

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

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 period (3 months)

Group

The Group recorded total revenue of RM651.0 million, an increase of 7% compared to RM605.9 million in the same corresponding quarter of the preceding financial period. During the quarter under review, inpatients visits and bed occupancy rate ("BOR") increased to 812,720 and 47% from 712,547 and 39%, respectively in the same quarter in 2021.

The Group recorded EBITDA of RM151.8 million, an increase of 21% from RM125.8 million in the same corresponding quarter and profit before tax of RM38.1 million, an increase of 89% from RM20.2 million.

Malaysia

The Malaysia segment contributed significantly to the Group's revenue with the current quarter recorded RM618.1 million, an increase of 8% from RM574.4 million in the same quarter in 2021. During the quarter under review, inpatient visits increased to 745,338, an increase of 13% compared to 661,151 patients in the same quarter in 2021.

The EBITDA for this segment increased by 21% at RM153.8 million from RM127.0 million in the same financial period in 2021, while the profit before tax recorded at RM47.7 million, an increase of 50% compared to RM31.8 million recorded in the same quarter in 2021.

This segment recorded a higher BOR of 48% against 35% in the same quarter in 2021, while surgeries and deliveries cases recorded at 20,877 cases and 3,432 cases, respectively in current quarter, an increase of 9% and 7% from 19,021 cases and 3,203 cases, respectively in the same quarter in 2021.

Others

The others segment recorded total revenue of RM36.6 million, a 6% increase from RM34.6 million for the same quarter in 2021, mainly from the increase in the number of patient visits from Indonesian operations; from 13,857 in 2021 to 26,299 patients in 2022. Others segment main contributors are Indonesian operations, Jeta Gardens, and the education services.

Jeta Gardens reported a 3% increase in revenue with an occupancy rate of 86% for the first quarter in 2022 and 2021. This led to narrowing of losses before tax to RM9.6 million, from its RM11.6 million losses before tax in the same quarter in 2021.

Others segment recorded EBITDA of RM1.4 million, a decrease of 18% from RM1.7 million recorded for the same financial period in 2021. The lower EBITDA is due to the higher COVID-19 related expenses in Jeta Gardens.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (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

Group

The Group recorded total revenue of RM651.0 million, an increase of 7% compared to RM605.9 million in the same corresponding quarter of the preceding financial period. During the quarter under review, inpatients visits and BOR increased to 812,720 and 47% from 712,547 and 39%, respectively in the same quarter in 2021.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (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

Group

The Group recorded a net current asset of RM295.6 million as at 31 March 2022, compared to a net current liabilities of RM150.4 million as at 31 March 2021.

As at 31 March 2022, the Group's total assets stood at RM7,368.4 million, 18% higher than its position of RM6,254.7 million compared to the same corresponding financial period last year. The increase is attributed to the recalculation of right-of-use ("ROU") for 6 hospitals that had renewed their lease agreement with Al-'Aqar Healthcare REIT in July 2021 and the recognition of new ROU assets in Damansara Specialist Hospital 2. In addition, the Group recorded higher deposit, cash, and bank balances derived from the issuance of new SUKUK and revolving credit facilities.

For the same period under review, the Group's total liabilities closed at RM5,088.0 million, 26% higher than RM4,038.9 million as at 31 March 2021. The Group recorded an increase in borrowings balances by RM462.8 million upon additional drawdown of new SUKUK coupled with the increased in lease liabilities balance from the lease agreement renewal and new addition in Damansara Specialist Hospital 2.

Malaysia

Malaysia segment closed its total assets 21% higher to RM7,151.4 million from RM5,927.8 million as of 31 March 2021, mainly from the addition of property, plant and equipment as well as ROU. Meanwhile, total liabilities for the Malaysia segment as of 31 March 2022 was RM4,747.1 million, 30% higher than RM3,640.1 as of 31 March 2021.

Others

Others segment total assets and total liabilities as of 31 March 2022 registered at RM528.3 million and RM652.3 million respectively compared to the total assets and total liabilities recorded as 31 March 2021 of RM587.4 million and RM659.3 million respectively.

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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 financial period

The Group recorded net cash from operating activities of RM120.4 million, an increase of 94% from RM62.2 million in the previous corresponding quarter. The transition to endemic phase saw the increase level of activities in the hospitals with a steady increase of patient traffic in our Group Hospitals.

Cash outflow from investing activities mainly comprises purchase property, plant, and equipment, especially from the expansion of hospital business and purchase of new assets such in KPJ Puteri, KPJ Selangor, KPJ Seremban and KPJ Ampang Puteri. The cash inflows under investing activities mainly dividends received from Al-'Aqar Healthcare REIT amounted to RM10.2 million.

The cash inflows from financing activities primarily generated from the drawdown of borrowings amounted to RM797.0 million, being the new SUKUK as the highest with RM650.0 million followed by revolving credit facilities of RM147.0 million. The Group's cash outflows were mainly for repayment of borrowings and payment of lease liabilities amounting to RM78.1 million and RM32.3 million, respectively. In addition to the cash outflows, there was dividends paid to shareholders amounting RM8.7 million and placement made in designated account of RM161.5 million.

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B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended <u>31.03.2022</u>	Quarter ended <u>31.12.2021</u>	Var
	RM'000	RM'000	%
Revenue	651,015	689,118	(6)
Operating profit	76,984	66,177	16
EBITDA	151,781	138,851	9
Profit before tax	38,142	37,831	1
Net profit for the financial period	26,375	23,732	11
Total comprehensive income for the financial period	26,375	35,584	(26)
Profit attributable to Owners of the Company	22,189	18,460	20
No. of inpatient (episode)	65,164	71,007	(8)
No. of outpatient (episode)	747,556	730,992	2

The Group recorded total revenue of RM651.0 million for the first quarter of 2022, this is 6% lower compared to RM689.1 million in the preceding quarter. Inpatient visit decreased by 8% due to the surge of COVID-19 cases during the quarter brought about by the Omicron variant that affected the level of activities at the hospitals. This also led to lower level of surgery cases during the current financial period compared to the preceding quarter.

Despite the slight decline in revenue, the Group's EBITDA for current quarter of RM151.8 million, surpassed the EBITDA reported in the preceding quarter of RM138.9 million. The 9% increase in EBITDA was mainly due to improved revenue intensity and cost efficiency. The profit before tax for the current quarter is RM38.1 million, marginally higher than RM37.8 million as reported in the preceding quarter. This is largely due to additional depreciation cost and interest on lease liabilities arising from the lease commitment of a new hospital, Damansara Specialist Hospital 2.

The decrease in net profit and total comprehensive income in the current quarter against the preceding quarter was due to the recognition of revaluation surpluses arising from revaluation of land and buildings as at 31 December 2021.