IntelliCentrics Global Holdings Ltd.

中智全球控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 6819)

INTERIM RESULTS ANNOUNCEMENT FOR THE 6 MONTHS ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

- **Revenue.** Total Revenue increased by 8.1% from US$19.0 million for the 6 months ended December 31, 2020, to US$20.6 million for the 6 months ended December 31, 2021.

- **Adjusted EBITDA.** Adjusted EBITDA increased by 430.8% from US$0.7 million for the 6 months ended December 31, 2020, to US$3.7 million for the 6 months ended December 31, 2021. The increase is primarily driven by a US$1.2 million increase in gross profit coupled with a US$1.8 million decrease in operating expenses.

- **Net Loss.** Net loss increased from US$1.4 million for the 6 months ended December 31, 2020, to US$9.2 million for the 6 months ended December 31, 2021. The primary drivers were a US$6.1 million charge to income related to the Unauthorised Disbursements (as defined in the Group's announcement dated July 12, 2021) and a US$1.6 million increase in depreciation and amortisation.

- **Research and Development.** Investment in R&D for the 6 months ended December 31, 2021, was US$6.7 million of which US$2.5 million was capitalised and US$4.2 million expensed in the period compared to the 6 months ended December 31, 2020, the corresponding amounts were US$7.8 million, US$2.2 million, and US$5.6 million, respectively. The Company's commitment to investing in R&D continues to enhance the value of our technology platform and network.

The Board of Directors of IntelliCentrics Global Holdings Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the 6 months ended December 31, 2021, together with the comparative figures for the 6 months ended December 31, 2020, as set out below.

SAFE HARBOUR DISCLAIMER

Forward-Looking Statements

Certain statements contained in this interim results announcement may be viewed as forward-looking statements. Forward-looking statements are based on the management's beliefs and assumptions using currently available information about the business, industries, technology, and regions of operations. These statements are only predictions and are not guarantees of future performance, actions, or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialise, or if the management's underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. No undue reliance should be placed on these forward-looking statements by investors or shareholders. The Group expressly disclaims any obligation to update any forward-looking statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS

	Note	**6 months ended December 31, 2021 (Unaudited)**	6 months ended December 31, 2020 (Unaudited)
		US$ in thousands	
Revenue	*5*	**20,572**	19,031
Cost of revenue		**(2,633)**	(2,322)
Gross profit		**17,939**	16,709
Selling and marketing expenses		**(1,852)**	(2,556)
General and administrative expenses		**(10,648)**	(10,048)
Research and development expenses		**(7,325)**	(7,343)
Other losses		**(10)**	(108)
Operating (losses)		**(1,896)**	(3,346)
Finance costs		**(787)**	(1,112)
Finance income		**56**	960
Other non-operating (expense)/income	*6*	**(6,325)**	39
Share of loss of a joint venture, net of tax		**(97)**	—
(Loss) before income tax		**(9,049)**	(3,459)
Income tax (expense)/benefit	*7*	**(105)**	2,066
(Loss) for the period		**(9,154)**	(1,393)
Other comprehensive income/(loss):			
Item that will not be subsequently reclassified to profit or loss:			
— Equity instruments at FVOCI — net change in fair value		**561**	(1,154)
Items that may be subsequently reclassified to profit or loss:			
— Debt instruments at FVOCI — net change in fair value		**—**	(119)
— Currency translation differences		**(388)**	719
Other comprehensive income/(loss) for the period, net of tax		**173**	(554)
Total comprehensive loss for the period		**(8,981)**	(1,947)

	Note	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
		US$ in thousands	
(Loss)/profit for the period			
Attributable to owners of the Company		**(9,120)**	(1,395)
Attributable to non-controlling interests		**(34)**	2
		(9,154)	(1,393)
Total comprehensive loss for the period			
Attributable to owners of the Company		**8,947**	(1,949)
Attributable to non-controlling interests		**(34)**	2
		8,981	(1,947)
(Loss)/earnings per Share attributable to owners of the Company for the period (expressed in US$ per Share)			
— Basic and diluted	*8*	**(0.020)**	(0.003)

The accompanying notes are an integral part of these interim results statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
		US$ in thousands	
ASSETS			
Non-current assets			
Property, plant and equipment, net		**6,735**	8,138
Goodwill and other intangible assets, net		**24,573**	25,703
Right-of-use assets, net		**4,881**	5,222
Deposits and prepayments		**156**	158
Interests in a joint venture		**30**	127
Restricted cash		**11,225**	12,919
		47,600	52,267
Current assets			
Financial assets at fair value through other comprehensive income		**1,161**	12,941
Deposits, prepayments and other receivables		**951**	2,978
Restricted cash		**3,750**	2,250
Cash		**21,459**	31,317
		27,321	49,486
Total assets		**74,921**	101,753
EQUITY			
Equity attributable to owners of the Company			
Share capital		**45**	46
Share premium		**74,518**	77,100
RSA scheme reserve		**(30,112)**	(19,924)
Other reserves		**(63,952)**	(63,919)
Retained earnings		**32,678**	41,801
		13,177	35,104
Non-controlling interests		**(95)**	(62)
Total equity		**13,082**	35,042

	Note	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
		US$ in thousands	
LIABILITIES			
Non-current liabilities			
Borrowings		**21,023**	25,491
Other liabilities		**3**	8
Deferred income tax liabilities		**2,247**	2,632
Lease liabilities		**6,833**	7,154
		30,106	35,285
Current liabilities			
Borrowings		**8,986**	5,982
Lease liabilities		**595**	411
Trade payables	*10*	**665**	2,696
Other payables and provisions		**2,165**	2,536
Amounts due to related parties		**28**	28
Contract liabilities	*5*	**19,438**	19,739
Current income tax liabilities		**(144)**	34
		31,733	31,426
Total liabilities		**61,839**	66,711
Total equity and liabilities		**74,921**	101,753

The accompanying notes are an integral part of these interim results statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), including compliance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**").

The interim results announcement of the Group for the 6 months ended December 31, 2021 has been prepared in accordance with the same accounting policies adopted in the annual financial statements as at and for the 12-month period ended June 30, 2021, except for the accounting policy changes that are expected to be reflected in the annual financial statements as at and for the financial year ending June 30, 2022.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These interim financial statements should be read in conjunction with the Company's Annual Report 2020/21 issued on October 26, 2021. These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance since the Company's Annual Report 2020/21. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The Group's auditor, KPMG LLP, performed a review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information and in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Unless otherwise stated, the condensed consolidated interim financial statements and related footnotes are presented in the United States Dollar ("**USD**"), which is the functional and presentation currency of the Company.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

2.1 New standards, interpretations, and amendments adopted from July 1, 2021

The summary of changes in significant accounting policies are listed in detail in the Company's Annual Report 2020/21.

In August 2020, the IASB issued IBOR Reform — Phase 2 ("**Reform**"), which addresses potential financial reporting issues that may arise when IBORs are either formed or replaced. The Reform is effective for reporting periods beginning after January 1, 2021. The Company's adoption of the Reform on July 1, 2021 is not expected to have an impact on the financial statements.

2.2 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

New standards or amendments	Effective for annual periods beginning on or after
Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 — Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16	January 1, 2022
Reference to the Conceptual Framework — Amendments to IFRS 3	January 1, 2022
Classification of Liabilities as Current or Non-current — Amendments to IAS 1	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28	Deferred indefinitely

The Group does not expect that the adoption of the standards listed above will have a material impact on the condensed consolidated interim financial statements of the Group in future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies are listed in detail in the Company's Annual Report 2020/21. During this interim reporting period, there were no significant changes in the Company's accounting policies.

4. SEGMENT INFORMATION

The chief operating decision-maker considers the Group's operations are operated and managed as a single segment; accordingly, no segment information is presented. This conclusion is based on the following analysis:

- The Group allocates resources and assesses performance of the overall operations of its businesses and not by geographical locations or product lines.
- The Group mainly operates its businesses in the USA and the majority of the revenues are substantially earned from external customers attributed to the USA.
- A substantial majority of the non-current assets excluding restricted cash of the Group are located in the USA.
- No other geographical region is currently deemed to be material to be viewed separately.

5. REVENUE

Substantially all fees are paid by subscribers at the inception of service. The following table sets forth a breakdown of our revenue by solutions and add-on services for the periods indicated:

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
	US$ in thousands	
Vendor and Medical Credentialing	**20,170**	18,661
Add-On Services	**402**	370
	20,572	19,031

Disaggregation of Revenue from Contracts with Customers

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
	US$ in thousands	
Timing of revenue recognition		
— Over time	**20,377**	18,840
— At a point in time	**195**	191
	20,572	19,031

The Group's revenues are substantially generated in the U.S., with revenues attributed to the U.S. for the 6 months ended December 31, 2021 totaling US$20.1 million (US$18.7 million for the 6 months ended December 31, 2020).

Contract Liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
	US$ in thousands	
Contract liabilities	**19,438**	19,739

Contract liabilities mainly consists of membership fees prepaid by subscribers for which the related services had not been rendered in full as at the end of each financial period. The portion to be recognised over the next 12 months will be classified as current liabilities in the condensed consolidated statement of financial position.

The amount of revenue recognised for the 6 months ended December 31, 2021 that was included in the contract liabilities balance at the beginning of the period was US$13.6 million compared to US$14.4 million for the 6 months ended December 31, 2020. All contract liabilities are amortised within one year.

Trade Accounts Receivable

As at December 31, 2021, and June 30, 2021, the Company did not have any trade accounts receivable.

Seasonality

The Company has no material impact due to seasonality.

6. OTHER NON-OPERATING (EXPENSE)/INCOME

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
	US$ in thousands	
Government grant	**—**	39
Other	**(6,325)**	—
	(6,325)	39

Unauthorised Disbursement. During the 6 months ended December 31, 2021, the US$6.1 million loss from the Unauthorised Disbursement was recorded as recovery is not certain.

7. INCOME TAXES

Income tax expense

Statutory income tax expense is recognised at the statutory income tax rate of the reporting entity, adjusted for differences in statutory rates between reporting entity and local country, and the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations was 1.2% tax expenses for the 6 months ended December 31, 2021, compared to (59.7)% tax benefit for the 6 months ended December 31, 2020.

- The change is due to a significant increase in the book loss and a decrease in the book to tax adjustments from the prior period. This resulted in a tax expense in the current period and a tax benefit in the prior period.

- The decrease in the book to tax adjustments that resulted in taxable income is primarily due to the reduction in the benefit from R&D tax credits for the U.S. and the UK. In the prior period there were multiple years of amended federal returns where US$1.3 million in tax credits was recovered that offset taxable income versus the current period with an estimate of US$0.1 million to offset taxable income. There was an increase in the items not deductible for tax purposes that contributed to the tax expense in the current period.

8. (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per Share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
The Group's (loss)/profit attributable to owners of the Company (US$ in thousands)	**(9,120)**	(1,395)
Weighted average number of shares in issue (in thousands)	**456,569**	457,112
Basic (loss)/earnings per Share (US$ per Share)	**(0.020)**	(0.003)

Diluted earnings per Share is calculated by adjusting the weighted average number of Shares in issue during the period (excluding the Shares purchased by the Company under the RSA Schemes) to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares during the 6 months ended December 31, 2021, or the 6 months ended December 31, 2020, and accordingly the diluted (losses)/earnings per Share equals the basic (losses)/earnings per Share.

9. DIVIDENDS

No dividends have been paid or declared by the Company for the 6 months ended December 31, 2021, nor for the 6 months ended December 31, 2020.

10. TRADE PAYABLES

Aging analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
	US$ in thousands	
Current	**628**	1,909
Past Due	**37**	787
	665	2,696

The Group considered that the carrying amounts of trade payables approximated to their respective fair values as at December 31, 2021 and June 30, 2021.

The carrying amounts of trade payables are mainly denominated in US$.

11. EVENTS AFTER THE REPORTING PERIOD

The Company has no events after the reporting period that need to be brought to the attention of the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

With a mission to use trust to make high-quality healthcare as accessible as a good cup of coffee, IntelliCentrics created the SEC^{3}URE technology platform. Built on three core principles — transparency, neutrality, and independence — our platform is relied on by more than 10,000 locations of care ("**LoCs**") worldwide to ensure two-way trust between patients, doctors, vendor representatives and healthcare companies.

IntelliCentrics is a global enterprise with operations in the U.S., Canada, U.K., Taiwan, and a joint venture in the People's Republic of China ("**PRC**"). In the 6 months ended December 31, 2021, the Group continued to focus on creating shareholder value while simultaneously navigating the enduring global pandemic and its impact on healthcare delivery and the economy in general. Our core business remained stable and we saw an increase in revenue, gross profit, and adjusted earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"). The global healthcare industry continues to bear the heavy burden of COVID-19 but in the U.S. market there was a modest increase in commercial activity. As compared to the same period ended December 31, 2020, the Group's revenue increased by 8.1% to US$20.6 million, gross profit increased by 7.4% to US$17.9 million, and Adjusted EBITDA increased by 430.8% to US$3.7 million. The Group synchronised deployment of sales and marketing efforts with the tepid recovery of the healthcare industry, and continued to invest in research and development ("**R&D**"). We are committed to the continuous enhancement of the value of our technology platform and network. Total R&D investment for the 6 months ended December 31, 2021, were US$6.7 million of which US$2.5 million was capitalised and US$4.2 million expensed in the period. For the period ended December 31, 2020, the corresponding amounts were US$7.8 million, US$2.2 million, and US$5.6 million, respectively.

For the 6 months ended December 31, 2021, the net loss was US$9.2 million compared to a net loss of US$1.4 million for the 6 months ended December 31, 2020. The primary driver for the change in net loss was the approximately US$6.1 million loss related to the Unauthorised Disbursements and related expenses in connection with retrieval of same. Contributing to the net loss was also an increase in amortisation and depreciation expense related to our technology platform development to US$5.6 million compared to US$4.0 million for the 6 months ended December 31, 2020.

The Group experienced month-over-month growth in its subscribers base for 10 consecutive months ending December 31, 2021. As of December 31, 2021, the Group had 120,962 subscribers, representing a 6.0% increase compared to December 31, 2020. The increase was mostly attributable to incremental progress in hospitals in the U.S. reducing restrictions on access and increasing enforcement of trusted interactions. As of December 31, 2021, we had 10,295 Registered LoCs, which represents a 4.2% decrease as compared to December 31, 2020.

Outlook

The world continues to grapple with the complex, universal, and long-term effects COVID-19 is having on society. This includes but is not limited to, access to quality healthcare, supply chain disruption, high inflation, restricted business and leisure travel, labor force disruption, and the negative impact on individuals' mental health. We believe our technology is ideal to support this new reality and generate long-term shareholder value. The value of a trusted interaction in healthcare is increasing daily as individuals are forced, whether by travel restrictions or personal prudence, to look for alternatives to in-person care. Our value proposition is increasingly relevant given our ability to offer access to trusted, high quality care, regardless of geographic location, with a business model where all participants win. Moreover, the size and scale of healthcare requires a reliance on technology solutions as the only reasonable option. Management believes these macro market drivers favor the Company's unique value proposition. We connect the supply and demand sides of care on a single, extensible, trusted, and end-to-end technology platform which is one of the most efficient and cost-effective solutions available in the market today.

Looking ahead, the Group will continue to expand its existing network of over 10,000 LoCs and 168,000 active users by prudently deploying capital to facilitate organic growth. We will use our attractive, extensible, open technology platform to extend our markets and capabilities. As the impact of COVID-19 lessens, we expect strong growth in all markets where we have a presence. Commercially we will focus on continued retention and acquisition of LoCs, as well as expanding the types of subscribers connected and interacting on our platform. With every new connection, the value of the platform grows exponentially. The result of the continuous development of our technology platform is a real-time, one-stop solution for trusted interactions between partners, patients, medical providers, and LoCs. We will also continue, in a prudent way, to seek out suitable investment opportunities to enhance the interests of the Company and create shareholder value.

Impact of COVID-19

The COVID-19 pandemic and efforts to control its spread continue to curtail the movement of people, goods and services worldwide. The discovery and proliferation of new variants, such as Omicron, combined with the variability in protection offered by vaccination, is causing regulators to continue to be very cautious and conservative about relaxing COVID-19 restrictions. In some geographies, regulators are even increasing restrictions. Since the onset of the pandemic, the Group has delivered our service without interruption. We are committed to continuing to service our customers and protecting the safety of our employees.

The most direct impact of COVID-19 on our business during the reporting period has been in the labor market. We saw a reduction in participants in the labor market due to an exodus from the workforce, significant increases in salary expectations, and the proliferation of demands for remote work by candidates and employees. The various responses we put in place initially at the onset of the pandemic to mitigate the impact of COVID-19 on our business operations include telecommuting, work-from-home policies, restricted travel, employee support programs, and enhanced safety measures. Further, in the 6 months ended December 31, 2021, in an effort to combat workforce turnover, the Group implemented an employee reward and retention program, pursuant to which the Group issued Shares to each employee and new hire, enhanced training, and offered more robust benefits. We continue to enforce the safety measures in the workplace as recommended by the governing bodies in the regions we operate and will continue to monitor these changing requirements.

During the 6 months ended December 31, 2021, U.S. regulatory restrictions scaled back in certain states, but healthcare interactions at our LoCs have not returned to pre-pandemic levels. In the UK and Asian markets, there has been very little change in imposed restrictions due to the Omicron variant spread, and therefore there was limited commercial growth in these areas. In spite of these challenging times, the Group's subscriber trend experienced 10 months of consecutive growth through December 31, 2021. The COVID-19 pandemic has resulted in the highest levels of regulatory and policy enforcement across the global healthcare industry, further supporting the high value the Group provides all stakeholders.

Assets

Total assets of the Company decreased from US$101.8 million as at June 30, 2021 to US$74.9 million as at December 31, 2021. The decrease is driven by US$11.2 million that was used to repurchase Shares that are being held for future potential acquisitions, US$6.1 million related to the write-off of Unauthorised Disbursements, and US$2.4 million utilised in the execution of our Share buy-back program.

Liquidity

During the period, our current ratio declined from 1.6 as at June 30, 2021 to 0.9 as at December 31, 2021. The decrease is a result of US$11.2 million used to repurchase Shares, US$6.1 million related to the write-off of Unauthorised Disbursements, US$2.4 million utilised in the execution of our Share buy-back program, and a US$2.2 million reduction in trade payables.

As the future of the COVID-19 pandemic variants, government actions, and financial markets reactions remain unknown, the Group and its Board cannot reliably predict the extent to which the business, its assets, and future liquidity will be impacted. At present, the Group does not see any material change to its operating capabilities, assets, liquidity, or credit.

Full redemption of outstanding promissory notes

On May 19, 2020, April 20, 2021, April 26, 2021, and June 21, 2021, the Company announced to the market the redemption of certain promissory notes. As a subsequent event to the Annual Report 2020/21 financial statements, on July 21, 2021, the Company announced the redemption of the final promissory note. As disclosed to the market, on July 21, 2021, the Company received the principal and the accrued interest related to the redemption of the final promissory note, which amounted to US$12.5 million. A gain of US$0.1 million was also recorded on the redemption. After such final redemption, there are no outstanding promissory note balances.

Unauthorised disbursement of funds

As announced to the market on July 12, 2021, July 22, 2021, and January 24, 2022, the Company fell victim to a social engineering crime which targeted the Company's e-mail system. As a result, the amount of US$7.0 million was disbursed to bank accounts unassociated with the Company ("**Unauthorised Disbursements**"). Since the Unauthorised Disbursements, the Company has been proactively coordinating with law enforcement authorities and working with counsels in the relevant jurisdictions to seek recovery of the Unauthorised Disbursements. As a result of the efforts, the Company retrieved US$1.0 million of the Unauthorised Disbursements. Despite the continuing efforts, for the sake of prudence, the Company has decided to write-off the remaining, unretrieved amounts of the Unauthorised Disbursements and related retrieval expenses totaling US$6.1 million. Following extensive analysis conducted by third party experts, the Company confidently confirms no customer data was inappropriately obtained from the Unauthorised Disbursement.

Financial Review

Results of Operations

This interim results announcement is reporting results of operations for the 6-month period from July 1, 2021 to December 31, 2021 as compared to the 6-month period from July 1, 2020 to December 31, 2020.

The following table sets forth certain income and expense items from our unaudited consolidated statements of profit or loss for the periods indicated:

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)
	US$ in thousands	
Revenue	**20,572**	19,031
Cost of revenue	**(2,633)**	(2,322)
Gross profit	**17,939**	16,709
Selling and marketing expenses	**(1,852)**	(2,556)
General and administrative expenses	**(10,648)**	(10,048)
R&D expenses	**(7,325)**	(7,343)
Other losses	**(10)**	(108)
Operating (losses)	**(1,896)**	(3,346)
Finance costs	**(787)**	(1,112)
Finance income	**56**	960
Other non-operating (expense)/income	**(6,325)**	39
Share of loss of a joint venture, net of tax	**(97)**	—
(Loss) before income tax	**(9,049)**	(3,459)
Income tax (expense)/benefit	**(105)**	2,066
(Loss) for the period	**(9,154)**	(1,393)
Non-IFRS Financial Measures		
Adjusted — Earnings before interest, taxes, depreciation, and amortisation	**3,700**	697

Adjusted — Earnings Before Interest, Taxes, Depreciation, and Amortisation ("EBITDA")

	6 months ended December 31, 2021 (Unaudited)	6 months ended December 31, 2020 (Unaudited)	$ Change	% Change
		US$ in thousands		
(Loss) for the period	**(9,154)**	(1,393)	(7,761)	557.1
Income tax (expense)/benefit	**(105)**	2,066	(2,171)	(105.1)
(Loss) before income tax	**(9,049)**	(3,459)	(5,590)	161.6
Interest income, net	**647**	(312)	959	(307.4)
(Loss) before interest and taxes	**(8,402)**	(3,771)	(4,631)	122.8
Depreciation	**2,275**	1,999	276	13.8
Amortisation	**3,321**	2,044	1,277	62.5
Other non-operating expense	**6,506**	425	6,081	1430.8
Adjusted EBITDA	**3,700**	697	3,003	430.8

We use Adjusted EBITDA, which represents net income before (i) income tax expense, and net interest (income)/expense, and (ii) certain non-cash expenses, consisting of depreciation of property and equipment, rent cost relating to certain right-of-use assets, amortisation and impairment of intangible assets and impairment of goodwill, and other non-operating (income)/expense, including share of results of equity (joint venture) investees, which we do not believe are reflective of our core operating performance during the periods presented.

Financial Position

Working Capital

Our working capital decreased to US$4.4 million as at December 31, 2021, from US$18.1 million as at June 30, 2021, primarily due to the US$6.1 million write-off of the unretrieved amounts of the Unauthorised Disbursements and the related retrieval expenses, US$2.4 million utilised in the execution of our Share buy-back program, and a US$2.2 million reduction in trade payables.

Current Ratio

The current ratio reduced to 0.9 as at December 31, 2021, from 1.6 as at June 30, 2021.

Gearing Ratio

The gearing ratio is a measure of financial leverage that demonstrates the degree which a firm's operations are funded by equity capital versus debt financing by calculating (i) total debts divided by (ii) total equity. The gearing ratio increased to 229.4% as at December 31, 2021, from 89.8% as at June 30, 2021. Such increase was primarily due to a reduction in outstanding equity due to US$11.2 million used to repurchase Shares to be held in trust, and US$2.4 million in Shares repurchased and cancelled in conjunction with our Share buy-back program.

Liquidity and Financial Resources

Our Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's overall treasury and funding policies focus on managing financial risks. This includes interest rate and foreign exchange risks, cost-efficient funding of the Company and its subsidiaries, and yield enhancement from time-to-time when the Group's cash position allows. The Group has always adhered to prudent financial management principles including the selection of investment securities according to the Group's treasury investment policy.

Our primary uses of capital are to satisfy our working capital needs and to fund our R&D and market acquisition initiatives. Our working capital is predominantly financed from cash generated from our operating activities, comprised of cash payments received from our annual subscription memberships and add-on services, and bank borrowings. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. The main sources of liquidity are cash and cash equivalents on hand, and the cash generated from operating activities.

As at December 31, 2021, the cash and cash equivalents, net current assets, and total assets less current liabilities were US$21.5 million, US$(4.4) million, and US$43.2 million compared to US$31.3 million, US$18.1 million, and US$70.3 million as at June 30, 2021, respectively.

Exposure to Fluctuations in Exchange Rates

We operate mainly in the U.S. with most of the transactions settled in U.S. dollars. Our management considers that our business is not exposed to any significant foreign exchange risk as we have no significant financial assets or liabilities denominated in the currencies other than US$. During the 6 months ended December 31, 2021, the Company did not issue any financial instruments for hedging purposes. As we monitor the growth of the Company in association with the local revenue and expenses, the management will consider hedging significant foreign currency exposure should the need arise.

Cash and cash equivalents, short-term bank deposits, restricted cash, and promissory notes are denominated in the following currencies:

	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
	US$ in thousands	
USD	**19,692**	25,918
HKD	**4,894**	19,672
GBP	**411**	199
NTD	**189**	76
CAD	**19**	42
EUR	**4**	2
Total	**25,209**	45,909

Full Redemption of Outstanding Promissory Notes

During the reporting period, the Company redeemed its final promissory note on July 21, 2021, receiving US$12.5 million in principal and interest. A gain of US$0.1 million was also recorded on the redemption. After the final redemption, there are no outstanding promissory note balances at this time.

Indebtedness

Borrowings

Our total borrowing balance as at December 31, 2021, was US$30.0 million with variable interest rates per annum ranged between 1.68%–2.56%, compared to US$31.5 million with variable interest rates per annum ranged between 1.69%–2.77% as at June 30, 2021. The Group made a US$1.5 million repayment towards the EnTie bank US$30.0 million long-term borrowing facility. As at December 31, 2021, there were no borrowings with fixed interest rates. The borrowings are secured by certain bank deposits and are in US$.

	As at December 31, 2021 (Unaudited)	As at June 30, 2021 (Audited)
	US$ in thousands	
Borrowings		
— Current	**8,986**	5,982
— Non-current	**21,023**	25,491
Total	**30,009**	31,473

Contingent Liabilities

As at December 31, 2021, the Company had the following contingent liabilities:

In April 2018, a former employee of the Group's subsidiary, IntelliCentrics, Inc., filed a lawsuit in Denton County, Texas, U.S., against IntelliCentrics, Inc.. The former employee asserted certain claims: breach of employment agreement, fraudulent inducement, promissory estoppel and age discrimination. Through the course of litigation, it has been determined only claims of breach of employment agreement and fraudulent inducement remain viable. As at the date of this interim results announcement, the lawsuit is ongoing. In review of the status with our external counsel, the Group believes that there will be a positive outcome for the Group and no provision is recorded.

On June 1, 2020, Repifi Vendor Logistics, Inc. ("**Repifi**") filed a patent infringement lawsuit against IntelliCentrics, Inc. and the Company in the Eastern District of Texas. The lawsuit alleged that IntelliCentrics, Inc.'s visitor access and credentialing systems advertised as SEC^{3}URE Go! for use on the SEC^{3}URE Ethos technology platform infringe U.S. Patent No. 10,304,268. As of the date of this interim results announcement, the latest development of the lawsuit is as follows:

a. IntelliCentrics, Inc. filed its motion to dismiss on August 18, 2020 based on the argument that Repifi's patent is invalid for failing to claim patentable subject matter because it is directed to and claimed an abstract idea. On March 3, 2021, the Court agreed with IntelliCentrics, Inc.'s argument that Repifi's patent claimed the abstract idea of credentialing visitors and checking the visitor in and out of an access-controlled environment. The Court concluded the claim merely delineates "a method for accomplishing this longstanding human activity," and implements that method using "existing technology such as smart phones and electronic badges." The Court also found that Repifi's patent did not contain an inventive concept. The motions to dismiss were granted by the court on behalf of IntelliCentrics, Inc..

b. On April 27, 2021, Repifi filed an appeal on the granting of the motions to dismiss. The appeal hearing took place on February 7, 2022 in Washington DC and the three judge panel has not published it decision at this time.

c. In review of the status with our external counsel, the Group believes that there will be a positive outcome for the Group and no provision is recorded.

Except as disclosed above, as at December 31, 2021, the Group did not have other material contingent liabilities.

Dividends

The Board does not recommend the payment of an interim dividend for the 6 months ended December 31, 2021.

Corporate Governance Practice

The Board is committed to maintaining high corporate governance standards. During the 6 months ended December 31, 2021, the Company has applied the principles as set forth in the Corporate Governance Code (former Corporate Governance Code and Corporate Governance Report) (the "**CG Code**") as set out in Appendix 14 to the Listing Rules which are applicable to the Company. In the opinion of the Directors, the Company has complied with all applicable code provisions as set out in the CG Code during the 6 months ended December 31, 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general mandate from the Shareholders to enable the Company to repurchase its Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. During the reporting period, the Company purchased and cancelled 2,723,500 Shares for US$2.4 million pursuant to the Share buy-back program.

Significant Investments, Acquisitions and Disposals

During the 6 months ended December 31, 2021, there were no significant investments, acquisitions, or disposals.

Future Plans for Material Investment or Capital Assets

As at December 31, 2021, there were no plans for material investments outside the normal course of operations.

Events After the Reporting Period

The Company has no events after the reporting period that need to be brought to the attention of the Shareholders.

Review of Interim Results

The Audit Committee has reviewed the unaudited interim results of the Group for the 6 months ended December 31, 2021. It is the opinion of the Audit Committee that the preparation of such interim results had been prepared in accordance with the applicable accounting principles and standards and adequate disclosures have been made.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.intellicentrics-global.com. The interim report of the Company for the 6 months ended December 31, 2021, will be published on the aforesaid websites and dispatched to Shareholders and employees in due course.

DEFINITIONS

"Audit Committee"	the audit committee of the Board;
"Board" or "Board of Directors"	the board of Directors of the Company;
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"Company" or "IntelliCentrics"	IntelliCentrics Global Holdings Ltd. (中智全球控股有限公司), which is an exempted company with limited liability incorporated in the Cayman Islands on June 3, 2016 and the Shares of which are listed on the Main Board of the Stock Exchange on March 27, 2019;
"Director(s)"	director(s) of the Company;
"EBITDA"	Non-IFRS measure of earnings before interest, taxes, depreciation, and amortisation;
"FVOCI'	fair value through other comprehensive income;
"Group", "our Group", "we" or "us"	the Company and its subsidiaries at the relevant time and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be);
"IAS"	International Accounting Standards;
"IASB"	International Accounting Standards Board;
"IFRS"	International Financial Reporting Standards;

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"LoC(s)"	location(s) of care, including hospitals, physician offices and other types of locations where healthcare services are provided such as imaging centers, and long-term care centers;
"PRC"	People's Republic of China;
"Registered LoCs"	LoC that has registered on our platform and has not cancelled its registration;
"R&D"	research and development;
"RSA Schemes"	the Restricted Share Award Scheme approved and adopted by the Company on April 26, 2019 and the Restricted Share Award Scheme for Core Connected Persons approved and adopted by the Company on October 20, 2020;
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.0001 each;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UK", "U.K.", or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"USD", "U.S. dollars" or "US$"	U.S. dollars, the lawful currency of the United States of America;
"U.S.", "USA" or "United States"	the United States of America; and
"%"	Percent.

In this announcement, the terms "**associate**", "**subsidiary**" and "**substantial shareholder**" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
IntelliCentrics Global Holdings Ltd.
LIN Tzung-Liang
Chairman of the Board

Hong Kong, February 28, 2022

As at the date of this announcement, the executive Directors are Mr. LIN Tzung-Liang and Mr. Michael James SHEEHAN; the non-executive Directors are Mr. LIN Kuo-Chang and Mr. Leo HERMACINSKI; and the independent non-executive Directors are Mr. HSIEH Yu Tien, Ms. HUANG Yi-Fen and Mr. WONG Man Chung Francis.