

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

**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's Q3 2023 revenue increased by 16% to RM925.4 million from RM798.7 million in Q3 2022. This is evidenced with a rise in the inpatient visits to 96,968 patients from 85,655 patients, coupled with the bed occupancy rate ("BOR") increased to 73% from 66% respectively.

EBITDA and profit before tax ("PBT") improved in the Q3 2023 by 29% and 50% to RM254.8 million and RM133.1 million respectively. This better performance was mainly driven by the improved hospital activities in Malaysia segment accompanied with a gain of RM41.5 million from disposal of Indonesia operations during the current quarter.

Malaysia

This segment recorded a revenue of RM888.1 million in the current quarter, 15% higher than the revenue of RM775.2 million in the preceding corresponding quarter. Total inpatients visits for this segment rose by 12% from 83,529 patients to 93,512 patients together with the 14% improvement in inpatient days from 202,683 days in Q3 2022 to 230,824 days in the current quarter under review. KPJ Damansara 2 and KPJ Penang showed the highest revenue increase, as they are a newly opened hospital and building block respectively.

EBITDA for the current quarter improved by 21% to RM253.2 million compared to RM209.9 million for the same quarter in 2022 while PBT at the same time rose by 29% to RM139.1 million. These increases contributed mainly from the gain on disposal of PTABSD and KPJM and improvement in business activities.

Others

The Others segment operations is inclusive of aged care and retirement village business in Australia operated by Jeta Garden, education services by KPJ Healthcare University ("KPJU") and hospital and management services by KPJ Dhaka. In the Q3 2023, this segment recorded a 39% increase in revenue to RM38.2 million from RM27.4 million in Q3 2022.

Others segment show a better result from a negative EBITDA of RM8.2 million to positive RM2.3 million coupled with reduction of loss before tax from RM16.1 million in Q3 2022 to RM6.0 million in Q3 2023. KPJ Dhaka increased its number of beds to 100 beds, leading to a notable performance improvement, as evidenced by additional patient visits of 11,877 patients in current quarter.

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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)

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

Group

The Group's YTD 2023 revenue from continuing operations increased by 19% to RM2,553.9 million from RM2,139.7 million in YTD 2022. EBITDA and PBT for the period rose to RM630.1 million and RM279.3 million, 24% and 61% respectively better than the same period in 2022. Aside from the growing hospital activities, EBITDA and PBT of the Group for the current period recorded a gain of RM44.7 million from the disposal of the Indonesia operations.

Malaysia

Malaysia segment revenue of RM2,459.5 million contributes 96% of the total Group's revenue. This is 19% higher as compared to RM2,072.2 million reported for the period 30 September 2022.

The growth in revenue is mainly contributed from improvement in patients visits from 2,243,473 patients in YTD 2022 to 2,322,802 patients in YTD 2023 coupled with BOR from 56% to 67%. Inpatient days improved to 635,913 days in comparison to 510,574 days in YTD 2022, affiliated with the surgeries that surged by 12% to 77,119 cases from 68,813 cases.

EBITDA for the YTD 2023 recorded higher by 21% from RM528.1 million to RM641.5 million. PBT shows an improvement by 46% as compared to RM214.8 million recorded in the previous corresponding period. These increases were contributed from the higher operational activities during the period, and supplemented with the gains on disposal of the Indonesia operations by KPJSB, a wholly-owned subsidiary of the Company.

Others

The segment for YTD 2023 recorded increase in revenue by 23% to RM97.2 million contributed by increases from Jeta Garden of RM10.5 million, KPJ Dhaka of RM4.8 million and KPJU of RM3.0 million.

This segment recorded negative EBITDA of RM9.3 million which is a positive improvement by 13% compared to previous corresponding period. Meanwhile, loss before tax slightly increased by 4% to RM34.6 in YTD 2023 compared to RM33.2 million in YTD 2022.

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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)

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

The Group recorded a net current assets of RM344.9 million as at 30 September 2023, compared to a net current liabilities of RM82.3 million as at 30 September 2022.

Total assets as at 30 September 2023 reported at RM7,293.1 million, 6% higher than RM6,895.7 million as at 30 September 2022. The proceeds received from the completion of disposal of Indonesia subsidiaries, completion of sale and leaseback arrangement with Al-Aqar Healthcare REIT, the opening of new hospital, KPJ Damansara 2 and the development in KPJ Penang are the main contributing factors to the increase in total assets. Additionally, the growing hospital activities led to increase in the trade and other receivables balances as at 30 September 2023.

The Group's total liabilities as at 30 September 2023 was RM4,799.1 million, 5% higher than RM4,564.0 million as at 30 September 2022. This was derived from the issuance of Sukuk Wakalah during the period as well as increase in lease liabilities balance from the new lease arrangements.

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

The Group recorded a net cash generated from operating activities of RM527.4 million, 30% higher in comparison to RM404.4 million in the corresponding period as a result of significant improvement in hospital operations' performance.

Cash outflows from investing activities mainly from addition to property, plant, and equipment totaling RM161.2 million largely due to expansion of hospital business such as in KPJ Damansara 2, KPJ Penang, KPJ Ipoh, KPJ Johor and KPJ Ampang. The outflows were softened by the proceeds from disposals of interest in the Indonesia subsidiaries and land in Jeta Garden aggregated to RM196.1 million. This resulted in net cash used in investing activities amounting to RM163.7 million.

Cash inflows from financing activities were primarily generated from the drawdown of borrowings, mainly from the new issuance of Sukuk Wakalah Programme of RM555.0 million. This was offset with payments of certain borrowings in current period including Sukuk Murabahah Programme of RM450.0 million. The net cash used in financing activities closed at RM195.2 million.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

**B2 MATERIAL CHANGES IN QUARTERLY RESULTS**

	Quarter ended 30.09.2023			Quarter ended 30.06.2023			
	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	Var %
Revenue	925,393	7,797	933,190	799,512	7,241	806,753	16
Operating profit/(loss)	170,438	2,079	172,517	106,114	(179)	105,935	63
Other income	46,114	43	46,157	7,778	51	7,829	>100
EBITDA	254,805	2,701	257,506	185,086	790	185,876	39
Profit/(loss) before tax	133,116	2,101	135,217	68,528	(144)	68,384	98
Net profit/(loss) for the financial year	97,282	1,900	99,182	48,469	(246)	48,223	>100
Total comprehensive income for the financial year	95,348	4,054	99,402	46,967	2,105	49,072	>100
Profit/(loss) attributable to Owners of the Company	90,311	1,435	91,746	46,947	(68)	46,879	96
No. of inpatient (episode)	96,968	1,063	98,031	82,479	1,416	83,895	17
No. of outpatient (episode)	771,512	13,682	785,194	690,499	18,051	708,550	11

The Group recorded a 16% quarter-on-quarter increase in revenue. This improvement is contributed from higher inpatient and outpatient visits by 17% and 11% respectively. Additionally, Group BOR shows an increase from 63% in Q2 2023 to 73% in Q3 2023 coupled with the increase in inpatient days by 20%.

In line with increase in revenue, EBITDA and net profit for the current quarter under review showed an increase of 39% and 106%, respectively, inclusive gain on disposal of PTABSD and KPJM amounting RM41.5 million. Accordingly, the Group's adjusted net profit before gain on disposal is RM74.0 million (Q2 2023: RM 45.3 million).

The discontinued operations is related to the divestment of Indonesia operations which were completed on 5 April 2023 and 18 September 2023.

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**B3 CURRENT YEAR PROSPECTS**

In its October 2023 World Economic Outlook report, the International Monetary Fund maintained its global gross domestic product growth projection of 3.0%. Meanwhile, Bank Negara Malaysia reported that the growth for remainder of 2023 will be moderate amidst the external uncertainty and continues to be supported by resilient domestic demand, with Malaysian economy projected to expand between 4.0% to 5.0% in 2023.

The financial year 2023 has seen an overall increase in the number of patient visits and medical procedures as compared to 2022 as the current period normalised. The Group anticipates that the remaining quarter will also see strong results, albeit the expected year-end trend which generally shows a drop in patient visits. KPJ will continue to be a beneficiary of long-term structural trends including rising private healthcare expenditure in line with higher income and ageing population.

**B4 PROFIT FORECAST / GUARANTEE**

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

**B5 TAX**

	Individual Quarter 3 months ended		For the financial period ended	
	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>30.09.2023</u>	<u>30.09.2022</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	35,834	31,654	77,057	58,991

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period. The effective tax rate ("ETR") for the current period is above the statutory rate mainly due to certain expenses were not deductible for tax purposes and the impact of business losses arising from the hospitals that are currently under gestation period.