

FOR IMMEDIATE RELEASE

**HC Surgical Specialists Posts Record S\$8.0 million Profit to Shareholders for FY2021, Double of FY2020;
Total Dividends Double of FY2020**

FY2021 RESULTS HIGHLIGHTS

- Revenue increased 39.7% to S\$23.4 million post-circuit breaker in FY2021
- FY2021 Profit to Shareholders increased by 100.7% year-on-year to S\$8.0 million
- Total dividend (interim dividend of S\$0.017 per ordinary share & proposed final dividend of S\$0.023 per ordinary share) will be S\$0.040 per ordinary share in FY2021, double of FY2020

Singapore, 27 July 2021 – Catalist-listed HC Surgical Specialists Limited (SGX:1B1) (“HCSS”, or collectively with its subsidiaries, the “Group”) announced its financial results for the full year ended 31 May 2021 (“FY2021”) today.

Financial Overview (Group)

S\$' million	2HFY2021	2HFY2020	Change %	FY2021	FY2020	Change %
Revenue	12.38	6.95	78.0%	23.36	16.72	39.7%
Gross Profit*	10.72	6.08	76.5%	20.28	14.79	37.1%
Profit Attributable to Owners of the Company	3.00	1.82	64.7%	8.00	3.99	100.7%
Earnings Per Share (S\$ cents)	2.02	1.21	67.1%	5.33	2.66	100.6%

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



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The Group's FY2021 revenue increased by 39.7% to S\$23.36 million due to the pent-up demand for its services post-circuit breaker since 2 June 2020.

The decrease in other income of approximately S\$0.12 million was mainly due to (i) lower dividend income from investment in financial assets at fair value through profit or loss ("**FVTPL**") of S\$211,000; (ii) lower facility income and property tax rebates of S\$118,000, and (iii) lower consultancy fee income from The Prestige Hospital Co. Ltd of S\$24,000. This was partially offset by higher government grants (including the Jobs Support Scheme) of S\$211,000; higher management income from associate of S\$12,000 and higher dividend income from joint venture of S\$7,000.

Fair value gain on financial assets at FVTPL of S\$0.46 million arose primarily due to (i) the increase in share price of Medinex Limited ("**Medinex**") in which the Company holds a direct interest of 22.92% and a deemed interest of 9.50% of Medinex's total issued share capital; and (ii) the increase in fair value of investment in Singapore Paincare Holdings Limited subsequent to its listing on the Catalist Board of the Singapore Exchange Securities Trading Limited on 30 July 2020 based on the quoted market share price. In FY2020, the fair value loss on financial assets at FVTPL of S\$1.98 million was due to the decrease in share price of Medinex.

Gain on modification of debt instruments at amortised cost of S\$0.03 million was related to exchange of new bonds held by the Company.

Gain on modification of other financial liabilities of S\$0.54 million arose due to modification of financial liability for forward purchase contract of a subsidiary.

The above gains were offset by a fair value loss on derivative financial instruments ("**DFI**") of S\$0.68 million mainly due to remeasurement of fair value for put option of a subsidiary and forward purchase contract of an associate.

Inventories, consumables and surgery expenses increased by approximately S\$0.84 million in line with increased revenue.

Employee benefits expenses increased by approximately S\$1.54 million due to higher provision of bonus for the current financial year and increased headcount.

The increase in depreciation and amortisation expenses by approximately S\$0.38 million was due to recognition of additional lease liabilities during the year for new and renewed tenancy agreements for clinic premises.

Lease expenses of negative S\$163,000 arose due to rental reliefs received in FY2021.

Other expenses decreased by S\$767,000 mainly due to no allowance for impairment loss recorded in FY2021 for (i) goodwill (FY2020: S\$722,000); (ii) right-of-use assets (FY2020: S\$95,000); and (iii) plant and equipment (FY2020: S\$41,000). This was partially offset by allowance for impairment loss for debt instruments at amortised cost of S\$149,000 (FY2020: S\$Nil).

As a result of the aforementioned, the Group recorded a profit attributable to owners of the Company of S\$8.0 million in FY2021.

Dividend

The Directors are recommending a final dividend of 2.3 Singapore cents, subject to shareholders' approval at the forthcoming Annual General Meeting to be convened. Prior to this, the Group has also paid an interim dividend of 1.7 Singapore cents per share in February 2021. In aggregate, total dividend for FY2021 amount to 4.0 Singapore cents per share, double of 2.0 Singapore cents in the prior year.

Annotating on the Group's FY2021 results, Chief Executive Officer of HCSS, Dr. Heah Sieu Min said, ***"FY2021 started off with the circuit breaker measures lifted on 2 June 2020. With the global COVID-19 situation still raging, we resolved to keep our patients and ourselves safe by strict adherence to the guidelines from the Ministry of Health, kept our morale high by mutually supporting each other, worked tremendously hard and were determined to overcome all challenges come what may. This endeavour culminated in a record FY2021 performance of \$23.4 million in revenue, representing a 39.7% increase***

from FY2020, and a profit to shareholders of S\$8.0 million, representing approximately twice of FY2020. In addition, we donated a sum of S\$73,414 to the President's Challenge and The Courage Fund. We would like to express our utmost appreciation to our patients and business partners for their unwavering support.

To celebrate our record performance, we have doubled our total dividend in FY2021, subject to shareholders' approval at the forthcoming annual general meeting, which is in line with our improved core operational performance."

Moving Forward

The Group began operations at a new endoscopy centre in Toa Payoh town area in December 2020, which is directly linked to the Toa Payoh MRT station and bus interchange, providing ease of accessibility to the patients.

Dr. Heah Sieu Min added, *"HCSS always prioritizes the safety and convenience of our patients. The opening of the Toa Payoh endoscopy centre, amidst this COVID-19 situation, is in line with the Group's motto to bringing 'specialist healthcare to your doorstep'. We will continue to expand our network of specialists and centres both locally and regionally when and where the opportunity arises. Bearing in mind the COVID-19 situation, we shall be vigilant and focus on patient safety and care: 'first do no harm, cure often, comfort always'. I am confident that the best days are ahead of us!"*

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About HC Surgical Specialists Limited

HC Surgical Specialists Limited (“HCSS”) was incorporated on 1 September 2015 in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited on 3 November 2016. HCSS and its subsidiaries is a medical services group primarily engaged in the provision of endoscopic procedures, including gastroscopies and colonoscopies and general surgery services with a focus on colorectal procedures across a network of 18 clinics located throughout Singapore. For more information, please visit HCSS’ website at www.hcsurgicalspecialists.com.

Issued By : HC Surgical Specialists Limited

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

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

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