B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding period (3 months)

The Group's performance was adversely affected by the COVID-19 global pandemic since the year 2020, which triggered a widespread economic slowdown in Malaysia and globally, across all industries including healthcare. Starting with the enforcement of Movement Control Order ("MCO") on 18 March 2020 by the Malaysian Government, the Group has been facing a decline in the number of patients and bed occupancy rate ("BOR").

Due to the increasing number of cases, the government had to re-implement MCO from 13 January onwards. Subsequently when the number of cases reduced, on 5 March 2021 the Recovery Movement Control Order ("RMCO") was implemented along with the launched of National COVID-19 Immunisation Programme ("NIP"), which saw an increase in number of patients seeking treatments at our hospitals.

During the first quarter of 2021, the Group recorded a revenue of RM605.9 million, 9% lesser than RM665.8 million recorded for the same corresponding quarter. The Group also recorded lower patient numbers in the current quarter with 712,547 patients, decreasing from 743,970 patients in the same quarter in 2020. The lower revenue and patient numbers were attributed to the reimposition of the Movement Control Order (MCO) earlier this year.

During the period, January and March were the stronger months with 246,072 patients 262,836 patients, respectively. However, for the month of February, with almost a month-long of MCO for many states in the country, the Group recorded only 203,639 patients, the weakest month during the quarter. The Group was able to gradually recover in March from the shortfall in February after the launch of the NIP. As a result, the Group recorded BOR of 39% for the first quarter of 2021 against 65% BOR recorded in 2020. In the previous year, there was 2.5 months free of MCO that resulted to a higher patient traffic that brought up the BOR performance.

The Group recorded an EBITDA and profit before tax (PBT) of RM125.8 million and RM20.2 million, respectively, in the first quarter of 2021. In line with revenue performance, the EBITDA and PBT were 18% and 63% lower than the EBITDA of RM153.0 million and PBT of RM55.1 million registered in the first quarter of 2020. Despite the lower revenue, fixed expenses remained constant, including staff costs, depreciation and amortisation, and finance costs. The decrease in EBITDA and PBT was mainly due to lower activities in the current quarter.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding period (3 months) (continued)

Malaysia

As the top contributor to the Group's performance, the Malaysia segment recorded revenue for the current quarter of RM574.2 million, 9% lower than RM632.7 million during the same period in the previous year. The segment recorded a drop in patients by 4% to 652,837 patients in the first quarter of 2021 compared to 678,966 patients in 2020. Malaysia segment's current quarter EBITDA closed at RM127.8 million, lower by 18% from RM155.4 million in the same period in 2020, and the PBT of RM32.6 million was 52% lower compared to RM67.4 million reported for the same period in 2020

Others

The leading players for the Others segment are Indonesian operations, Jeta Garden, and the education line. Others segment revenue declined by 3% at RM34.6 million for the quarter ended 31 March 2021 compared to RM35.6 million reported in the quarter ended 31 March 2020, mainly by the decrease in the number of patients in Indonesian operations from 65,004 patients in 2020 to 59,710 patients in 2021. The reduction in patient numbers was mitigated with an increase in Jeta Garden's occupancy rate from 80% to 86%. Loss before tax of RM12.5 million for the first quarter in 2021, 2% higher than RM12.3 million reported in the same period in 2020. The increase in Jeta Garden's revenue has contributed to a positive EBITDA reported for Others segment at RM0.9 million in the current quarter against the negative EBITDA of RM0.1 million recorded in the same period in the previous year.

b. Review on statements of comprehensive income for current financial period compared to prior financial period

The Group's performance was adversely affected by the COVID-19 global pandemic since the year 2020, which triggered widespread economic slowdown in Malaysia and globally, across all industries including healthcare. Starting with the enforcement of Movement Control Order ("MCO") on 18 March 2020 by the Malaysian Government, the Group has been facing a decline in the number of patients and bed occupancy rate ("BOR").

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

b. Review on statements of comprehensive income for current financial period compared to prior financial period (continued)

During the period, January and March were the stronger months with 246,072 patients 262,836 patients, respectively. However, for the month of February, with almost a month-long of MCO for many states in the country, the Group recorded only 203,639 patients, the weakest month during the quarter. The Group was able to gradually recover in March from the shortfall in February after the launch of the NIP. As a result, the Group recorded BOR of 39% for the first quarter of 2021 against 65% BOR recorded in 2020. In the previous year, there was 2.5 months free of MCO that resulted to a higher patient traffic that brought up the BOR performance.

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The leading players for the Others segment are Indonesian operations, Jeta Garden, and the education line. Others segment revenue declined by 3% at RM34.6 million for the quarter ended 31 March 2021 compared to RM35.6 million reported in the quarter ended 31 March 2020, mainly by the decrease in the number of patients in Indonesian operations from 65,004 patients in 2020 to 59,710 patients in 2021. The reduction in patient numbers was mitigated with an increase in Jeta Garden's occupancy rate from 80% to 86%. Loss before tax of RM12.5 million for the first quarter in 2021, 2% higher than RM12.3 million reported in the same period in 2020. The increase in Jeta Garden's revenue has contributed to a positive EBITDA reported for Others segment at RM0.9 million in the current quarter against the negative EBITDA of RM0.1 million recorded in the same period in the previous year.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

c. Review on statements of financial position for current financial period compared to prior financial period

Total assets for the Group as of 31 March 2021 were reported at RM6,254.7 million, 5% above the total assets recorded as 31 March 2020. The acquisition of Kluang Specialist Hospital Sdn Bhd as a new subsidiary in November 2020 and the revaluation surplus that increase the property, plant and equipment balances from the asset revaluation activity in December 2020 has contributed to the higher total assets as of 31 March 2021. In addition, the increase in total assets was also contributed from the higher deposit, cash, and bank balances derived from the withdrawal of Islamic Medium Term Notes (“IMTN”) and revolving credit facilities.

The Group’s total liabilities as of 31 March 2021 closed at RM4,038.9 million, 4% higher than RM3,889.1 million as of 31 March 2020. In addition, the Group recorded an increase in borrowings balances by RM339.9 million upon additional drawdown of IMTN towards year-end 2020 and the drawdown from revolving credit facilities, resulting in the total liabilities line to be better than as of 31 March 2020.

Malaysia

Malaysia segment closed its total assets 7% higher to RM5,967.7 million from RM5,596.4 million as of 31 March 2020, mainly from the addition of property, plant and equipment, new hospital building, and medical equipment. Meanwhile, total liabilities for the Malaysia segment as of 31 March 2021 was RM3,891.3 million, 6% higher than RM3,680.4 as of 31 March 2020.

Others

Others segment total assets and total liabilities as of 31 March 2021 registered at RM547.5 million and RM408.1 million respectively compared to the total assets and total liabilities recorded as 31 March 2020 of RM576.4 million RM421.9 million respectively. The decline of business in Indonesia operations and Jeta Gardens and the decrease in value of property, plant, and equipment at Jeta Gardens resulted in a drop of 5% and 3% in the Others segment total assets and total liabilities.
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

d. Review on statements of cash flows for current financial period compared to prior period

The Group recorded net cash generated from operating activities of RM62.2 million, a 32% reduction compared to the same period in the corresponding year, RM91.9 million. The decline was due to the lower hospital activities in the current period from the reinstatement of MCO and CMCO since January 2021. However, during the same period in 2020, the Group recorded better performance with higher patient traffic with the two and a half months of MCO free period.

Cash outflow from investing activities mainly comprises purchase property, plant, and equipment, especially from the expansion of hospital business such as KPJ Penang and KPJ Puteri. The cash inflows under investing activities were from dividends received from associates, mainly from Al-‘Aqar Healthcare REIT, which amounted to RM8.4 million.

The cash inflows from financing activities primarily generated from the drawdown of borrowings amounted to RM153.3 million, being revolving credit facilities as the highest of RM152.5 million. The Group's cash outflows were mainly for repayment of borrowings and payment of lease liabilities amounting to RM20.1 million and RM28.2 million, respectively. There was no dividend to shareholders paid in the first three months in the current year compared to RM21.4 million in the same period in 2020.
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 31.03.2021 RM'000	Quarter ended 31.12.2020 RM'000	Var %
Revenue	605,944	622,340	(3)
Operating profit	55,110	56,508	(3)
EBITDA	125,832	121,653	3
Profit before tax	20,156	20,622	(2)
Net profit for the financial period	15,238	23,768	(36)
Total comprehensive income for the financial period	15,238	118,733	(87)
Profit attributable to Owners of the Company	12,976	25,285	(49)
No. of inpatient (episode)	51,541	57,722	(11)
No. of outpatient (episode)	661,006	707,177	(7)

In November 2020, the Government re-imposed CMCO that affected the results for the fourth quarter of 2020. Similarly, in the current first quarter of 2021, MCO was re-imposed partly in January for certain states in the country and almost all states throughout February, resulting in weaker overall results. As a result, in the first quarter of 2021, revenue declined by 3% at RM605.9 million compared to RM622.3 million in the preceding quarter ended 31 December 2020. The decrease was evidenced by the reduction in the number of patients from 764,899 patients in the last three months in 2020 to 712,547 patients for the first three months in 2021.

Correspondingly, the decline in revenue has also affected the PBT of RM20.2 million for the first quarter in 2021, 2% lower than RM20.6 million for the fourth quarter in 2020. In addition, there was a significant drop in net profit and total comprehensive income for the quarter against the preceding quarter due to the Group recognised tax credits from the recognition of investment tax allowances ("ITA") and additional revaluation surpluses arising from revaluation of land and buildings as at 31 December 2020.

B3 CURRENT YEAR PROSPECTS

The COVID-19 pandemic continues to affect economies globally, including Malaysia, where the Group has its main operations. The impact of the pandemic has been enormous and the changes it is catalysing will be profound and long lasting. The current rise in infection rates in Malaysia and subsequent movement control measures implemented to curb the spread COVID-19 over the next few months create a challenging environment for our business operations. The Group remains cautious on the outlook for the rest of 2021. The recovery post pandemic is dependent on Malaysia's ability to achieve herd immunity of the population.

As part of its transformation programme, the Group has identified key strategic focus areas over 2021 and 2022 that would cover greater adoption of virtual health and other digital innovations as well as new public private collaborations. In the near term the Group is actively relieving pressure on public hospitals by taking on decanted non-COVID-19. The Group is offering more than 100 different services and procedures to the MOH, based on a cost recovery formula to ensure they are affordable. This will help to partially offset the reduction in our usual revenue streams from private paying patients during this period.