

ISEC Healthcare Ltd.

("ISEC Healthcare" or the "Company")

SEEING THE
POTENTIAL

8th Annual General Meeting
22nd April 2022



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Business Overview

Business Overview
Our Presence



Number of Eye Care Centres *(as at 22nd April 2022):*

Malaysia – 5 (N1)
Singapore – 1 (N2)
Myanmar – 1

N1 – ISEC Sdn. Bhd. had on 6 April 2022 entered into a share purchase and subscription agreement to expand ISEC presence into Perak, Malaysia. Details will be provided in Corporate Developments.

N2 – Asia Pacific Eye Centre in Gleneagles Hospital. An eye-screening clinic within one of our GP clinic premises in Yew Tee was set up in early 2021 as a satellite clinic.

ISEC INTERNATIONAL SPECIALIST EYE CENTRE
Penang

ISEC INTERNATIONAL SPECIALIST EYE CENTRE
Kuala Lumpur

ISEC INTERNATIONAL SPECIALIST EYE CENTRE
Malacca

ISEC INTERNATIONAL SPECIALIST EYE CENTRE
Johor



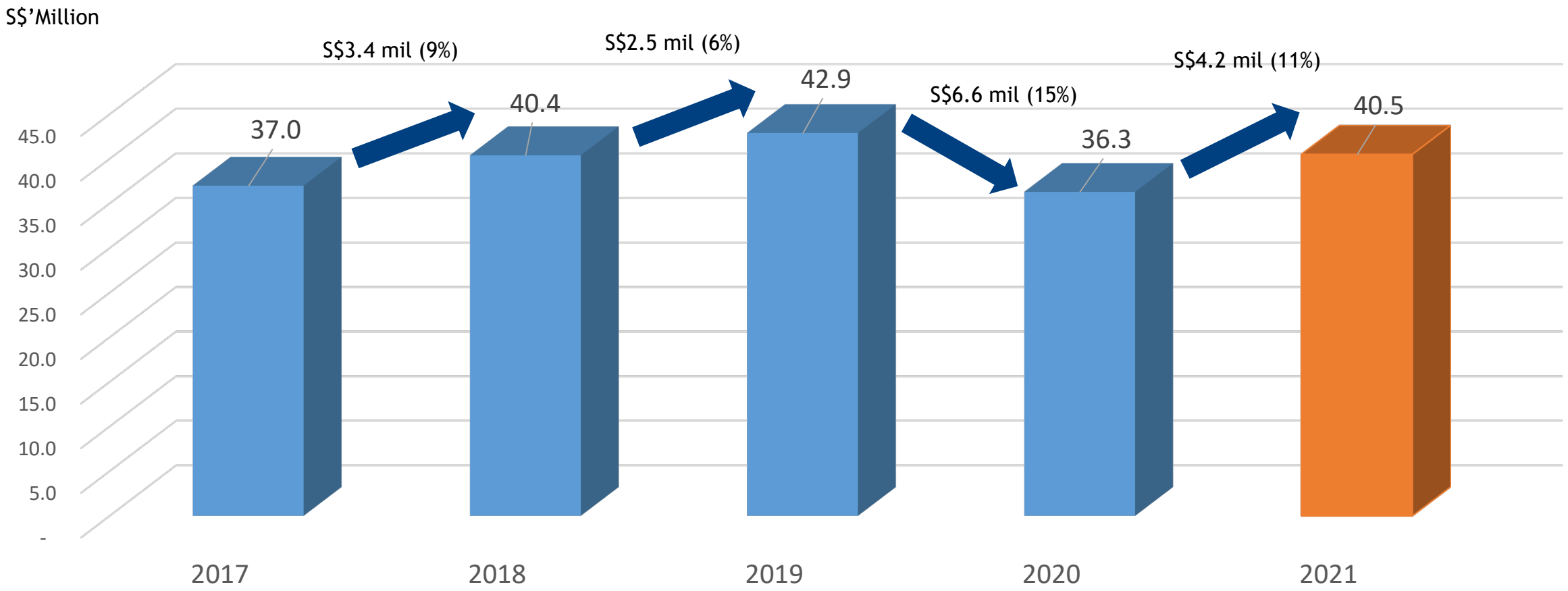
Business Overview
Our Competitive Strengths

1. *Highly qualified and experienced specialist doctors*
2. *High quality and comprehensive range of eye care services*
3. *Well positioned to capture growing demand for private eye care services*
4. *Strong cash flow business model*
5. *Ability to replicate our business model which features state-of-the-art technology across markets*
6. *Business model aligns the interests of our specialist doctors with our Group and Shareholders*



Financial Highlights

Financial Highlights
Revenue – 5 Years (2017 – 2021)

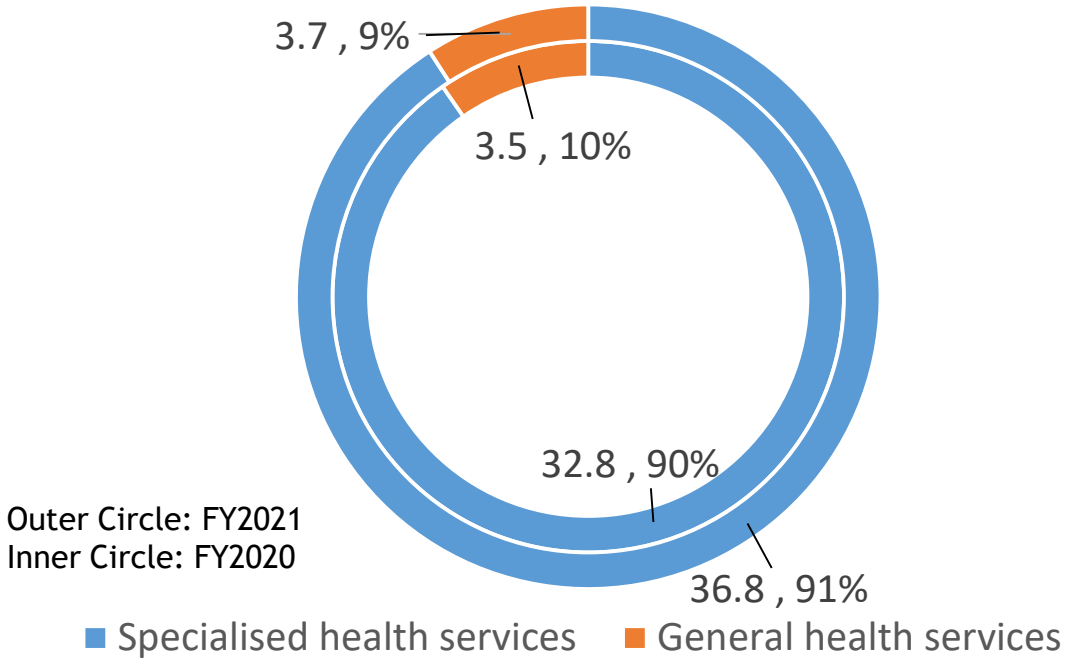


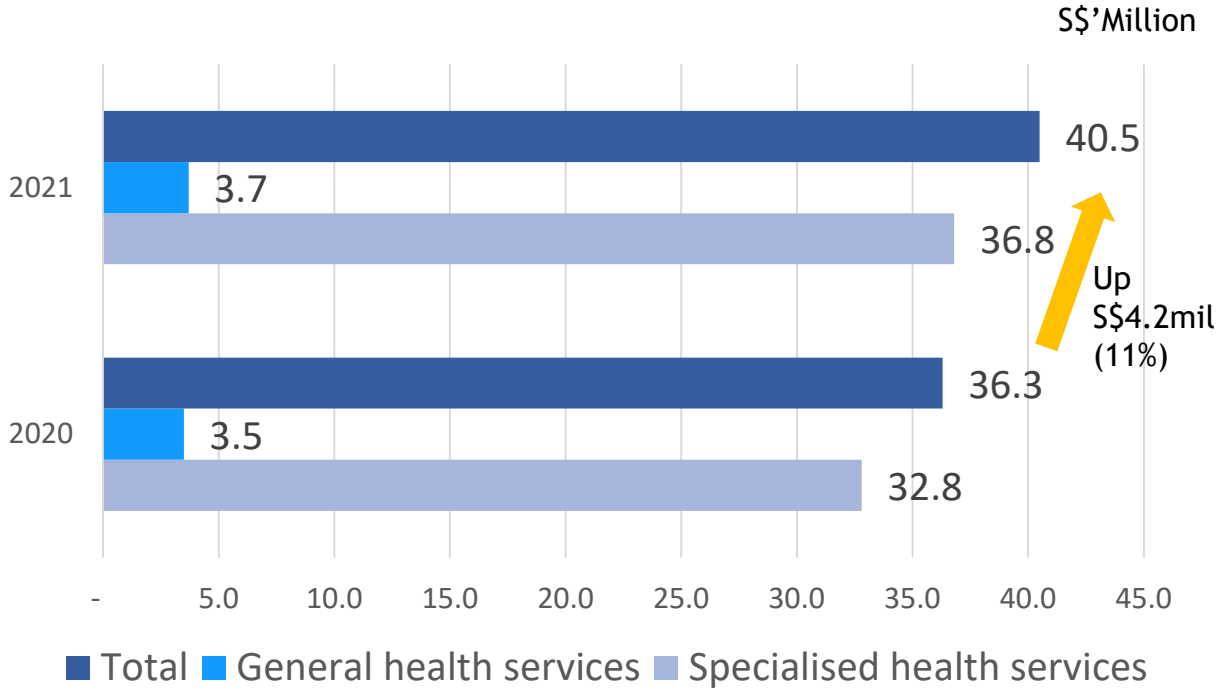
The Group's revenue increased by 11%, from S$36.3 million in FY2020 to S$40.5 million in FY2021.

The Group showed increasing trend of 6% to 9% year-on-year from FY2017 to FY2019. Revenue decreased by 15% in FY2020 when businesses were adversely affected by COVID-19.

Financial Highlights
Revenue Breakdown – By Business Segment

Revenue (S$'Million) and Contribution Percentage by Business Segment





FY2021 vs FY2020: Increased patient visits and business activities of the Group's operations in FY2021 in tandem with the gradual resumption of business activities on easing of travel restrictions within countries and increased patient visits. The Group's business activities and revenue in FY2020 were generally adversely affected by the outbreak of COVID-19, with restricted movement control measures introduced by the respective countries.

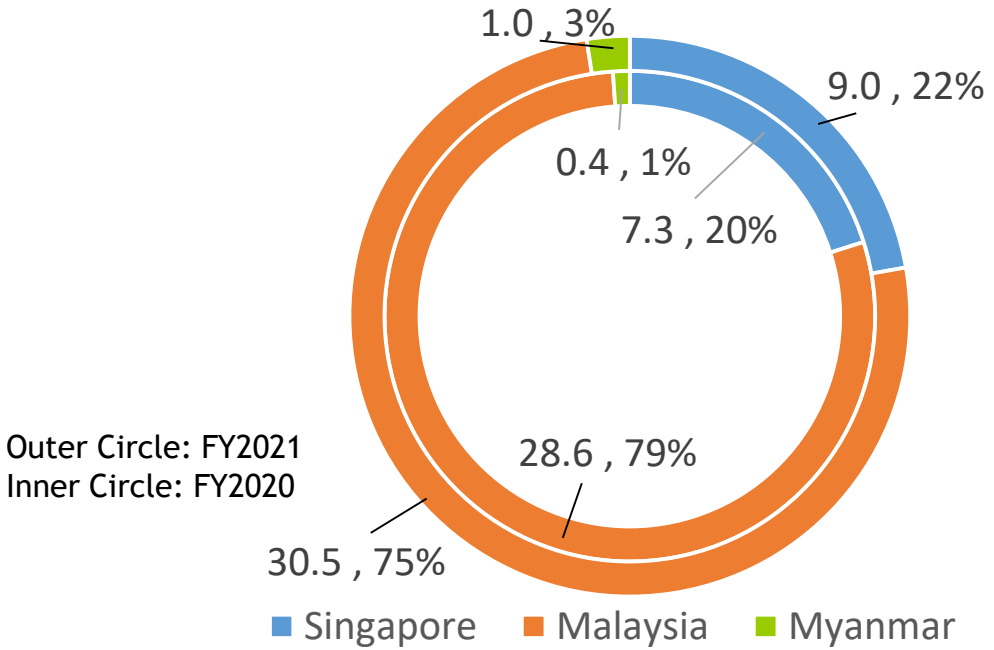
Specialised Health Services: Revenue increased by S$4.0 million, or 12% compared to that in FY2020, due to reasons stated above.

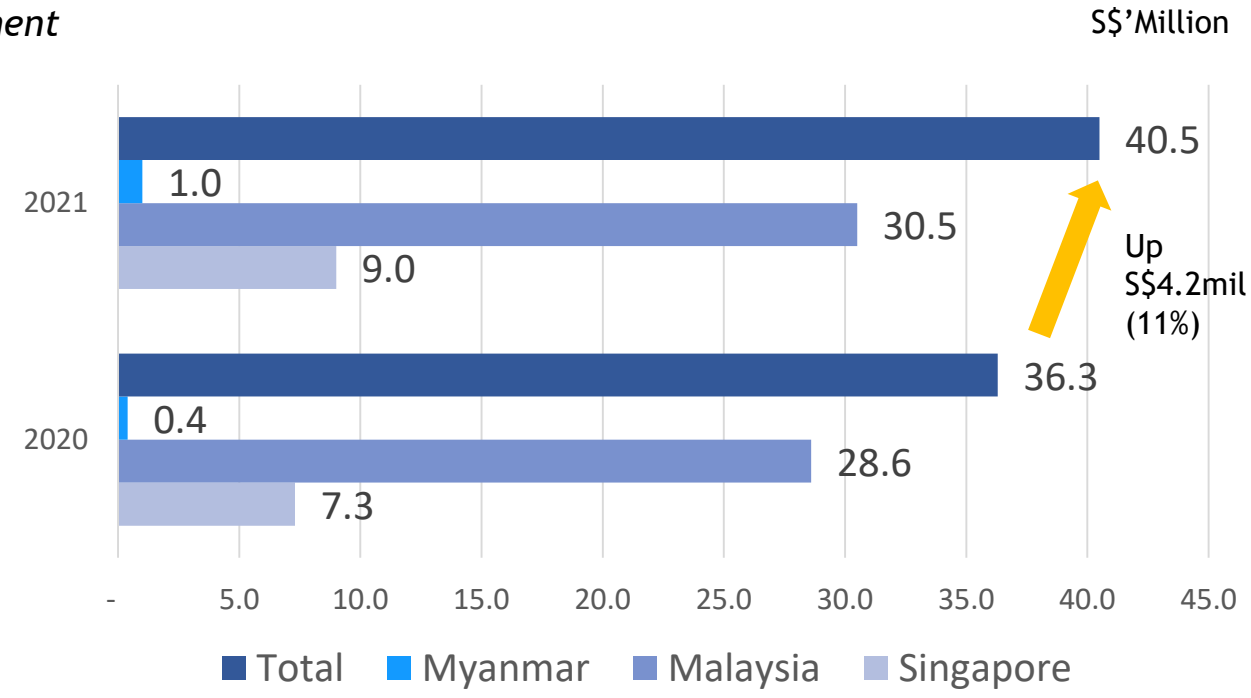
General Health Services: Revenue showed slight increase by S$0.2 million, or 6% compared to that in FY2020.

Financial Highlights

Revenue Breakdown – By Geographical Segment

Revenue (S$'Million) and Contribution Percentage by Geographical Segment





Singapore: Revenue increased by S$1.7 million, or 23% compared to that in FY2020. Singapore rolled out the COVID-19 vaccination exercise in late December 2020 and is one of the top 10 highest vaccination rate countries. Patient visits increased in FY2021 with the relaxation of certain safety management measures within the country.

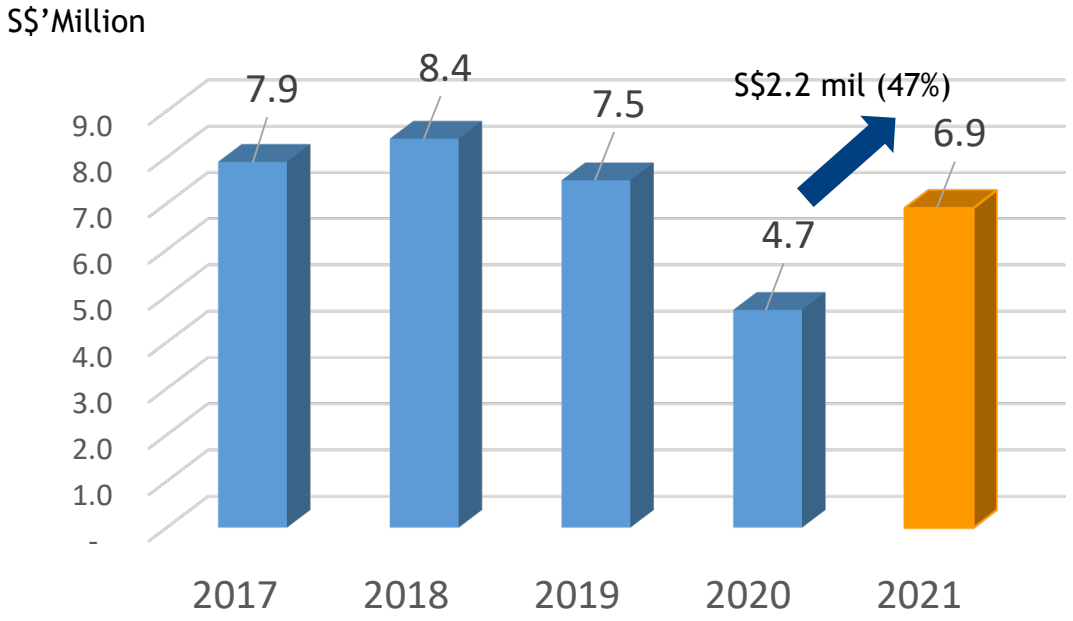
Malaysia: Revenue increased by S$1.9 million, or 6% compared to that in FY2020. With increasing number of fully-vaccinated people and the country having launched the National Recovery Plan, Malaysia operations started to recover since September 2021 and recorded an overall increase in sales in FY2021.

Myanmar: Revenue increased by S$0.6 million compared to that in FY2020 from increased patient visits. Myanmar operations set up an offsite satellite clinic in one of the hospitals in Yangon and commenced operation in February 2021. This is a means to attract more patients to visit the ISEC Yangon Eye Hospital and, meanwhile, aimed to improve the ISEC branding recognition in the local market.

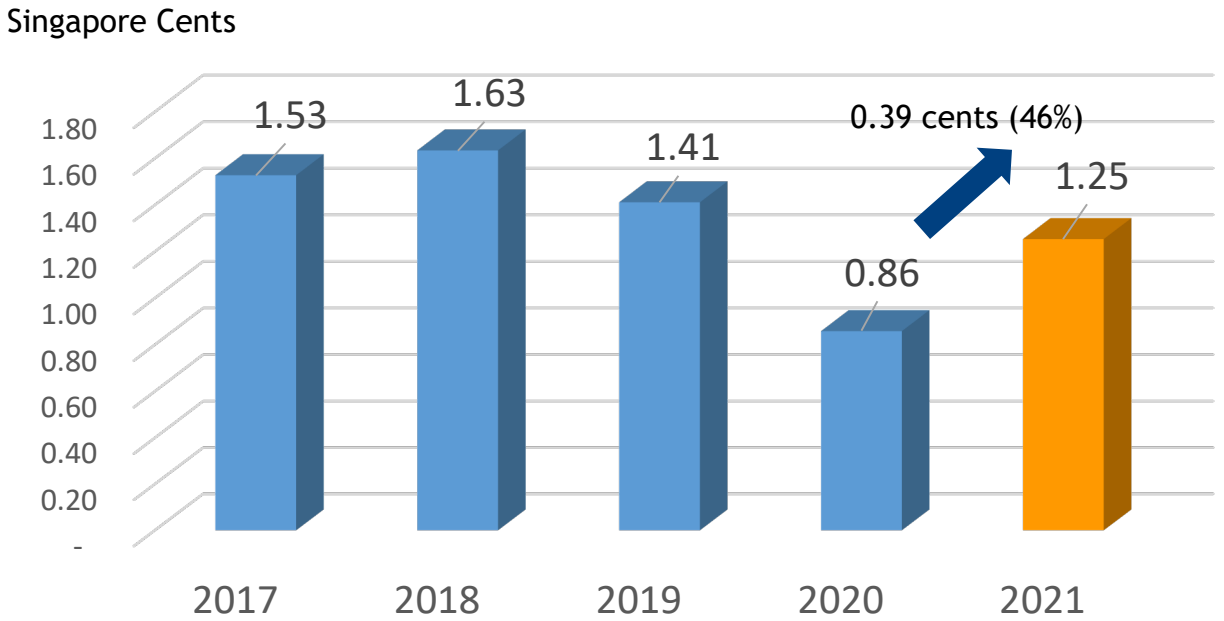
Financial Highlights

Profit attributable to owners of Company – 5 Years (2017 – 2021)

Net Profit attributable to owners of Company (S$'Million)



Earnings Per Share (Singapore Cents)

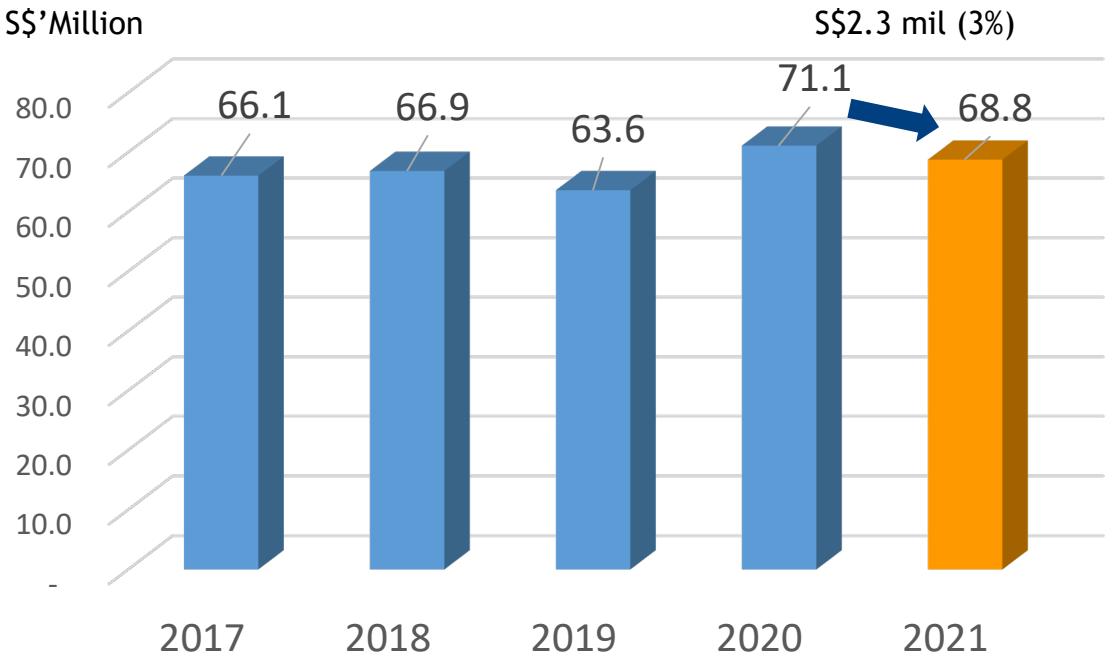


The Group had in FY2020 recognised impairment loss for goodwill arising from operations in general health services segment, amounting to S$1.5 million. Nevertheless, the improved business activities in FY2021 translated to increased profits by 47%, to S$6.9 million. Earnings per share also increased from 0.86 Singapore cents in FY2020 to 1.25 Singapore cents in FY2021.

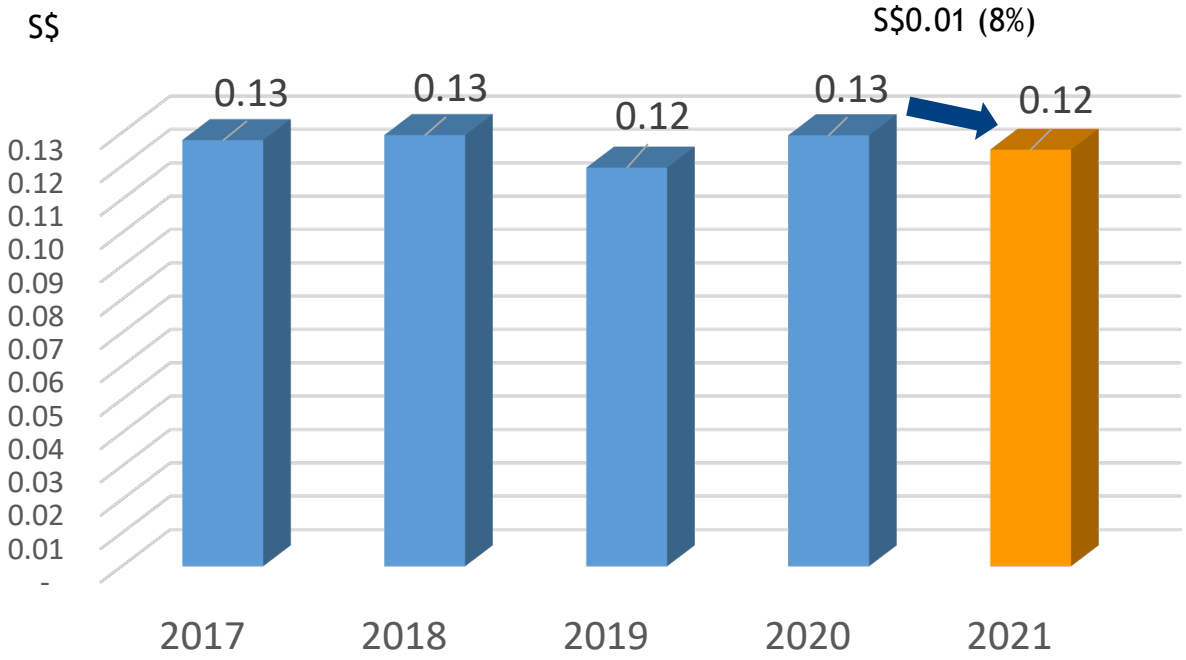
Financial Highlights

Net Asset Value attributable to owners of Company – 5 Years (2017 – 2021)

Net Asset Value attributable to owners of Company (S$'Million)



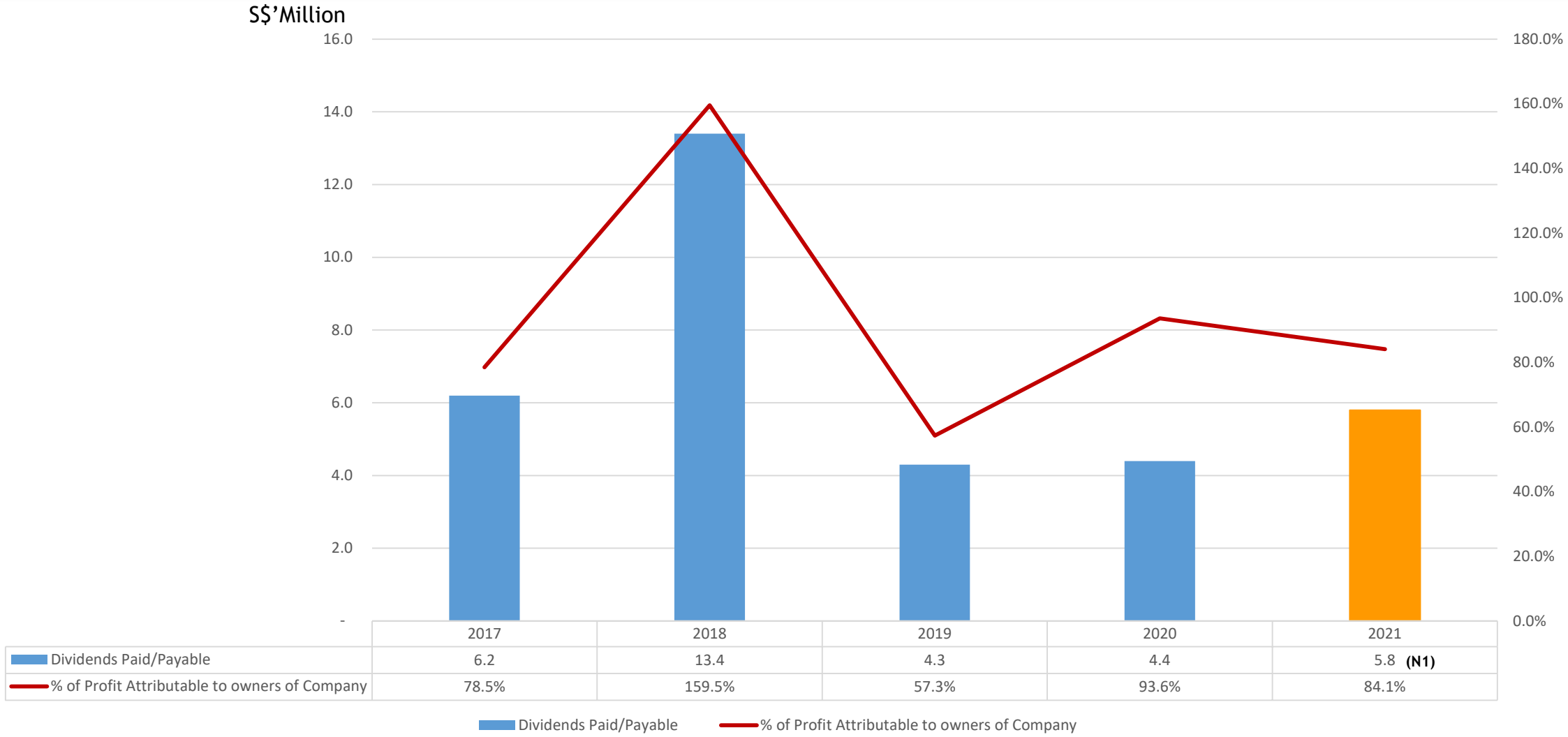
Net Asset Value Per Share (S$)



During the year 2021, the Group had paid dividends totalling S$8.5 million to shareholders of the Company, and recommended a final tax-exempt dividend of 0.30 cents subject to shareholders' approval at the FY2021 annual general meeting.

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Financial Highlights
Dividends



	2017	2018	2019	2020	2021
Dividends Paid/Payable	6.2	13.4	4.3	4.4	5.8 **(N1)**
% of Profit Attributable to owners of Company	78.5%	159.5%	57.3%	93.6%	84.1%

N1 – Include final dividend of 0.30 Singapore Cents proposed but not yet approved by the shareholders; to be tabled for approval in the AGM on 22 April 2022.



Corporate Developments

1) **15 June 2021** – Participation of Malaysia Clinics in the Private COVID-19 Vaccination Centres in Kuala Lumpur and Melaka for the National COVID-19 Immunisation Programme

- In response to Malaysia's Public-Private collaboration initiative on National COVID-19 Immunisation Programme (the "**Programme**"), two of our Ambulatory Surgical Centres, ISEC Sdn. Bhd. in Kuala Lumpur and Southern Specialist Eye Centre Sdn. Bhd. in Melaka (collectively, "**ISEC Malaysia**") are participating in the Private COVID-19 Vaccination Centre to administer vaccination services to the Malaysia public. This is an initiative by ISEC Malaysia to contribute to the community in fighting the COVID-19 pandemic.

- The collaboration is effected via an agreement with ProtectHealth Corporation Sdn. Bhd. ("**ProtectHealth**"), a wholly-owned subsidiary of ProtectHealth Malaysia, established under the Ministry of Health, Malaysia ("**MOH**"). As a non-profit company, ProtectHealth coordinates, administers and manages initiatives related to financing healthcare services as mandated by MOH.

2) **12 August 2021** – Entry into a Letter of Offer for the Proposed Acquisition of One Floor with a Total Floor Area Measuring Approximately 60,000 to 70,000 Square Feet in a Commercial Building in Wilayah Persekutuan Kuala Lumpur Malaysia to be Constructed and Known as Bangsar South Medical Centre

- The Company's wholly-owned subsidiary, ISEC Sdn. Bhd. ("**Purchaser**") had on 12 August 2021 ("**Acceptance Date**") accepted a letter of offer ("**LO**") to acquire one floor with a total floor area measuring approximately 60,000 to 70,000 square feet in a commercial building to be located in Wilayah Persekutuan Kuala Lumpur, Malaysia from Paramount Properties Sdn Bhd ("**Vendor**"), a wholly-owned subsidiary of Bursa Malaysia-listed UOA Development Berhad ("**Proposed Acquisition**") for a consideration of RM63,854,730.

- The Purchaser will pay RM638,547.30 within seven (7) days from the Acceptance Date, being 1% of the total purchase consideration as earnest deposit ("**Earnest Deposit**") to the Vendor. The Earnest Deposit will be refunded to the Purchaser if the definitive agreement is not finalised within thirty (30) days from the Acceptance Date.

- Upon finalisation of the definitive agreement, the Parties shall sign the said definitive agreement within a period of fourteen (14) days ("**Term**"). If the Purchaser does not sign within the Term, the Vendor is entitled to forfeit the Earnest Deposit as liquidated damages. If the Vendor does not sign within the Term, the Vendor will be required to refund the Earnest Deposit, together with an additional sum equivalent to the Earnest Deposit as liquidated damages to the Purchaser.

2) **12 August 2021** – Entry into a Letter of Offer for the Proposed Acquisition of One Floor with a Total Floor Area Measuring Approximately 60,000 to 70,000 Square Feet in a Commercial Building in Wilayah Persekutuan Kuala Lumpur Malaysia to be Constructed and Known as Bangsar South Medical Centre (cont'd)

- The LO is intended to be a basis for further negotiations between the parties, and the Proposed Acquisition is subject to entry into definitive agreement, relevant regulations and necessary regulatory approvals, where applicable.

- The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition and other key related matters that may be contemplated moving forward.

3) **13 December 2021** – Incorporation of an Indirect Wholly-Owned Subsidiary

- Southern Specialist Eye Centre Sdn. Bhd. ("SSEC"), an indirect wholly-owned subsidiary of the Company, has on 13 December 2021 incorporated a wholly-owned subsidiary in Malaysia (the "New Entity").

- Details of the New Entity are as follows:

  Name of New Entity : ISEC (Melaka) Sdn. Bhd.
  Issued and paid-up share capital : RM100,000.00 comprising one hundred thousand (100,000) ordinary shares
  Principal activities :
  Providing medical care, consultancy and treatment in the fields of ophthalmology and optometry
  Percentage of shareholding : SSEC owns 100% of the shareholding interest in the New Entity.

- The incorporation of the New Entity was funded by internal resources of the Group and did not have any material impact on the consolidated net tangible assets per share or earnings per share of the Group for the financial year ended 31 December 2021.

- None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the incorporation of the New Entity (other than through their interests in the shares of the Company).

1) **7 April 2022** – Proposed Transaction in Relation to:

(i) The Acquisition of 100.0% of the Issued and Paid-Up Capital of Each of (1) IE Centre Sdn. Bhd., and (2) Kampar Eye Sdn. Bhd.; and

(ii) The Subscription of Ordinary Shares in Each of (1) ME Centre Sdn Bhd, (2) TE Centre Sdn Bhd, and (3) Taiping Eye Sdn Bhd, comprising 50.0% Plus 1 Ordinary Share of the Enlarged Share Capital of Each of the Aforesaid Companies

Summary of the Proposed Acquisition

- Aggregate Purchase Consideration of RM56,745,000.03, approximately a multiple of 12.5 times of the adjusted and normalised profit after tax based on the respective IE Centre's audited accounts for the period between 1 July 2020 to 30 June 2021 and Kampar Eye's management accounts for the period between 1 January 2021 to 31 December 2021.
- The Consideration to be satisfied in the following manner:

  (a) RM36,125,750.03 of the Consideration ("Cash Portion") shall be payable in cash in the following manner:

    (i) on the date of SPSA, the Purchaser shall pay RM250,000 or 1.5% of the Cash Portion, whichever is lower, to Dr Shin and RM250,000 or 1.5% of the Cash Portion, whichever is lower, to Tan Hooi Ngea (collectively, "First Tranche Cash Portion");

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Summary of the Proposed Acquisition (cont'd)

(ii) on completion of the Proposed Acquisition ("Completion"), the Company shall pay RM21,648,450.00 less the First Tranche Cash Portion, and Dr Shin will be entitled to an additional RM45,000.00 of his portion of the Purchase Consideration;

(iii) within 12 months after the date of Completion, the Company shall pay RM10,824,225.00;

(iv) within 24 months after the date of Completion, the Company shall pay RM3,608,075.00; and

(b) RM20,619,250.00 of the Purchase Consideration to be satisfied by way of issue and allotment of an aggregate 21,881,135 fully paid-up ordinary shares in the capital of the Company ("Consideration Shares") on the Completion Date and at the issue price of S$0.303 for each Consideration Share.

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Summary of the Proposed Acquisition (cont'd)

- Subject to the Moratorium Shares to be released from the Moratorium in the manner contemplated herein, each of the Vendors has undertaken to the Purchaser not to, during the 5-year period commencing from the date of Completion ("Moratorium Period"), sell, transfer, assign, charge or howsoever deal with 80% of the Consideration Shares issued to each of the Vendors ("Moratorium Shares"), and at the end of every 12-month period (first period commencing from the date of Completion), 20% of the total Moratorium Shares will be released from the Moratorium and this release will be repeated every 12-month period until over the next 48 months until there are no more Consideration Shares are subject to the Moratorium.

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(ii) The Subscription of Ordinary Shares in Each of (1) ME Centre Sdn Bhd, (2) TE Centre Sdn Bhd, and (3) Taiping Eye Sdn Bhd, comprising 50.0% Plus 1 Ordinary Share of the Enlarged Share Capital of Each of the Aforesaid Companies (cont'd)

Summary of the Proposed Subscription

- The Purchaser shall subscribe for the respective Subscription Shares at the offer price of RM1.00 per ordinary share ("Subscription Sum") in each of ME Centre, TE Centre and Taiping Eye, such offer effective as at the date of completion.
- The Purchaser shall pay on the date of completion:
  - (a) the sum of RM500,001 for the Subscription Shares in respect of ME Centre to ME Centre;
  - (b) the sum of RM500,001 for the Subscription Shares in respect of TE Centre to TE Centre; and
  - (c) the sum of RM500,001 for the Subscription Shares in respect of Taiping Eye to Taiping Eye.

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(ii) The Subscription of Ordinary Shares in Each of (1) ME Centre Sdn Bhd, (2) TE Centre Sdn Bhd, and (3) Taiping Eye Sdn Bhd, comprising 50.0% Plus 1 Ordinary Share of the Enlarged Share Capital of Each of the Aforesaid Companies (cont'd)

Summary of the Proposed Subscription (cont'd)

- On the date of completion, the Purchaser shall enter into a shareholders' agreement with the shareholders of each of ME Centre, TE Centre and Taiping Eye (collectively, "SHAs") to regulate the affairs and the respective rights as shareholders of the aforesaid companies, upon terms and subject to the conditions of the SHAs.

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Rationale for the Proposed Transaction

- The Proposed Transaction is beneficial to the Company as it increases the Company's core capabilities given that the principal activities of IE Centre and Kampar Eye are complementary and synergistic with the Company's business.
- IE Centre and Kampar Eye are expected to provide the Group with a growing stream of recurring income and cash flow in Malaysia where the demand for specialised and quality medical eye care services is expected to increase.
- The Group considers partial settlement of the Purchase Consideration by way of the allotment and issue of Consideration Shares to be advantageous to the Group as it would conserve the Group's cash reserves and delivers long-term benefit to the Company.
- The Company will make the necessary announcements as and when there are further material developments on the Proposed Transaction and other key related matters that may be contemplated moving forward.



Outlook

Outlook

Coronavirus 2019 ("COVID-19") Outbreak

- For the current year ending 31 December 2022, while we are optimistic that our performance will improve 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.

- Malaysia had on 1 April 2022 reopened its borders as the country begins to transition to the COVID-19 endemic phase.

- Similarly, in Singapore, the country had from 1 April 2022 reopened its borders to all fully vaccinated travellers, removing all existing vaccinated travel lanes ("VTL") and unilateral opening arrangements. In tandem with the substantial easing of restrictions on cross-border travel, Singapore has also implemented further easing of COVID-19 measures within the community from 29 March 2022 as part of the country's move towards living with COVID-19.

- Myanmar has resumed international passenger flights from 17 April 2022, lifting a two-year ban on the entry of foreign tourists. Myanmar's Ministry of Health has also issued an order lifting restrictions on public gatherings from 17 April 2022, the Myanmar New Year Day. The ministry's decision came when the country saw a notable decline in its COVID-19 infections and fatality rates in the past months.

Outlook

Political Situation in Myanmar

- Myanmar's military announced the extension of the state of emergency measure, which was due to end on 31 January 2022, for another six months. The military has been facing persistent opposition from anti-coup protesters. In the country's largest city of Yangon, there have been sporadic attacks on military and police facilities, purportedly staged by pro-democracy forces. As at the date of this presentation, ISEC Myanmar's clinic continues to be operational. The on-going protest may adversely affect the operations of the clinic. As the situation is still evolving, the Group is unable to reasonably ascertain the extent of the probable impact on its financial performance for the year ending 31 December 2022.



Thank You