B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year (3 months)

Group

The Group recorded total revenue of RM689.1 million for the current quarter, an increase of 11% compared to RM622.3 million in the previous corresponding quarter. During the quarter under review, outpatient visits increased to 730,992 from 707,177, while inpatient visits increased to 71,007 from 57,722 in the previous corresponding quarter.

The Group recorded a total EBITDA of RM138.9 million, a 14% increase from RM121.7 million in the previous corresponding quarter and a total profit before tax (“PBT”) of RM37.8 million, an increase of 83% from RM20.6 million recorded in the previous corresponding period. The increase was driven primarily by the performance from the Malaysia segment.

Malaysia

The Malaysia segment recorded total revenue of RM655.5 million for the current quarter, an increase of 11% compared to RM593.1 million in the previous corresponding quarter. During the quarter under review, outpatient visits increased to 687,895 from 658,290, while inpatient visits increased to 67,387 from 55,425 in the previous corresponding quarter.

During the current quarter, the healthy growth in revenue were driven by an increase in hospital activities resulting from the lifting of Movement Control Order (“MCO”), higher vaccination rate and the implementation of the National Recovery Plan (“NRP”) by the Malaysian Government. The active management of selected COVID-19 cases in KPJ hospitals, provision of vaccination services and decanting of non-COVID-19 patients from public hospitals also contributed to the revenue growth.

The Malaysia segment recorded a total EBITDA of RM144.7 million, an increase of 9% compared to RM133.2 million, while PBT was recorded at RM52.7 million, an increase of 44% from RM36.5 million from the previous year.

The segment enjoyed gain on valuation of investment properties of RM13.4 million and increase in share of profit from associates up to RM11.3 million that give rise to the better EBITDA and PBT for the current quarter.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year (3 months) (continued)

Others

The Others segment recorded total revenue of RM36.9 million, a 14% increase from RM32.4 million reported in the previous corresponding quarter. This segment consists mainly of hospital operations in Indonesia and an aged care and retirement village in Australia, Jeta Gardens.

The number of patient visits for Indonesian operations was recorded at 21,778 in the current quarter, an increase of 54% from the previous corresponding quarter. The occupancy rate at Jeta Gardens was 10% higher compared to the previous corresponding quarter.

This segment reported a negative EBITDA of RM2.7 million and loss before tax ("LBT") of RM14.9 million, in comparison to a negative EBITDA of RM8.5 million and LBT of RM15.9 million in the previous corresponding quarter. The better performance in the current period correlates with the increase in revenue.

b. Review on statements of comprehensive income for current financial year compared to prior financial year (12 months)

Group

The Group recorded total revenue of RM2,626.8 million in 2021, an increase of 10% against RM2,397.4 million recorded in 2020. The increase was due to increased activities throughout the year, including greater collaboration with the public healthcare sector to treat COVID-19 patients, higher COVID-19 screening, laboratory testing, and vaccination services.

Patient visits increased to 3,055,907 in 2021 from 2,876,438 in 2020. Group hospitals also performed 87,051 surgery cases and 15,802 delivery cases in 2021, an increase of 7% and 31% respectively in comparison to 2020.

During the year we had new revenue streams arising from collaboration with the public healthcare sector to treat COVID-19 patients and decanted cases from public hospitals, continuous increase of COVID-19 screenings, higher laboratory testing and vaccination services which contributed to the increases as well.

The Group recorded total EBITDA of RM529.5 million in 2021, lower by 2% from RM538.9 million in 2020. The Group recorded a total PBT of RM115.6 million in 2021, a decrease of 23% from RM150.8 million in 2020, mainly due to the increase in materials cost as a result of complying with the COVID-19 standard operating procedure ("SOP")'s requirement, usage of personal protective equipment ("PPE") by our employees and compulsory requirement for RT-PCR test for all inpatients had resulted to higher operating costs during this COVID-19 pandemic. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year compared to prior financial year (continued)

Malaysia

The Malaysia segment recorded total revenue of RM2,494.3 million in 2021, an increase of 9% compared to RM2,285.4 million in 2020. In 2021, patient visits increased to 2,840,022 from 2,688,537 in 2020. The growth in revenue was mainly attributed to the improvement in hospital activities, especially with the relaxation from extended MCO and the introduction of NRP by the Malaysian Government. The Group's performance in 2020 were adversely impacted by the enforcement of the MCOs which resulted in fewer patient visits and lower activities at the hospitals.

The Malaysia segment recorded total EBITDA of RM542.7 million, a decrease of 3% compared to RM556.8 million, while PBT was recorded at RM168.3 million, a decline of 18% from RM204.0 million last year.

Even though the Malaysia segment recorded higher revenue during the period, EBITDA and PBT were lower due to higher fixed costs, the incremental cost for SOP compliance and losses incurred from new hospitals that are still in their gestation period. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021.

Six hospitals in Malaysia renewed their lease rental agreement with Al-'Aqar Healthcare REIT for another 15 years, leading to an increase in the depreciation of right-of-use ("ROU") assets and interest on lease liabilities in accordance to MFRS 16 Leases, resulting in an additional expenses of RM7.5 million.

Others

The segment recorded total revenue of RM145.3 million in 2021, an 18% increase from RM122.7 million reported in 2020. The Indonesian hospitals recorded 79,889 patient visits in 2021 in comparison to 62,816 in 2020. The increase in revenue from Indonesian hospital of RM37.0 million in 2021 in comparison to RM26.8 million in 2020 was mainly due to a higher number of admissions of COVID-19 patients. In addition, the Group's aged care and retirement village in Australia, Jeta Gardens, recorded a higher occupancy rate of 95% for the year ended 31 December 2021 as compared to 85% in 2020, resulting in an increase of total revenue to RM56.0 million in 2021 compared to RM49.4 million in 2020.

The segment reported a negative EBITDA of RM1.1 million and LBT of RM52.7 million in 2021, in comparison to negative EBITDA of RM8.1 million and LBT of RM53.3 million in 2020. The Others segment recorded an impairment of land at Jeta Gardens and foreign exchange loss aggregated to RM18.3 million in 2020.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year compared to prior financial year

Group

The Group maintained its stable performance with net asset as at 31 December 2021 of RM2,250.5 million, 2% higher against RM2,202.2 million as at 31 December 2020.

Total assets as at 31 December 2021 closed at RM6,187.6 million, 1% higher in comparison to RM6,141.4 million as at 31 December 2020. This was primarily contributed by the increase in ROU assets balance from the renewal of lease agreement between KPJ's hospitals and Al-Aqar Healthcare REIT. The Group's total assets increased primarily due to the gain on fair value from investment properties valuation and the higher trade and other receivables as a result of a better revenue at the end of the year as compared to prior year.

Non-current asset balances were lower due to a decrease in deposits, cash and bank balances from the repayment of Islamic Medium-Term Notes ("IMTN") amounting to RM250.0 million in April 2021 and dividend payment to non-controlling interest at RM49.0 million. As at 31 December 2021 the Group's deposits, cash and bank balances were recorded at RM318.0 million.

The Group's total liabilities as at 31 December 2021 was RM3,937.1 million, slightly lower as compared to RM3,939.2 million as at 31 December 2020. The decrease was due to higher repayment of borrowing facilities in current year versus last year.

As at 31 December 2021, the Group is in a Net Current Liabilities position of RM361.4 million due to the reclassification of non-current liabilities, IMTN, which amounts to RM400.0 million as the repayment is currently due within the next 12 months.

Malaysia

Malaysia segment's total assets as at 31 December 2021 was at RM5,915.3 million, 2% higher in comparison to RM5,798.8 million as at 31 December 2020. This increase in total assets is mainly contributed by the increase in ROU assets balance from the renewal of lease agreement between KPJ's hospitals and Al-Aqar Healthcare REIT, gain on fair value from investment properties valuation and the higher trade and other receivables as a result of a better revenue at the end of the year as compared to prior year.

Meanwhile, total liabilities as at 31 December 2021 was RM3,555.0 million, slightly increased as compared to RM3,544.4 as at 31 December 2020. Other than additional drawdown in borrowings, increase in trade and other payable arising from the improved hospital activities during the reported period also contributed to the higher total liabilities.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year compared to prior financial year (continued)

Others

This segment's total assets and total liabilities as at 31 December 2021 registered at RM512.4 million and RM622.3 million respectively in comparison to RM596.7 million and RM648.9 million respectively as reported in the same period in 2020. The impairment of land at Jeta Gardens and the reduction in lease liabilities balances resulted in the decreases of 14% and 4% in total assets and total liabilities, respectively.

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

Net cash generated from operating activities for the year ended 31 December 2021 was RM412.2 million, 22% higher from the RM336.7 million generated in 2020.

The cash outflow from investing activities was mainly for payment to contractors for the new hospital building development projects of KPJ Penang and KPJ Puteri. Meanwhile, the cash inflows were from a liquidation of fixed deposits placed with licensed bank amounted to RM223.3 million and dividends received from investment in an associate, Al-'Aqar Healthcare REIT, amounting to RM18.2 million. The Group had also disposed of its interest in a subsidiary, Teraju Farma Sdn Bhd, in November 2021 with proceeds amounting to RM1.6 million.

The cash inflows from financing activities were mainly generated from the issuance of shares at RM42.9 million and the drawdown of borrowings amounting to RM235.3 million. In contrarily, the cash outflows were for repayment of IMTN and other borrowings facilities amounted to RM385.7 million followed by payment of lease liabilities and payment of dividend to non-controlling interest, amounting to RM111.6 million and RM49.0 million, respectively.

All the above resulted in a net change of cash and cash equivalents at RM56.1 million as at 31 December 2021, a twofold increase from a negative net change of cash and cash equivalents at RM50.3 million as reported in year 2020.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 31.12.2021	Quarter ended 31.09.2021	Var
	RM'000	RM'000	%
Revenue	689,118	698,958	(1)
Operating profit	66,177	81,967	(19)
EBITDA	138,851	147,932	(6)
Profit before tax	37,831	43,425	(13)
Net profit for the financial period	23,732	17,928	32
Total comprehensive income for the financial period	35,584	17,928	98
Profit attributable to Owners of the Company	18,460	12,639	46
No. of inpatient (episode)	71,007	55,220	29
No. of outpatient (episode)	730,992	727,512	0

The Group recorded total revenue of RM689.1 million during the current quarter as compared to RM699.0 million in the preceding quarter. During the quarter, the Group disposed of an investment in a subsidiary, Teraju Farma Sdn Bhd ("TFSB"), which resulted to lower pharmaceutical revenue. Revenue generated by TFSB in the current quarter was RM17.0 million in comparison to the RM35.6 million recorded in the preceding quarter.

The revenue generated from hospital activities during the quarter had increased by 1.3%, evidenced by the increase in patient visits. Outpatient visits were relatively flat at 730,992 during the quarter compared to 727,512 visits reported in the third quarter of 2021, but inpatient cases saw a strong 28.6% improvement to 71,007 versus 55,220 visits recorded in the third quarter of 2021. The number of surgeries performed during the quarter also increased with a total of 25,171 compared to 21,644 in the preceding quarter. The rise in patient visits and surgeries were also contributed by higher decanting non-COVID-19 cases during the quarter.

The decrease in revenue also resulted in lower EBITDA and PBT during the quarter review. EBITDA decreased by 6% from RM147.9 million and a PBT decrease of 13% from RM43.4 million in the previous quarter. During the quarter under review, the Group encountered loss in valuation of property, plant and equipment amounted to RM10.1 million and higher provision for doubtful debt with RM4.0 million.

The high fixed costs in running new hospital continued to be the main challenges in achieving group operational efficiency during this period, hence discipline and consistent cost optimisation continued to be our main focus.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

B3 CURRENT YEAR PROSPECTS

For the financial year ended 31 December 2021, the Group's performance continued to be affected by the COVID-19 global pandemic and the imposition of a series of lockdowns due to the resurgence in the number of COVID-19 cases throughout the year, resulting in a higher overhead costs borne by the Group. Although economic and business activities have resumed towards year end, restricted cross-border movements and tighter SOPs continued to weigh on recovery efforts across the Group's business operations. Nevertheless, the Group had remained vigilant and focused on delivering its services to ensure that the Group remains resilient during these unprecedented times.

Whilst the Group continues to expand its operation, it is also anticipating that the challenges posed by the pandemic will continue in the year 2022. The Group has identified key strategic focus areas for 2022 that will shape its ability to navigate from recovering to thriving in the post-pandemic "new normal" and advance its journey in the industry. Our focus will continue to cover greater adoption of virtual health and other digital innovations, as well as public-private collaborations via decanting of non-COVID-19 cases in efforts to alleviate the strain on the public healthcare system.

B4 PROFIT FORECAST / GUARANTEE

The Company is not subject to any variance of actual profit from forecast profit/profit guarantee for the current period under review.

B5 TAX

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense	(14,099)	3,146	(49,947)	(39,998)

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The effective tax rate of the Group was significantly above the statutory rate mainly due to non-recognition of tax benefits arising from the new hospitals under gestation period. As for the quarter in prior year, the effective tax rate was lower due to the recognition of tax credits arising from the investment tax allowances (ITA), which the Group had obtained approval from the authorities in the last quarter of 2020.

B6 STATUS OF CORPORATE PROPOSALS

There were no significant corporate proposals during the financial period under review.