

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

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(Co. Regn. No: 200708625C)

Condensed interim financial statements
For the six months and full year ended 31
December 2022

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**Condensed interim consolidated statement of comprehensive income
For the six months and full year ended 31 December 2022**

	Note	Group		Change %	Group		Change %
		6 months ended			12 months ended		
		31.12.2022	31.12.2021		31.12.2022	31.12.2021	
		\$'000	\$'000	\$'000	\$'000		
Revenue	3	79,902	73,511	8.7	159,891	139,922	14.3
Other income		1,493	2,402	(37.8)	3,165	3,378	(6.3)
Expenses by nature							
- Medical supplies, consumables and laboratory expenses		(13,614)	(14,384)	(5.4)	(27,600)	(27,296)	1.1
- Staff costs		(47,631)	(45,403)	4.9	(93,918)	(83,306)	12.7
- Depreciation of property, plant and equipment		(6,516)	(5,394)	20.8	(12,106)	(10,755)	12.6
- Amortisation of intangible assets		(332)	(74)	348.6	(599)	(135)	343.7
- Rental on operating leases		(9)	(109)	(91.7)	(121)	(196)	(38.3)
- Reversal/(provision) for impairment loss on trade and other receivables - net		60	(38)	n.m.	126	(78)	n.m.
- Finance expenses		(1,309)	(447)	192.8	(1,753)	(839)	108.9
- Other expenses		(6,432)	(5,215)	23.3	(12,604)	(10,169)	23.9
Total expenses		(75,783)	(71,064)	6.6	(148,575)	(132,774)	11.9
Share of loss of associate		(115)	(180)	(36.1)	(300)	(300)	-
Profit before income tax	5	5,497	4,669	17.7	14,181	10,226	38.7
Income tax (expenses)/credit	6	(670)	602	n.m.	(1,878)	469	(500.4)
Profit after tax for the financial period / year		4,827	5,271	(8.4)	12,303	10,695	15.0
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
- Currency translation differences arising from consolidation – net		(2)	-	n.m.	(2)	-	n.m.
Other comprehensive income for the period, net of tax		(2)	-	n.m.	(2)	-	n.m.
Total comprehensive income for the period / year		4,825	5,271	(8.5)	12,301	10,695	15.0
Total profit for the period attributable to:							
Equity holders of the Company		4,948	5,345	(7.4)	12,513	10,769	16.2
Non-controlling interests		(121)	(74)	n.m.	(210)	(74)	n.m.
Total comprehensive income for the period/year attributable to:							
Equity holders of the Company		4,946	5,345	(7.5)	12,511	10,769	16.2
Non-controlling interests		(121)	(74)	n.m.	(210)	(74)	n.m.
Profit per share attributable to owners of the Company (cents per share)							
Basic and diluted profit per share	12	0.11	0.12		0.28	0.24	

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statements of financial position
As at 31 December 2022

	Note	Group		Company	
		31.12.2022 \$'000	31.12.2021 \$'000	31.12.2022 \$'000	31.12.2021 \$'000
ASSETS					
Current assets					
Cash and bank balances	7	39,135	33,552	26,062	28,961
Trade and other receivables	8	23,853	23,382	312	338
Inventories		5,609	3,536	-	-
		<u>68,597</u>	<u>60,470</u>	<u>26,374</u>	<u>29,299</u>
Non-current assets					
Trade and other receivables	8	2,740	1,520	-	300
Investments in subsidiaries		-	-	210,610	207,397
Investment in an associate		1,130	1,430	2,108	2,108
Property, plant and equipment	14	30,532	21,724	463	983
Intangible assets	13	155,518	149,496	204	593
Derivative asset		964	605	-	-
Deferred income tax assets		1,834	1,484	79	-
		<u>192,718</u>	<u>176,259</u>	<u>213,464</u>	<u>211,381</u>
Total assets		<u>261,315</u>	<u>236,729</u>	<u>239,838</u>	<u>240,680</u>
LIABILITIES					
Current liabilities					
Trade and other payables	9	26,950	24,906	1,659	1,414
Current income tax liabilities		2,639	613	90	141
Borrowings	15	401	910	-	-
Lease liabilities		9,392	7,220	395	764
		<u>39,382</u>	<u>33,649</u>	<u>2,144</u>	<u>2,319</u>
Non-current liabilities					
Trade and other payables	9	5,343	3,491	-	-
Borrowings	15	112	508	-	-
Lease liabilities		12,217	7,888	-	395
Provisions		1,999	1,645	105	105
Deferred income tax liabilities		947	901	-	-
		<u>20,618</u>	<u>14,433</u>	<u>105</u>	<u>500</u>
Total liabilities		<u>60,000</u>	<u>48,082</u>	<u>2,249</u>	<u>2,819</u>
NET ASSETS		<u>201,315</u>	<u>188,647</u>	<u>237,589</u>	<u>237,861</u>
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	16	277,630	277,433	277,630	277,433
Treasury shares	16	-	(33)	-	(33)
Other reserves	17	(4,058)	(2,918)	67	297
Accumulated losses		(73,613)	(86,152)	(40,108)	(39,836)
		<u>199,959</u>	<u>188,330</u>	<u>237,589</u>	<u>237,861</u>
Non-controlling interests		1,356	317	-	-
Total equity		<u>201,315</u>	<u>188,647</u>	<u>237,589</u>	<u>237,861</u>

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statement of changes in equity
For the year ended 31 December 2022

Group	Share capital (Note 16) \$'000	Treasury shares (Note 16) \$'000	Share-based compensation reserve (Note 17) \$'000	Currency translation reserve (Note 17) \$'000	Capital reserve (Note 17) \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company, total \$'000	Non- controlling interests \$'000	Total equity \$'000
2022									
Balance at 1 January 2022	277,433	(33)	235	-	(3,153)	(86,152)	188,330	317	188,647
Profit for the year	-	-	-	-	-	12,513	12,513	(210)	12,303
<u>Other comprehensive income</u>									
Foreign currency translation differences	-	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income for the year	-	-	-	(2)	-	12,513	12,511	(210)	12,301
<u>Contributions by and distributions to owners</u>									
Treasury shares reissued	-	33	(38)	-	5	-	-	-	-
New shares issued	197	-	(197)	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(47)	(47)
Acquisition of subsidiaries	-	-	-	-	-	-	-	792	792
Dilution of interests in subsidiaries without a change in control	-	-	-	-	(908)	26	(882)	504	(378)
Total contributions by and distributions to owners	197	33	(235)	-	(903)	26	(882)	1,249	367
Balance at 31 December 2022	277,630	-	-	(2)	(4,056)	(73,613)	199,959	1,356	201,315
2021									
Balance at 1 January 2021	277,433	(236)	235	799	31	(97,720)	180,542	-	180,542
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	10,769	10,769	(74)	10,695
<u>Contributions by and distributions to owners</u>									
Treasury shares reissued	-	203	(235)	-	32	-	-	-	-
Value of employee services	-	-	235	-	-	-	235	-	235
Transfer of foreign currency translation differences to accumulated losses on disposal of subsidiary	-	-	-	(799)	-	799	-	-	-
Acquisition of subsidiaries	-	-	-	-	(3,215)	-	(3,215)	391	(2,824)
Share reissuance expenses	-	-	-	-	(1)	-	(1)	-	(1)
Total contributions by and distributions to owners	-	203	-	(799)	(3,184)	799	(2,981)	391	(2,590)
Balance at 31 December 2021	277,433	(33)	235	-	(3,153)	(86,152)	188,330	317	188,647

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim statement of changes in equity
For the year ended 31 December 2022

	Share capital (Note 16) \$'000	Treasury shares (Note 16) \$'000	Share-based compensation reserve (Note 17) \$'000	Capital reserve (Note 17) \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company, total \$'000
Company						
2022						
Balance at 1 January 2022	277,433	(33)	235	62	(39,836)	237,861
Loss for the year, representing total comprehensive income for the year	-	-	-	-	(272)	(272)
<u>Contributions by and distributions to owners</u>						
Treasury shares reissued	-	33	(38)	5	-	-
New shares issued	197	-	(197)	-	-	-
Total contributions by and distributions to owners	197	33	(235)	5	-	-
Balance at 31 December 2022	277,630	-	-	67	(40,108)	237,589
2021						
Balance at 1 January 2021	277,433	(236)	235	31	(41,039)	236,424
Profit for the year, representing total comprehensive income for the year	-	-	-	-	1,203	1,203
<u>Contributions by and distributions to owners</u>						
Treasury shares reissued	-	203	(235)	32	-	-
Value of employee services	-	-	235	-	-	235
Share reissuance expenses	-	-	-	(1)	-	(1)
Total contributions by and distributions to owners	-	203	-	31	-	234
Balance at 31 December 2021	277,433	(33)	235	62	(39,836)	237,861

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

	Group	
	12 months ended	
	31.12.2022	31.12.2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	14,181	10,226
Adjustments for:		
- Depreciation of property, plant and equipment	12,106	10,755
- Amortisation of intangible assets	599	135
- Gain on disposal of property, plant and equipment	(9)	-
- Loss on disposal of property, plant and equipment	-	17
- Property, plant and equipment written off	213	121
- Intangible assets written off	-	14
- Fair value gain on derivative asset	(342)	(224)
- (Reversal)/provision for impairment loss on trade and other receivables - net	(126)	78
- Gain on disposal of clinic	-	(125)
- Finance expenses	1,753	839
- Interest income	(251)	(54)
- Share-based compensation expense	-	235
- Share of loss of an associate	300	300
- Unrealised currency translation differences - net	(2)	-
Operating cash inflows before changes in working capital	<u>28,422</u>	<u>22,317</u>
Changes in working capital:		
- Inventories	(2,065)	(23)
- Trade and other receivables	(321)	(7,163)
- Trade and other payables	815	6,725
- Provisions	(33)	(101)
Cash flows generated from operations	<u>26,818</u>	<u>21,755</u>
Income tax paid	(298)	(5)
Net cash flows generated from operating activities	<u>26,520</u>	<u>21,750</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,890)	(1,418)
Purchase of intangible assets	(198)	(149)
Acquisition of clinics	(196)	(336)
Acquisition of subsidiaries, net of cash acquired	(6,435)	(3,361)
Proceeds from the dilution of subsidiaries' shares	513	-
Proceeds on disposal of property, plant and equipment	131	-
Proceeds on disposal of clinic	-	125
Interest received	251	54
Net cash flows used in investing activities	<u>(9,824)</u>	<u>(5,085)</u>

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

	Group	
	31.12.2022	31.12.2021
	\$'000	\$'000
Cash flows from financing activities		
Bank deposits pledged	(43)	-
Dividends paid to non-controlling interests	(47)	-
Loans from non-controlling interests	284	-
Repayment of other secured borrowings	(905)	(961)
Principal payment of lease liabilities	(9,470)	(8,780)
Interest paid	(975)	(783)
Net cash flows used in financing activities	(11,156)	(10,524)
Net increase in cash and cash equivalents	5,540	6,141
Cash and cash equivalents at the beginning of financial year	32,877	26,736
Cash and cash equivalents at the end of financial year	38,417	32,877
Cash and cash equivalents comprised:		
Cash and bank balances	39,135	33,552
Pledged fixed deposits	(718)	(675)
	38,417	32,877

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements.

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

1. Corporate information

Healthway Medical Corporation Limited (the “Company” or “Healthway Medical”, together with its subsidiaries, the “**Group**”) is listed on the Catalist Board of the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 6 Shenton Way, #10-09, OUE Downtown 2, Singapore 068809.

The principal activities of the Company are those of an investment holding company and its principal subsidiaries are in the business of healthcare management.

2. Basis of Preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the six months ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as mentioned in Note 2.2.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.2 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period and financial year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

3. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions, allocate resources, and assess performance. The CODM considers the business from both a geographic and business segment perspective and regularly reviews internal management reports for each of the business units. Whilst the CODM receives separate reports for each of the Group's strategic business units, the results have been aggregated into the Primary Healthcare and Specialist Healthcare segments. Such aggregation is determined by the nature of risks associated with each business segment as they offer different products and services and require different marketing strategies.

Business segments

The Group has the following business segments.

- Primary Healthcare comprising family medicine, dentistry, podiatry, healthcare benefit management and investment in strategic medical related business; and
- Specialist Healthcare comprising paediatrics, orthopaedics, obstetrics, gynaecology, Nobel specialist comprising cardiology, gastroenterology, psychiatry, ophthalmology (eye), otorhinolaryngology (ear, nose and throat), general surgery and speech therapy.

Geographical segments

The Group's operations are mainly in Singapore.

3.1 Reportable segments

The segment information provided to the CODM for the reportable segments are as follows:

<u>6 months ended 31 December 2022</u>	Singapore		Total
	Primary Healthcare	Specialist Healthcare	
	\$'000	\$'000	\$'000
Sales			
Total segment sales and sales to external parties	<u>47,892</u>	<u>32,010</u>	<u>79,902</u>
Adjusted EBITDA	<u>7,729</u>	<u>5,477</u>	<u>13,206</u>
Depreciation of property, plant and equipment	4,352	2,164	6,516
Amortisation of intangible assets	332	-	332
Segment assets	<u>139,080</u>	<u>100,580</u>	<u>239,660</u>
Segment assets include:			
- Additions to property, plant and equipment	9,083	2,455	11,538
- Additions to intangible assets	96	6,423	6,519
Segment liabilities	<u>30,302</u>	<u>20,657</u>	<u>50,959</u>

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

3.1 Reportable segments (continued)

<u>6 months ended 31 December 2021</u>	Singapore		China	Total
	Primary Healthcare	Specialist Healthcare	Specialist Healthcare	
	\$'000	\$'000	\$'000	\$'000
Sales				
Total segment sales and sales to external parties	47,862	25,649	-	73,511
Adjusted EBITDA	6,152	4,256	104	10,512
Depreciation of property, plant and equipment	3,680	1,714	-	5,394
Amortisation of intangible assets	74	-	-	74
Segment assets	130,642	84,763	-	215,405
Segment assets include:				
- Additions to property, plant and equipment	2,835	2,483	-	5,318
- Additions to intangible assets	3,021	-	-	3,021
Segment liabilities	26,461	15,433	-	41,894
<u>12 months ended 31 December 2022</u>	Singapore		Total	
	Primary Healthcare	Specialist Healthcare		
	\$'000	\$'000	\$'000	
Sales				
Total segment sales and sales to external parties	101,436	58,455	159,891	
Adjusted EBITDA	18,076	10,270	28,346	
Depreciation of property, plant and equipment	8,125	3,981	12,106	
Amortisation of intangible assets	599	-	599	
Segment assets	139,080	100,580	239,660	
Segment assets include:				
- Additions to property, plant and equipment	14,565	6,122	20,687	
- Additions to intangible assets	198	6,423	6,621	
Segment liabilities	30,302	20,657	50,959	

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

3.1 Reportable segments (continued)

<u>12 months ended 31 December 2021</u>	Singapore		China	Total
	Primary Healthcare	Specialist Healthcare	Specialist Healthcare	
	\$'000	\$'000	\$'000	\$'000
Sales				
Total segment sales and sales to external parties	87,537	52,385	-	139,922
Adjusted EBITDA	13,211	8,732	34	21,977
Depreciation of property, plant and equipment	7,184	3,571	-	10,755
Amortisation of intangible assets	135	-	-	135
Segment assets	130,642	84,763	-	215,405
Segment assets include:				
- Additions to property, plant and equipment	6,282	2,504	-	8,786
- Additions to intangible assets	3,058	-	-	3,058
Segment liabilities	26,461	15,433	-	41,894

The revenue reported for interim financial period and financial year to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

The CODM assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

3.1 Reportable segments (continued)

(a) Reconciliations

(i) *Segment profits*

	Group	
	6 months ended	
	31.12.2022	31.12.2021
	\$'000	\$'000
Adjusted EBITDA for reportable segments	13,206	10,512
Depreciation of property, plant and equipment	(6,516)	(5,394)
Amortisation of intangible assets	(332)	(74)
Interest income	221	28
Fair value gain on derivative asset	342	224
Finance expenses	(1,309)	(447)
Share of loss of an associate – net of tax	(115)	(180)
Profit before tax	5,497	4,669

	Group	
	12 months ended	
	31.12.2022	31.12.2021
	\$'000	\$'000
Adjusted EBITDA for reportable segments	28,346	21,977
Depreciation of property, plant and equipment	(12,106)	(10,755)
Amortisation of intangible assets	(599)	(135)
Interest income	251	54
Fair value gain on derivative asset	342	224
Finance expenses	(1,753)	(839)
Share of loss of an associate – net of tax	(300)	(300)
Profit before tax	14,181	10,226

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

3.1 Reportable segments (continued)

(a) Reconciliations (continued)

(ii) *Segment assets*

The amounts reported to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than short-term bank deposits, deferred tax assets and investment in associate.

Segment assets are reconciled to total assets as follows:

	Group	
	As at	
	31.12.2022	31.12.2021
	\$'000	\$'000
Segment assets for reportable segments	239,660	215,405
Unallocated:		
- Short-term bank deposits	17,727	17,805
- Investment in an associate	1,130	1,430
- Derivative asset	964	605
- Deferred income tax assets	1,834	1,484
Total assets	261,315	236,729

(iii) *Segment liabilities*

The amounts reported to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred income tax liabilities and borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	As at	
	31.12.2022	31.12.2021
	\$'000	\$'000
Segment liabilities for reportable segments	50,959	41,894
Unallocated:		
- Current income tax liabilities	2,639	613
- Deferred income tax liabilities	947	901
- Financial liabilities	4,942	3,256
- Borrowings	513	1,418
Total liabilities	60,000	48,082

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

3.1 Reportable segments (continued)

(b) Geographical information

	Group	
	6 months ended	
	31.12.2022	31.12.2021
	\$'000	\$'000
Sales for continuing operations	79,902	73,511

	Group	
	12 months ended	
	31.12.2022	31.12.2021
	\$'000	\$'000
Sales for continuing operations	159,891	139,922

(c) Breakdown of sales

Group	31.12.2022	31.12.2021	Increase/(decrease)	
	\$'000	\$'000	\$'000	%
Sales reported for first half year	79,989	66,411	13,578	20.4
Operating profit after tax before deducting non-controlling interests for first half year	7,476	5,424	2,052	37.8
Sales reported for second half year	79,902	73,511	6,391	8.7
Operating profit after tax before deducting non-controlling interests for second half year	4,827	5,271	(444)	(8.4)

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2022 and 31 December 2021:

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Financial assets, at amortised cost	65,152	57,815	26,320	29,530
Financial assets, at fair value through profit or loss	964	605	—	—
Financial liabilities, at amortised cost	50,003	41,092	2,005	2,487

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

5. Profit before taxation

5.1. Significant items

Group	6 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Income				
Rental income	151	129	294	222
Government grant income	527	1,597	1,571	2,057
Fair value gain on derivative assets	342	224	342	224
Gain on disposal of property, plant and equipment	–	–	9	–
Gain on disposal of clinic	–	–	–	125
Lease interest income	8	11	16	25
Interest income	213	17	235	29
Expenses				
Lease interest expense	509	346	921	685
Interest expense on other payables to non-controlling interests	778	41	778	41
Other interest expenses	22	60	54	113
Property, plant and equipment written-off	201	30	213	121

5.2. Related party transactions

In addition to the information disclosed elsewhere in the financial statements such as at Note 8 and Note 9, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

Group	6 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Rental and other operating expenses	667	606	1,336	1,275
Rental and other operating income	157	108	292	242
Staff costs	147	159	302	289

Related parties comprise mainly companies which are controlled or significantly influenced by the deemed controlling shareholders of the Company and a close family member of a key management personnel of the Company.

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

6. Taxation

The Group calculates the period income tax expenses/(credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses/(credit) in the condensed interim consolidated statement of profit or loss are:

Group	6 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Current income tax expenses	982	549	2,190	578
Deferred income tax credit relating to origination and reversal of temporary differences	(312)	(1,151)	(312)	(1,047)
	670	(602)	1,878	(469)

7. Cash and bank balances

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	21,408	15,747	8,734	11,780
Short-term bank deposits	17,727	17,805	17,328	17,181
	39,135	33,552	26,062	28,961

The bank balances of the Group include \$718,000 pledged as security for a certain banker's guarantee (2021: \$675,000).

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

8. Trade and other receivables

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables	25,243	24,166	–	–
Less: Allowance for impairment loss	(3,137)	(3,486)	–	–
Net trade receivables	22,106	20,680	–	–
Other receivables				
- related parties	116	318	–	3
- non-related parties	393	82	76	4
Less: Allowance for impairment loss	(81)	–	–	–
Net other receivables	428	400	76	7
Finance lease receivables				
Deposits	40	269	–	254
Prepayments	703	1,394	182	8
	576	639	54	69
	23,853	23,382	312	338
Non-current				
Finance lease receivables	57	132	–	132
Deposits	2,683	1,388	–	168
	2,740	1,520	–	300

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

Other receivables are unsecured, interest-free and repayable on demand.

The movement in the allowance for impairment loss for trade and other receivables is as follows:

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	3,486	9,009	–	4,527
Acquisition of a subsidiaries	13	22	–	–
(Reversal)/provision for impairment loss – net	(126)	78	–	–
Utilised	(155)	(5,623)	–	(4,527)
End of financial year	3,218	3,486	–	–

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

9. Trade and other payables

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables to:				
- non-related parties	10,645	11,410	31	–
Other payables to:				
- non-related parties	5,117	3,677	467	339
- related parties	14	10	3	10
- subsidiaries	–	–	–	93
	15,776	15,097	501	442
Deferred income	793	345	–	–
Accrued expenses	10,381	9,464	1,158	972
	26,950	24,906	1,659	1,414
Non-current				
Other payables to non-related parties	–	235	–	–
Other payables to related parties	117	–	–	–
Other payables to non-controlling interests	4,942	3,256	–	–
Loans from subsidiaries' non-controlling interests	284	–	–	–
	5,343	3,491	–	–

Trade payables are non-interest bearing and are generally on 30-90 days' terms.

Other payables (current) are unsecured, interest-free and repayable on demand. Other payables to non-related parties and related parties (non-current) are unsecured, interest-free and not expected to be settled within the next 12 months.

Other payables to non-controlling interests ("NCI") relate to contracts between the Group and the NCI to purchase the shares held by the NCI in the subsidiaries. The contracts are not expected to be settled within the next 12 months.

The loans from subsidiaries' non-controlling interests are unsecured, bear interests at 2.75% to 5% per annum and repayable within two to three years.

Deferred income relates to unsatisfied contracts of periods of one year or less, and/or relates to fixed-price medical services. As permitted under SFRS(I) 15, the details of the aggregated transaction price relating to unsatisfied performance obligations of these contracts are not disclosed.

Condensed interim consolidated statement of cash flows
For the year ended 31 December 2022

10. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

a) current financial period reported on; and

b) immediately preceding financial year.

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	4.41	4.16	5.24	5.25

The net asset value per ordinary share of the Group and the Company as of 31 December 2022 were calculated based on the total number of issued shares, excluding treasury shares, of 4,535,571,000 (31 December 2021: 4,527,456,000).

11. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

Group	Level 1	Level 2	Level 3	Total
Financial assets				
2022				
<u>Derivatives</u>				
Options in NCI's shares	–	–	964	964
2021				
<u>Derivatives</u>				
Option in NCI's shares	–	–	605	605

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

11. Fair value measurement (continued)

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2022:

Group	Valuation technique	Significant unobservable inputs	Range used
Recurring fair value measurement			
Derivatives	Options pricing model	Earnings before interest, taxes, depreciation and amortisation ("EBITDA") growth rates	1.5% to 68.0% (2021: 1.5% to 166.1%)

(ii) *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations by management.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

11. Fair value measurement (continued)

(iii) Movement in Level 3 financial instruments measured at fair value

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Group	Fair value measurements using significant unobservable inputs (Level 3)	
	31.12.2022 \$'000	31.12.2021 \$'000
At 1 January	605	–
Acquisition of subsidiaries (Note 18)	–	381
Additions	17	–
Fair value gain (Note 5.1)	342	224
At 31 December	964	605

12. Earnings per ordinary share of the Group for the current financial period and financial year reported on and the corresponding periods of the immediately preceding financial year, after deducting any provision for preference dividends.

Group	6 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Weighted average number of ordinary shares outstanding for basic profit per share ('000)	4,535,571	4,527,456	4,533,637	4,525,522
Weighted average number of ordinary shares outstanding for diluted profit per share ('000)	4,535,571	4,533,637	4,535,571	4,533,637
Basic and diluted profit per ordinary share (cents)	0.11	0.12	0.28	0.24

13. Intangible assets

	Group		Company	
	31.12.2022 \$'000	31.12.2021 \$'000	31.12.2022 \$'000	31.12.2021 \$'000
Goodwill arising on consolidation (Note (a))	122,907	116,484	–	–
Brand names (Note (a))	32,394	32,394	–	–
Computer software, including licences (Note (b))	33	618	20	593
Computer software in progress (Note (c))	184	–	184	–
	155,518	149,496	204	593

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

13. Intangible assets (continued)

(a) Goodwill arising from consolidation and brand names

Group	Goodwill \$'000	Brand names \$'000	Total \$'000
As at 31 December 2021			
<i>Cost</i>			
Beginning of financial year	205,940	32,394	238,334
Addition (Note 18)	6,423	–	6,423
	212,363	32,394	244,757
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	89,456	–	89,456
Net carrying amount			
As at 31 December 2022	122,907	32,394	155,301
As at 31 December 2020			
<i>Cost</i>			
Beginning of financial year	203,031	32,394	235,425
Addition	2,909	–	2,909
	205,940	32,394	238,334
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	89,456	–	89,456
Net carrying amount			
As at 31 December 2021	116,484	32,394	148,878

Impairment test for goodwill and brand names with indefinite useful lives

For the purpose of impairment testing, goodwill and brand names with indefinite useful lives are allocated to the respective Singapore service groups (“cash generating units” or “CGUs”).

The aggregate carrying amount and impairment loss of goodwill and brand names with indefinite useful lives are allocated to each CGU identified according to service groups as follows:

	Goodwill			Net carrying amount \$'000
	Cost \$'000	Accumulated impairment losses \$'000	Brand names \$'000	
31 December 2022				
<u>Service groups</u>				
Family medicine	73,499	(4,500)	8,000	76,999
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics and gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	27,267	(6,000)	5,081	26,348
	212,363	(89,456)	32,394	155,301

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

13. Intangible assets (continued)

(a) Goodwill arising from consolidation and brand names (continued)

	Goodwill			Net carrying amount \$'000
	Cost \$'000	Accumulated impairment losses \$'000	Brand names \$'000	
31 December 2021				
<u>Service groups</u>				
Family medicine	73,499	(4,500)	8,000	76,999
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics and gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925
	205,940	(89,456)	32,394	148,878

The recoverable amount of each CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated terminal growth rate stated below. The terminal growth rate did not exceed the long-term average growth rate for the healthcare industry in Singapore.

Key assumptions used in the value-in-use calculations:

- The compound annual revenue growth rate for each CGU included in the cash flow projections ranged between 2.0% to 4.5% (2021: 2.0% to 6.1%) per annum for years 2023 to 2027.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 9.6% to 9.8% (2021: 8.9% to 9.2%).
- The anticipated terminal growth rate for each CGU was approximately 1.7% (2021: 1.7%).

These assumptions were determined based on past performance and management's expectations of market developments with reference to internal and external sources. The growth rates used took into account forecasts included in industry reports.

Based on management's assessment, no impairment loss was recorded on the goodwill and brand names with indefinite useful life for the financial year ended 31 December 2022 (31 December 2021: \$nil).

With regard to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions used would cause the carrying value of the CGU to materially exceed its recoverable amount.

Sensitivity analysis

An unfavourable change by 10% (2021: 10%) of any of the individual key assumptions used in management's estimates would not have resulted in an impairment to goodwill and brand names being required as at balance sheet date.

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

13. Intangible assets (continued)

(b) Computer software, including licences

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>				
Beginning of financial year	2,409	2,055	2,201	1,833
Additions	–	119	–	93
Write-off	–	(40)	–	–
Reclassification	14	275	14	275
End of financial year	2,423	2,409	2,215	2,201
<i>Accumulated amortisation</i>				
Beginning of financial year	1,791	1,682	1,608	1,474
Write-off	–	(26)	–	–
Amortisation for the year	599	135	587	134
End of financial year	2,390	1,791	2,195	1,608
Net carrying amount				
End of financial year	33	618	20	593

(c) Computer software in progress

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>				
Beginning of financial year	–	245	–	245
Addition	198	30	198	30
Reclassification	(14)	(275)	(14)	(275)
End of financial year	184	–	184	–
<i>Accumulated amortisation</i>				
Beginning and end of financial year	–	–	–	–
Net carrying amount				
End of financial year	184	–	184	–

14. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired property, plant and equipment of \$20,687,000 (31 December 2021: \$8,786,000), of which \$16,043,000 (31 December 2021: \$7,368,000) relates to non-cash additions. The remaining additions amounting to \$4,644,000 (31 December 2021: \$1,418,000) are inclusive of payments to suppliers to be settled after the balance sheet date.

As part of acquisition of subsidiaries, property, plant and equipment of \$899,000 (31 December 2021: \$1,291,000) was acquired during the year which included right-of-use assets of \$588,000 (31 December 2021: \$1,192,000).

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

15. Borrowings

Group	Effective interest rate	Maturity	31.12.2022	31.12.2021
			\$'000	\$'000
Current				
Other secured borrowings	4.73%-4.75%	2023	401	910
Non-current				
Other secured borrowings	4.73%-4.75%	2024	112	508
Total borrowings			<u>513</u>	<u>1,418</u>

Other secured borrowings are effectively secured over property, plant and equipment (Note 14), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these secured borrowings.

The exposure of other secured borrowings of the Group to interest rate changes at the balance sheet dates is as follows:

	Group	
	31.12.2022	31.12.2021
	\$'000	\$'000
Minimum lease payments due		
- Not later than one year (undiscounted)	411	934
- Between one and five years (undiscounted)	114	542
	<u>525</u>	<u>1,476</u>
Less: Future finance charges	(12)	(58)
Present value of other secured borrowings	<u>513</u>	<u>1,418</u>

16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

16. Share capital (continued)

	Group and Company			
	No. of ordinary shares Issued share capital '000	Treasury shares '000	Amount Share capital \$'000	Treasury shares \$'000
Beginning of financial year	4,528,792	(1,336)	277,433	(33)
Treasury shares reissued	–	1,336	–	33
Ordinary shares issued	6,779	–	197	–
At 31 December 2022	4,535,571	–	277,630	–
Beginning of financial year	4,528,792	(9,451)	277,433	(236)
Treasury shares reissued	–	8,115	–	203
At 31 December 2021	4,528,792	(1,336)	277,433	(33)

17. Other reserves

Composition:

	Group		Company	
	31.12.2022 \$'000	31.12.2021 \$'000	31.12.2022 \$'000	31.12.2021 \$'000
Share-based compensation reserve	–	235	–	235
Currency translation reserve	(2)	–	–	–
Capital reserve	(4,056)	(3,153)	67	62
	(4,058)	(2,918)	67	297

Movement:

	Group		Company	
	31.12.2022 \$'000	31.12.2021 \$'000	31.12.2022 \$'000	31.12.2021 \$'000
Share-based compensation reserve:				
Beginning of financial year	235	235	235	235
Treasury shares reissued	(38)	(235)	(38)	(235)
Value of employee services	–	235	–	235
New shares issued	(197)	–	(197)	–
End of financial year	–	235	–	235

Share-based compensation reserve represents the equity-settled performance share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period.

Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022

17. Other reserves (continued)

Movement:

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Currency translation reserve:				
Beginning of financial year	–	799	–	–
Transfer of foreign currency translation differences to accumulated losses on disposal of subsidiary	–	(799)	–	–
Foreign currency translation differences	(2)	–	–	–
End of financial year	(2)	799	–	–

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose foreign currencies are different from that of the Group's presentation currency.

	Group		Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Capital reserve:				
Beginning of financial year	(3,153)	31	62	31
Treasury shares reissued (a)	5	32	5	32
Share reissuance expenses (a)	–	(1)	–	(1)
Put options granted to non-controlling interests (b),(c)	(908)	(3,215)	–	–
End of financial year	(4,056)	(3,153)	67	62

- (a) Capital reserve represents the realised gain or loss on sale or reissue of treasury shares, net of any directly attributable incremental transaction costs and related income tax.
- (b) As part of the dilution of interests in a subsidiary during the financial year ended 31 December 2022, the Group granted a put option to the non-controlling interest ("NCI") to require the Group to purchase the shares held by the NCI in a subsidiary. The Group has accounted for the put option as a financial liability (Note 11) at the present value of the option exercise price, with a corresponding debit to equity attributable to the owners of the Company.
- (c) As part of the acquisition of subsidiaries during the previous financial year ended 31 December 2021, the Group granted a put option to the non-controlling interest ("NCI") to require the Group to purchase the shares held by the NCI in a subsidiary. The Group has accounted for the put option as a financial liability (Note 11) at the present value of the option exercise price, with a corresponding debit to equity attributable to the owners of the Company.

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

18. Investments in subsidiaries

(a) Acquisition of subsidiaries

On 1 September 2022, the Group through its wholly owned subsidiary acquired 50.1% interest in Ascension Therapy Grp Pte. Ltd. (“**ATG**”) and 70% interest in Ten Surgery Group Pte. Ltd. (“**TEN**”) for a total consideration of \$1,272,000 and \$6,370,000 respectively.

The total consideration is negotiated on a willing buyer willing seller basis, taking into account the existing clientele and growth prospects presented by the respective businesses. The goodwill of \$6,423,000 arising from the acquisitions is attributable to the synergies between the businesses and the anticipated economies of scale arising from combining the operations with the Group.

The fair values of the identifiable assets and liabilities of **ATG** and its subsidiaries and **TEN** as at the date of acquisition are as follows:

	ATG	TEN	Total
	\$'000	\$'000	\$'000
Assets			
Property, plant and equipment (Note 14)	174	725	899
Cash and cash equivalents	939	151	1,090
Trade and other receivables	166	1,078	1,244
Inventories	–	8	8
Deferred tax assets	7	–	7
	1,286	1,962	3,248
Liabilities			
Trade and other payables	336	100	436
Lease liabilities	42	610	652
Current income tax liabilities	1	133	134
Deferred tax liabilities	6	9	15
	385	852	1,237
Total identifiable net assets acquired	901	1,110	2,011
Non-controlling interests	(459)	(333)	(792)
Goodwill arising on acquisition	830	5,593	6,423
	1,272	6,370	7,525
Cash consideration	1,155	6,370	7,525
Contingent consideration	117	–	117
Total consideration	1,272	6,370	7,642
Net cash acquired with the subsidiaries	939	151	1,090
Cash paid	(1,155)	(6,370)	(7,525)
Net cash flow on acquisition	(216)	(6,219)	(6,435)

**Notes to the condensed interim consolidated financial statement
For the year ended 31 December 2022**

18. Investments in subsidiaries (continued)

(b) Incorporation of a subsidiary

On 2 March 2022, the Company, through its wholly owned subsidiary incorporated a subsidiary in Singapore known as Straits Podiatry Pte Ltd (“**STRAITS**”) and holds 52% equity interest in **STRAITS**, with the remaining 48% being held by the individuals who are the practitioners of the **STRAITS**’ business.

The issued and paid-up capital of STRAITS is \$300,000, comprising 300,000 ordinary shares. The principal activities of **STRAITS** is the provision of podiatry services. The Company’s share of 52% is funded through the Company’s internal resources.

(c) Dilution of interests in subsidiaries without a change in control

On 1 January 2022, Healthway Dental Pte. Ltd. (“**Healthway Dental**”), a wholly owned subsidiary of the Company, issued new shares to its non-controlling party, diluting the controlling interest’s ownership by 40% without the loss of control. The difference between the consideration and fair value is recognised directly in equity.

19. Subsequent events

On 1 January 2023, the Group through its wholly-owned subsidiary, Healthway Medical Group Pte Ltd (“HMG”), acquired two General Practitioner (“GP”) clinics in Singapore for a total consideration of approximately \$3,050,000 including a contingent consideration of approximately \$1,337,000.

Other Information Required by Appendix 7C of the Catalist Rules

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

1. A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company transferred 1,336,000 treasury shares and issued 6,779,000 new shares to employees on vesting of share awards granted pursuant to the Healthway Medical Performance Share Plan during 2022 (31 December 2021: 8,114,900). Save as disclosed, there are no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

2. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable. The figures for the financial year ended 31 December 2022 have not been reviewed by the Company's auditors. The audited figures for the financial year ended 31 December 2021 did not have any modifications or emphasis of matter.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest financial statements for the financial year ended 31 December 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

5. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the followings:-

a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

Review of performance of the Group

Condensed interim consolidated statements of comprehensive income

The Group posted stronger revenue of **\$159.9** million in the year ended 31 December 2022 ("**2022**"), representing a growth of **14.3%** against the **\$139.9** million achieved for the year ended 31 December 2021 ("**2021**"). The revenue growth was achieved due to an increase in both the Primary Healthcare and Specialist Healthcare segments.

Since the easing of community and border measures, the Primary Healthcare segment saw an increase in patient volume. This has resulted in an overall increase in revenue of \$13.9 million for Primary Healthcare segment as compared to 2021.

The Specialist Healthcare segment saw an increase in revenue of \$6.0 million as compared to 2021, mainly due to an increase in foreign traffic with the easing of cross border measures, new clinics set up and businesses acquired as disclosed in Note 18 of the condensed interim consolidated financial statements.

Other income decreased by \$0.2 million due to lower government grants of \$0.5 million as compared to 2021, and one-off gain from disposal of clinic in 2021 of \$0.1 million. This is offset against a higher fair value gain of \$0.1 million and higher interest income of \$0.2 million as compared to 2021.

The increase in operating costs of \$14.8 million was mainly due to: -

- a) medical supplies, consumables and laboratory expenses of \$0.3 million marginally due to change in revenue mix compared to 2021;
- b) staff cost of \$10.6 million due to increase in manpower and remuneration in line with revenue growth;
- c) depreciation of property, plant and equipment of \$1.4 million due to additions of property, plant and equipment amounting to \$20.7 million in the current financial year in line with revenue growth; and
- d) other expenses of \$2.4 million which included expenses such as advertising fees, upkeep of equipment and utilities and it is aligned to the increase in revenue.

Finance expense recorded an increase of \$0.9 million arising from the higher interest expense on other payables to non-controlling interests of \$0.7 million and higher interest expense on lease liabilities of \$0.2 million due to lease renewal and new leases compared to 2021.

Income tax expenses increased by \$2.3 million mainly due to a higher taxable profit during the financial year.

As a result of the above, the Group's net profit after income tax for 2022 was \$12.3 million as compared to a net profit after income tax of \$10.7 million in 2021, representing an increase of 15.0%. The profit attributable to shareholders of the Company was \$12.5 million, after allocating loss attributable to non-controlling interests of \$0.2 million.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

Review of performance of the Group (continued)

Condensed interim statements of financial position

Current assets amounted to \$68.6 million as at 31 December 2022, \$8.1 million higher than \$60.5 million as at 31 December 2021. The increase was mainly due to: -

- a) cash balances by \$5.6 million in line with net cash flow generated from the operating activities;
- b) inventories by \$2.1 million in line with the increase in revenue;
- c) trade receivables by \$1.4 million in line with increase in revenue; partially offset by
- d) deposits due to a reclassification of deposits between current to non-current by \$0.7 million in view of their maturity dates; and
- e) decrease in amounts due from related parties by \$0.2 million.

Non-current assets amounted to \$192.7 million as at 31 December 2022, \$16.4 million higher than \$176.3 million as at 31 December 2021. The increase was mainly due to: -

- a) deposits paid for new leases entered into during 2022 and reclassification of deposits between current to non-current by \$1.3 million;
- b) property, plant and equipment due to additions of property, plant and equipment amounting to \$20.7 million in line with revenue growth;
- c) intangible assets mainly due to goodwill arising from acquisition of new subsidiaries in 2022 amounting to \$6.4 million;
- d) deferred tax assets by \$0.4 million arising from adjusting deferred income tax relating to origination and reversal of temporary differences including unutilised tax losses as at 31 December 2022; partially offset by
- e) decrease in investment in an associate due to net share of loss attributable to the Company.

Current liabilities amounted to \$39.4 million as at 31 December 2022, \$5.8 million higher than \$33.6 million as at 31 December 2021. The increase was mainly due to: -

- a) trade and other payables by \$2.0 million due to increase in operating costs as a result of revenue growth;
- b) increase in tax liabilities of \$2.0 million for 2022 due to an increase in taxable profits;
- c) lease liabilities by \$2.2 million due to renewal of leases and new leases signed during 2022 in line with revenue growth; partially offset by
- d) borrowings by \$0.5 million due to principal repayment and reclassification between non-current and current in view of their maturity dates.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

Review of performance of the Group (continued)

Condensed interim statements of financial position (continued)

Non-current liabilities amounted to \$20.6 million as at 31 December 2022, \$6.2 million higher than \$14.4 million as at 31 December 2021. The increase was mainly due to: -

- a) lease liabilities by \$4.3 million due to renewal of leases, new leases entered into during 2022 and reclassification between non-current and current in view of their maturity dates;
- b) financial liabilities of \$1.7 million on account of a put option granted to non-controlling interest;
- c) provision on restoration costs of \$0.4 million for newly contracted lease; partially offset by
- d) borrowings by \$0.4 million due reclassification between non-current and current in view of their maturity dates.

The Group had a positive working capital of \$29.2 million as at 31 December 2022, an increase of \$2.4 million as compared to \$26.8 million as at 31 December 2021.

Condensed interim consolidated statement of cash flows

Net cash flows generated from operating activities for 2022 amounted to \$26.5 million as a result of operating cash inflow before changes in working capital of \$28.4 million, adjusted for net working capital outflow of \$1.6 million and income tax payment of \$0.3 million.

Cash flow used in investing activities for 2022 was \$9.8 million, mainly due to purchase of property, plant, and equipment and intangible assets, payment of contingent consideration for acquisition of clinics and acquisitions of subsidiaries during the year.

Cash flow used in financing activities for 2022 was \$11.2 million, mainly due to repayment of secured borrowings, payment of lease liabilities and accretion of interest expenses, offset by proceeds from the dilution of subsidiaries' shares and receipt of loans from the subsidiaries' non-controlling interests.

As at 31 December 2022, the Group's financial position remained healthy with \$38.4 million of cash and cash equivalent net of fixed deposits pledged of \$0.7 million.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting year.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

7. 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.

Since 13 February 2023, Singapore has moved from DORSCON Yellow to Green and further stepped down its COVID-19 community measures. The nation has collectively developed a high level of hybrid immunity and is well protected from severe COVID-19 with around 80% of the population achieving minimum protection and around 50% up to date with their vaccinations¹.

According to the Ministry of Health, in January 2023, the daily cases of COVID-19 related hospitalisations are below 100, and daily COVID-19 related patients in the Intensive Care Unit (ICU) remained in the single digits. This is a positive indication that the global and local COVID-19 situation has stabilised.

Moving forward, Healthway Medical will focus on supporting the national Healthier SG initiative scheduled to be rolled out in mid-2023 to empower Singaporeans to take charge of their health and keep chronic illnesses at bay. With the support of an extensive network of clinics and medical centres island-wide, the Group will strive to provide healthcare excellence in our suite of services, promote preventive care and help Singaporeans build a trusted relationship with their family doctors to ensure continuity of care throughout their life-course.

The Group stands committed to fortify its patient-centric healthcare system to cater to evolving healthcare demands. In the past year, we have expanded our network of clinics with the addition of new General Practitioner (GP) clinics in Millenia Walk, Marine Terrace and other areas; and augmented our Nobel network with practices in heart, paediatric surgery, psychiatry and more. Healthway Medical also opened a new Health Screening Centre at Capitol on 16 November 2022 to make quality health screening easily accessible to professionals working in or around that part of town.

As the demand for pre-elective surgeries resurges due to the reopening of borders, Healthway Medical will also continue to expand and strengthen our Specialist segments to provide quality healthcare services in more disciplines.

As Singapore's aging population grows and chronic diseases become more prevalent², the Group will work towards building on our strong foundation to safeguard the health and well-being of the people in Singapore.

¹ *Singapore to exit acute phase of pandemic*. Ministry of Health. Accessed on 15 Feb, 2023.

<https://www.moh.gov.sg/news-highlights/details/singapore-to-exit-acute-phase-of-pandemic>

² *Doctors to be trained from 2023 to improve care for patients' well-being outside hospital setting*. The Straits Times. Accessed on 15 Feb, 2023. <https://www.straitstimes.com/singapore/health/doctors-to-be-trained-from-2023-to-improve-care-for-patients-well-being-outside-hospital-setting>

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

8. Dividend information

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for the current financial year.

- (b)(i) Amount per share (cents)**

Not applicable.

- (b)(ii) Previous corresponding period (cents)**

Not applicable.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) Book closure date**

Not applicable.

9. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the current financial year as the Company intends to conserve cash for future business expansion opportunities.

10. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from its shareholders for Interested Person Transactions ("IPT").

Pursuant to the Catalist Rules, there were no IPTs of \$100,000 or more entered into by the Group during the year.

11. A breakdown of sales as required in Appendix 7C Part II Item 18

Please refer to Note 3.1(c) of the notes to the condensed interim consolidated financial statement.

Other Information Required by Appendix 7C of the Catalist Rules
 For the year ended 31 December 2022

12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Abram Melkyzedeck Suhardiman	34	Son-in-law of Mr Stephen Riady, the Non-Executive Non-Independent Director, Deputy CEO and deemed substantial shareholder of the Company	Chief Operating Officer since 2017, appointed and re-elected as Executive Director effective 26 April 2019 and 6 July 2020 respectively, and redesignated as Deputy CEO effective 10 February 2020. Responsible in overseeing the Group's operation and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions	N.A.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

13. Use of Proceeds from Tranche 2 of Convertible Notes (“T2 CN B”)

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately \$59.8 million (after deducting estimated expenses of \$0.2 million) (“**T2 Net Proceeds**”). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds (“**Regrouping**”) and reallocate the balance unutilised proceeds (“**Further Re-Allocation**”). On 2 July 2019, the Company has extended the intended use of proceeds to include the acquisition of other business supplementary or complementary to the existing business of the Group (“**Change in Use**”). As at 24 February 2023, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping and Change in Use	Amount allocated after Regrouping and Further Re-allocation	Amount utilised as at 24 February 2023	Amount unutilised as at 24 February 2023
	(\$ million)	(\$ million)	(\$ million)
Working capital	39.80	35.86 ⁽¹⁾	3.94
Acquisition and investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group	20.00	18.54	1.46
	59.80	54.40	5.40

Note:-

(1) Mainly for the repayment of loans, payment of salaries, payments to suppliers and renovation costs.

The utilisation was in accordance with the intended purposes stated following the Change in Use as stated in the Company’s announcement dated 2 July 2019.

14. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Please refer to Note 18 of the notes to the condensed interim consolidated financial statement.

15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

**Other Information Required by Appendix 7C of the Catalist Rules
For the year ended 31 December 2022**

BY ORDER OF THE BOARD

Chew Pei Tsing
Company Secretary

28 February 2023

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

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg