generation of doctors so as to provide continuous quality healthcare for all patients. With the expansion into orthopaedics, we***



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envisage having additional orthopaedic surgeons to broaden our services. The Group will look into other specialties to develop into a multi-disciplinary service provider”.

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About HC Surgical Specialists Limited

HC Surgical Specialists Limited (“HCSS”) was incorporated on 1 September 2015 in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. HCSS and its subsidiaries is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies and general surgery services with a focus on colorectal procedures across a network of 16 clinics located throughout Singapore. For more information, please visit HCSS’ website at www.hcsurgicalspecialists.com.

Issued By : HC Surgical Specialists Limited

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This press release has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this press release.

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