HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

Healthway Medical
Empowering Healthier Lives

QUARTERLY BUSINESS UPDATE AND FINANCIAL PERFOMANCE FOR THE QUARTER ENDED 31 MARCH 2020

Financial Performance

Private healthcare provider group Healthway Medical Corporation Limited ("**HMC**" together with its subsidiaries, the "**Group**") recorded revenue of S$27.6 million in three months ended March 31, 2020 ("**1Q2020**"), representing an increase of 1.8% as compared with S$27.1 million for the three months ended March 31, 2019 ("**1Q2019**").

The increase in revenue was mainly due to the increase in revenue of S$1.6 million from the Primary Healthcare Segment offset by decrease in revenue of S$1.1 million from the Specialist Healthcare Segment. The increase in revenue for Primary Healthcare segment was due to increase in patient volume during 1Q2020 compared to 1Q2019, which was impacted by refurbishment works at certain clinics. The decrease in revenue for Specialist Healthcare segment was mainly due to COVID-19.

Table 1 – Key Financial Highlights

S$'000	1Q FY2020	1Q FY2019	Change %
Revenue for the period	27,590	27,099	1.81
Profit/(Loss) for the quarter attributable to shareholders	186	(1,077)	n.m.
Other comprehensive income/(loss) for the period	3	(8)	n.m.
Total comprehensive income/(loss) for the period	189	(1,085)	n.m.

n.m. denotes not meaningful.

The Group achieved a net profit after tax of S$0.2 million in 1Q2020, compared with net loss after tax of S$1.1 million in 1Q2019. The increase in net profit after tax was mainly due to increase in revenue by S$0.5 million and reduction in operating costs for the Group by 3.3% from S$28.6 million for 1Q2019 to S$27.6 million for Q12020.

Table 2 - Financial Position

S$'000	As at 31-Mar-2020	As at 31-Dec-2019
Current assets	43,640	44,397
Non-current assets	177,284	176,540
Current liabilities	(28,737)	(28,706)
Non-current liabilities	(14,927)	(15,158)
Net assets	**177,260**	**177,073**
Equity		
Share capital	277,433	277,433
Treasury shares	(236)	(438)
Share-based compensation reserve	-	235
Capital reserve	31	-
Currency translation reserve	800	797
Accumulated losses	(100,768)	(100,954)
Shareholders' fund	**177,260**	**177,073**

Business Outlook

The COVID-19 pandemic continues to impact countries across the world. In Singapore, there was a resurgence of confirmed infections in April 2020. This has prompted authorities to impose strict measures to curtail the spread of the virus, including heightened safe distancing measures and the suspension of activities at most workplace premises. Based on advance estimates from the Singapore Ministry of Trade and Industry ("**MTI**"), the local economy contracted by 2.2 per cent in the first quarter of 2020[1].

With the increase in COVID-19 cases in the months of April and May, there is a continued and even greater need for private healthcare providers like Healthway Medical to support the public healthcare system by continuing to tend to the various healthcare needs of the community. Government hospitals and medical facilities have had to scale up significantly in order to cope with COVID-19 and related cases, in addition to the typical patient load. The capacity of the national healthcare infrastructure will continue to be under strain. With our island-wide network of clinics under the Public Health Preparedness Clinic scheme, Healthway Medical remains fully committed to serving the immediate needs of the community and playing our part to support the public healthcare system.

Throughout the COVID-19 "circuit breaker" period, which is expected to last until 1 June, the Group has enhanced our services and introduced initiatives to better serve the needs of our patients. This includes the implementation of teleconsultations at our relevant general practice clinics and specialist clinics, as well as doorstop deliveries of medication for patients with chronic illnesses. These services are expected to continue even after the easing of the "circuit breaker" measures, as the nation collectively fights against COVID-19 and remains vigilant by adopting new habits and practices to mitigate infection risks.

Notwithstanding the need to cater to concerns over COVID-19, our facilities will continue to serve our patients' healthcare needs. We remain available for essential medical services, including the management of chronic illnesses, immunisations, surgeries as well as for medication refills.

The Group is currently closely monitoring and assessing the financial impact of COVID-19 on the earnings per share and net asset value per share of the Group for the current financial year. As a gesture of solidarity commitment to navigate these challenging times with the Company's stakeholders, the Board of Directors ("**Board**") has agreed to take voluntary reduction of directors' fees for the financial year ended 31 December 2019 (subject to the approval by the shareholders at the forthcoming Annual General Meeting). The Management of the Group has also agreed to take voluntary reduction of salaries. The Board will continue to monitor the evolving situation and make the appropriate announcement(s) as and when there are material developments on this matter.

In this unprecedented environment, the Group will continue to optimise our resources to ensure our Primary and Secondary care business segments deliver services efficiently and effectively.

We remain committed to proactively and continually reviewing our business operations, with the goal of building resilience for the long-term to deliver sustainable value to our shareholders.

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
12 May 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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.

[1] "Singapore's GDP Contracted by 2.2 Per Cent in the First Quarter of 2020. MTI Downgrades 2020 GDP Growth Forecast to "-4.0 to -1.0 Per Cent". Retrieved from: https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2020/03/AdvEst_1Q20.pdf

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