KGI

NON-RATED | HEALTHCARE ▪ SINGAPORE

FOUNDATION HEALTHCARE HOLDINGS

(FHH.SP / FHH.SI)

An integrated private healthcare platform

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Key Takeaways

- **Largest among key private specialist groups in Singapore.** According to Frost & Sullivan, FHH ranked first within this peer group by specialist and clinic count. As of 31 March 2026, it had 108 medical specialists, 74 clinics, 16 specialties and four medical centres.
- **Growth has combined acquisitions and specialist recruitment.** Since its incorporation in 2022, FHH has acquired 38 specialist practices while also recruiting additional specialists. Reported revenue increased from S$112.4mn in FY23 to S$231.2mn in FY25, although acquisitions and the longer consolidation periods of previously acquired practices contributed materially to this growth.
- **Specialist-led model with a larger pro forma earnings base.** The medical specialists segment contributed 97.3% of FY25 revenue. Pro forma FY25 revenue, Adjusted EBITDA and Adjusted PAT were S$265.9mn, S$99.1mn and S$51.4mn, respectively. Following the pre-listing ownership consolidation, the historical level of NCI is not representative of FHH's post-IPO structure.
- **IPO proceeds provide capital for further expansion.** FHH raised S$100.0mn in gross primary proceeds from the Offering and the issue of New Cornerstone Shares. Management intends to allocate S$55.0mn to investments in and acquisitions of Singapore clinical practices and medical centres, S$30.0mn to expansion into new geographies and S$6.3mn to general corporate and working-capital purposes. The remaining S$8.7mn relates to underwriting fees and offering expenses.

Company Background

Foundation Healthcare Holdings is a Singapore-based private healthcare group operating across three verticals: medical specialists, medical centres and healthcare technology. Its specialist practices earn consultation and procedure fees, together with revenue from drugs and consumables. Its medical centres earn facility, diagnostic-imaging and fertility-treatment fees, while AVA, its proprietary healthcare technology platform, generates subscription and implementation fees from third-party users. FHH commenced trading on the Mainboard of the SGX-ST on 8 July 2026.

Key Risks and Considerations

Key risks include (i) clinical-quality, licensing, regulatory and patient-data risks; (ii) the ability to recruit and retain medical specialists and maintain insurer empanelment and reimbursement arrangements; (iii) acquisition-integration and goodwill-impairment risks; (iv) leverage, financing and execution risks relating to the ramp-up of new medical centres and expansion into new geographies; and (v) the potential impact of the April 2026 Integrated Shield Plan rider changes on FHH's patient volumes, treatment choices, procedure mix and pricing.

KEY DATA

Last close (S$)	0.81
IPO Price	0.76
Shares for public offer	9,210,600
Shares for placement	153,356,000
Shares outstanding	1,328,649,384
Initial market cap (S$'mn)	1,009.77
Trading commencement	8-Jul-26
Performance since IPO (%)	5.92
TRADING DATA	
Market Cap (S$mn)	1,069.56
Issued Shares (mn)	1,328.65
Free Float (%)	95.31
MAJOR SHAREHOLDERS (%)	
SEATOWN PVT CAP MAST	28.96
Lee Hong Huei	2.35
Yit Ming Liaw	2.34

Financials & Key Operating Statistics

YE Dec (S$'mn)	2023	2024	2025
Revenue	112.4	198.9	231.2
Revenue growth (%)	-	77.0%	16.2%
PAT	7.3	33.2	41.2
PATMI	(7.7)	10.1	14.0
Basic EPS (S$ cents)	(1.18)	1.53	2.13
EPS growth (%)	n/a	n/a	39.2%
PAT margin (%)	6.5%	16.7%	17.8%
PATMI margin (%)	(6.8%)	5.1%	6.1%
Operating cash flow	29.8	69.1	74.6
Net Gearing (%)	87.0%	89.8%	102.0%

Note: No fixed dividend policy; no dividends intended for profits generated in FY26-FY27. Reported historical EPS is based on the weighted-average shares used in the prospectus financial statements and is not calculated using the current post-IPO issued-share base. Net gearing is calculated as total borrowings, including lease liabilities, less cash and bank balances, divided by total equity. FY25 net gearing is presented on a pre-IPO basis and excludes the subsequent IPO proceeds.

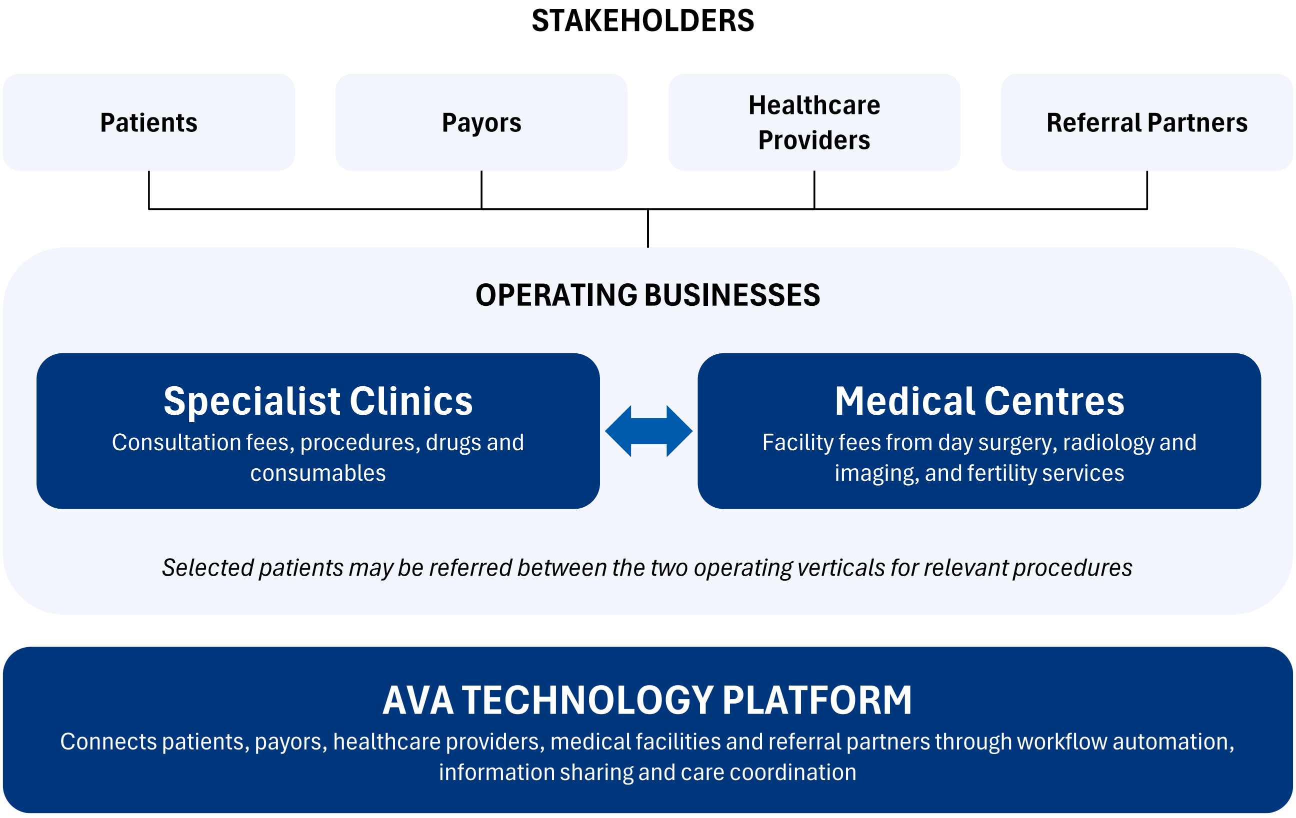
Source: Company data, KGI Research

Business Model and Platform Expansion

Three operating verticals

FHH operates across three business verticals: medical specialists, medical centres and healthcare technology. As of 31 March 2026, the Group had 108 employed medical specialists across 16 specialties and 74 specialist clinics. Its four medical centres comprised two day-surgery centres, one radiology and imaging centre and one fertility centre. Revenue is generated from consultation and procedure fees, drugs and consumables, facility and diagnostic fees, fertility treatments and subscription and implementation fees from AVA.

Figure 1: FHH's integrated healthcare platform



Source: Company, KGI Research

Expansion through acquisitions and recruitment

Since its incorporation in 2022, FHH has acquired 38 specialist practices and expanded its platform through targeted recruitment. Its number of medical specialists increased from 67 at the end of FY23 to 88 in FY24, 105 in FY25 and 108 as of 31 March 2026. The number of specialties remained at 13 in FY23 and FY24 before increasing to 16 in FY25. These figures refer to employed Medical Specialists only, excluding visiting specialists who were not employees.

FY25 revenue growth reflected both existing and newly acquired practices. The S$32.8mn increase in medical-specialist segment revenue comprised S$23.1mn from practices acquired before 2025 and S$9.7mn from practices acquired during FY25. Growth at the pre-2025 practices reflected higher patient demand, additional specialist recruitment and full-year contributions from practices that had been consolidated for only part of FY24. Accordingly, the Group's reported historical growth should not be interpreted as a purely like-for-like organic growth rate.

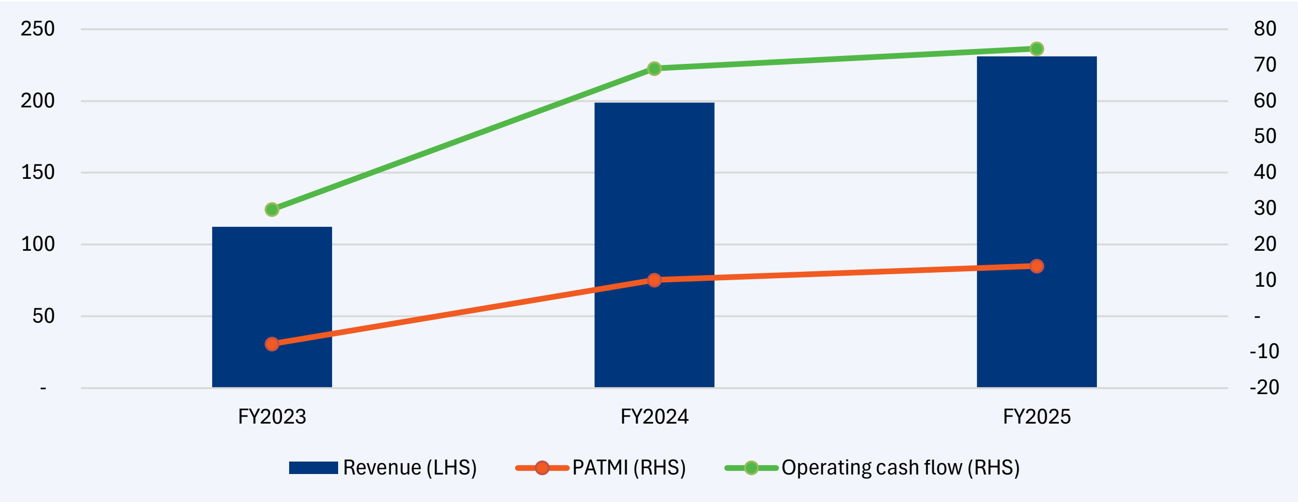
Historical financial performance

FHH's reported revenue increased by 77.0% YoY from S$112.4mn in FY23 to S$198.9mn in FY24, before increasing by a further 16.2% YoY to S$231.2mn in FY25. PATMI improved from a loss of S$7.7mn in FY23 to profits of S$10.1mn in FY24 and S$14.0mn in FY25. Operating cash flow increased from S$29.8mn in FY23 to S$69.1mn in FY24 and S$74.6mn in FY25. The historical growth rates were affected by the timing of acquisitions and the number of months for which acquired practices were consolidated in each financial year.

The medical specialists segment generated S$224.9mn, or 97.3%, of FY25 revenue, while the combined Others segment, comprising the medical-centre and technology activities, generated S$6.3mn. Under the Group's historical pre-IPO ownership structure, S$27.2mn of FY25 Group PAT of S$41.2mn was attributable to non-controlling interests, resulting in PATMI of S$14.0mn. Before listing, FHH completed a share swap that increased its ownership in the relevant specialist practices and Orchard Surgery Centre to 100%. Accordingly, the historical FY25 level of NCI is not representative of the post-IPO structure, although residual NCI remains in certain medical-centre subsidiaries that are not wholly owned.

Note: The ownership consolidation was completed through the issue of Swap Shares to the former minority shareholders in exchange for their remaining interests.

Figure 2: Reported historical revenue, PATMI and operating cash flow (S$mn)



Source: Company, KGI Research

FY25 pro forma financial information

Figure 3: FY25 reported and pro forma financial information

(S$ 'mn)	FY25 reported	FY25 pro forma
Revenue	231.2	265.9
Group PAT	41.2	48.4
Adjusted EBITDA	87.9	99.1
Adjusted EBITDA margin	38.0%	37.3%
Adjusted PAT	44.2	51.4
Adjusted PAT margin	19.1%	19.3%

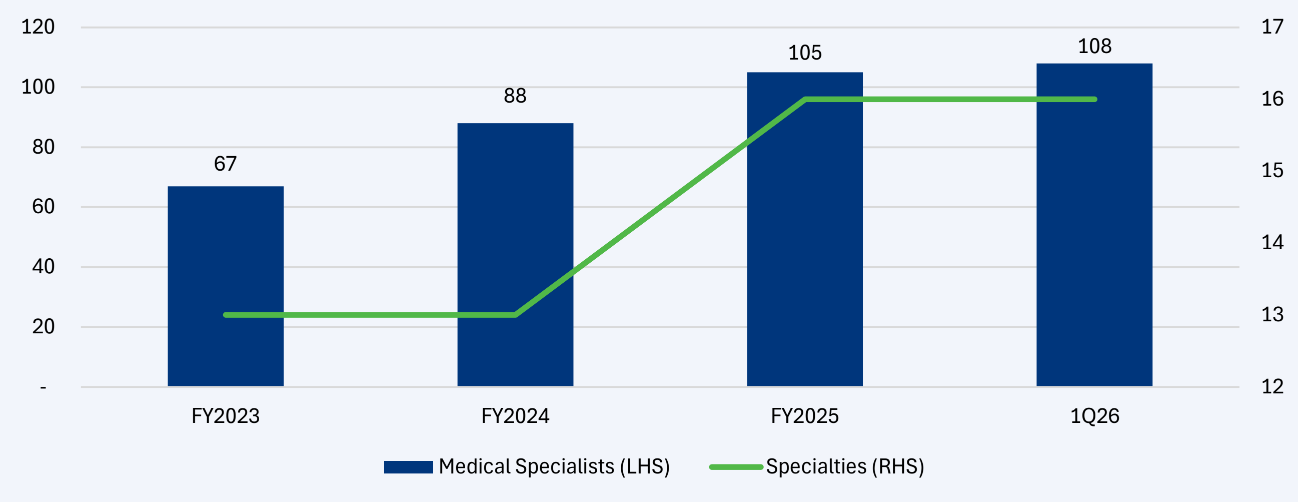
Source: Company, KGI Research

The pro forma figures assume that the relevant FY25 and FY26 acquisitions and specified pro forma adjustments had taken effect from 1 January 2025, thereby incorporating a full-year contribution from the enlarged platform. Adjusted EBITDA and Adjusted PAT are non-SFRS(I) financial measures defined by the company and exclude specified non-cash, non-recurring and/or non-operational items. They should be considered alongside, rather than as substitutes for, the audited financial statements.

Growth in FHH's specialist platform

FHH's number of medical specialists increased by 61.2% from 67 at the end of FY23 to 108 as of 31 March 2026. Its number of specialties increased from 13 in FY23 and FY24 to 16 in FY25 and remained at 16 as of 31 March 2026. At that date, FHH operated 74 specialist clinics and four medical centres and was the largest platform by specialist and specialist-clinic count among key private specialist groups in Singapore, according to Frost & Sullivan.

Figure 4: Growth in medical specialists and specialties



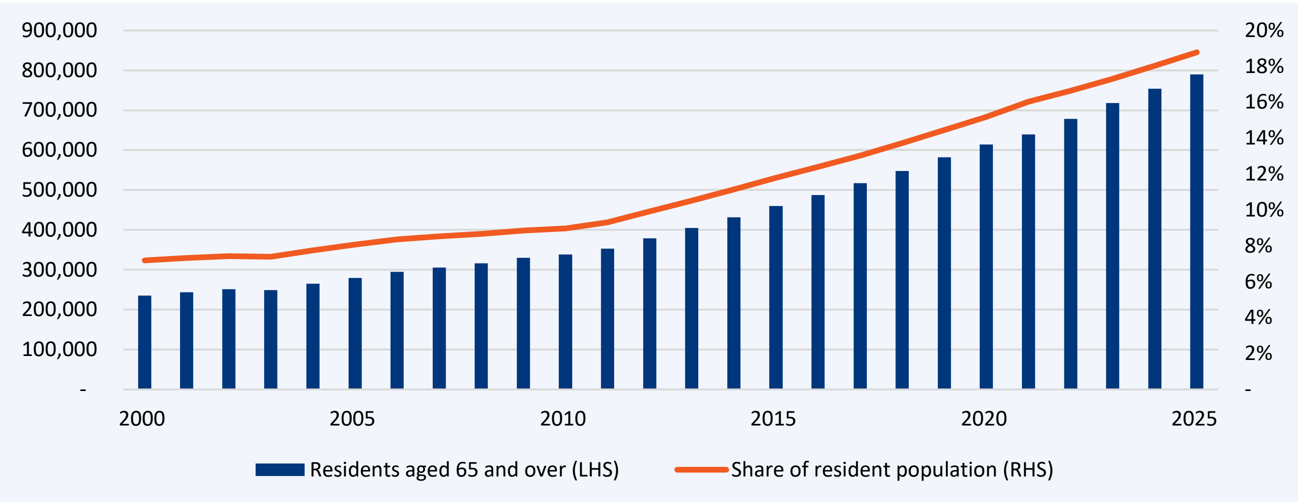
Source: Company, KGI Research

Industry Backdrop

Ageing resident population supports long-term healthcare demand

The number of Singapore residents aged 65 and above increased from approximately 235,000 in 2000 to 789,600 in 2025, while their share of the resident population rose from approximately 7% to 18.8% over the same period, according to the Singapore Department of Statistics. The ageing trend is expected to continue. While an equivalent 2030 projection for residents was not provided, citizens aged 65 and above are projected to increase from 20.7% of the citizen population in 2025 to 23.9%, or approximately one in four citizens, by 2030. This demographic shift provides a supportive long-term backdrop for chronic-disease management, specialist consultations, diagnostics and medical procedures. FHH's addressable patient base is nevertheless broader than older residents, given its exposure to specialties serving children, working-age adults and families, including paediatrics, obstetrics and gynaecology, fertility care, orthopaedics and diagnostic imaging.

Figure 5: Singapore's ageing resident population, 2000-2025



Source: Singapore Department of Statistics, KGI Research

Fragmented private specialist market

Frost & Sullivan forecasts Singapore's private specialist healthcare market to grow at a CAGR of 8.8% between 2025 and 2030, supported by an ageing population, rising prevalence of chronic and complex conditions and demand for more timely and convenient private care. Despite being the largest among key private specialist groups by specialist and clinic count, FHH represented 4.4% of Singapore's private medical specialists as of 31 December 2025. Frost & Sullivan also estimated its share of private specialist market revenue at 7.2% in FY25. The relatively low specialist and revenue shares reflect the fragmented nature of Singapore's private specialist market. FHH's ability to expand its presence will depend on its acquisition activity, specialist recruitment and retention, and continued access to insurer and third-party administrator panels.

Expansion of the private day-surgery market

Singapore's private standalone day-surgery-centre market remains at an early stage of development. Frost & Sullivan forecasts the number of centres to increase from nine in 2025 to 40 in 2030, while market revenue is forecast to grow at a CAGR of 44.5% over the same period. Based on 2023 data cited by Frost & Sullivan, total bills for selected commonly performed procedures in an outpatient day-surgery setting were estimated to be 15.0% to 48.3% lower than bills for inpatient hospital treatment.

Foundation Ambulatory Centre (Novena) commenced operations in February 2026. Foundation Ambulatory Centre (Orchard) had been closed for refurbishment since 1 March 2026 and was expected in the prospectus to launch by July 2026, although FHH had not publicly confirmed its opening as at the date of this report. FHH's operating model is intended to allow selected procedures generated by its specialist practices to be performed at Group medical centres, enabling the Group to earn facility and diagnostic fees that might otherwise be paid to third-party medical facilities. Based on preliminary information disclosed in the prospectus, the initial operating costs and patient-volume ramp-up at Novena, together with Orchard's closure for refurbishment and other operating factors, contributed to a decline in profit and total comprehensive income and Adjusted PAT in 1Q26, despite higher revenue and slightly higher Adjusted EBITDA.

Medical inflation and insurance reforms increase cost scrutiny

Average private hospital bills increased by approximately 13% annually between 2019 and 2024. Over the same period, professional fees, comprising surgeon, anaesthetist and inpatient consultation fees, accounted for approximately 40% of private hospital bills and increased by around 9% annually. Hospital-related fees, including facility, ward, medication and implant charges, accounted for the remaining 60% and increased by approximately 15% annually. The rise in private healthcare costs has increased the focus of patients, insurers and policymakers on fee transparency, appropriate treatment settings and healthcare affordability.

From 1 April 2026, new Integrated Shield Plan riders are no longer permitted to cover the minimum IP deductible. The annual cap applicable to the minimum 5% co-payment must also be set at S$6,000 or more, excluding the deductible. All seven IP insurers have launched rider products that comply with the revised requirements, with average premiums for new maximum-coverage riders approximately 35%–40% lower than comparable legacy riders. The reforms reduce rider premiums but increase patients' out-of-pocket exposure when claims are made, which may influence their choice of provider, treatment setting and procedure. The impact on FHH's patient volumes, procedure mix and revenue has not yet been publicly quantified.

IPO Proceeds, Recent Developments and Outlook

IPO proceeds and capital allocation

FHH raised S$100.0mn in gross proceeds due to the Group from the Offering and the issue of New Cornerstone Shares. After deducting S$8.7mn of underwriting fees and offering expenses, net proceeds due to FHH amounted to approximately S$91.3mn. Management intends to allocate the proceeds primarily to investments in and acquisitions of Singapore clinical practices and medical centres and expansion into new geographies.

Figure 6: Intended use of gross proceeds

Intended use	S$'mn
Investments in and acquisitions of clinical practices and medical centres in Singapore	55.0
Investments supporting expansion into new geographies	30.0
General corporate and working-capital purposes	6.3
Underwriting fees and offering expenses	8.7
Gross proceeds due to FHH	100.0

Net proceeds after underwriting fees and offering expenses amounted to approximately S$91.3mn.

Source: Company, KGI Research

Recent operating developments

Based on preliminary information disclosed in the prospectus, FHH recorded higher revenue and slightly higher Adjusted EBITDA for the three months ended 31 March 2026 compared with the corresponding period in 2025. However, profit and total comprehensive income declined, as did Adjusted PAT. The reduction reflected the early-stage patient-volume ramp-up and operating costs of Foundation Ambulatory Centre (Novena), the closure of the Orchard facility for refurbishment, increased headquarters costs, the initial ramp-up of newly recruited specialists and changes in case mix. FHH also temporarily paused acquisitions during its IPO preparations after completing three specialist-practice acquisitions in January and February 2026 and stated that it was evaluating further practices with a view to resuming acquisitions during 2H26. These trends were preliminary and did not constitute a complete set of interim financial statements.

Key developments to monitor

Development	Key items to monitor
Medical centres	Patient volumes, procedure mix and utilisation at Novena; confirmed opening and subsequent ramp-up of Orchard
Acquisitions and integration	Resumption of the acquisition programme, purchase multiples, integration progress and returns generated by acquired practices
Specialists and payors	Specialist recruitment and retention, ramp-up of newly recruited specialists and continued insurer/TPA empanelment
Earnings conversion and balance sheet	1H26 results; conversion of revenue and Adjusted EBITDA into PATMI and cash flow; EPS on the enlarged post-IPO share base; net debt, interest expense and deployment of IPO proceeds
New growth initiatives	Execution in Malaysia and Hong Kong, external AVA adoption and the impact of insurance and regulatory changes

Outlook

FHH has several avenues for continued revenue growth, including specialist recruitment, further practice acquisitions and the ramp-up of its medical centres. Its ability to expand within Singapore's fragmented private specialist market will depend on acquisition discipline, specialist recruitment and retention, and continued access to insurer and third-party administrator panels. The quality of growth will also depend on whether the enlarged platform can convert higher revenue and Adjusted EBITDA into PATMI and cash flow after accounting for financing costs and the operating expenses of new facilities. The pre-listing ownership consolidation means that the historical level of NCI is not representative of FHH's post-IPO structure. Over the near term, performance may remain uneven as Novena ramps up utilisation, Orchard moves through its opening and subsequent utilisation ramp-up, and newly recruited specialists develop their patient volumes. We would therefore focus on like-for-like revenue growth, medical-centre utilisation, specialist retention, acquisition returns, earnings conversion and the post-IPO balance sheet. Expansion into Malaysia and Hong Kong and wider AVA monetisation provide longer-term optionality but should not yet be treated as established earnings drivers.

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Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon
Not Rated (NR)	The stock is not rated by KGI Securities.
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