



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 DECEMBER 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

| | Note | Unaudited | | | Audited | | |
|---|------|-------------------|------------------|--------------|----------------------|------------------|-------------|
| | | 4th quarter ended | | | Financial year ended | | |
| | | 31 Dec 2022 | 31 Dec 2021 | Variance | 31 Dec 2022 | 31 Dec 2021 | Variance |
| | | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 1 | 4,856,815 | 4,470,716 | 9% | 17,988,687 | 17,131,763 | 5% |
| Other operating income | 2 | 133,823 | 186,137 | -28% | 497,786 | 722,449 | -31% |
| Inventories and consumables | | (1,011,958) | (934,719) | -8% | (3,796,895) | (3,604,102) | -5% |
| Purchased and contracted services | | (460,317) | (400,003) | -15% | (1,700,658) | (1,533,014) | -11% |
| Development cost of properties sold | | - | (2,540) | 100% | - | (2,540) | 100% |
| Staff costs | 3 | (1,668,406) | (1,491,650) | -12% | (6,319,461) | (6,079,462) | -4% |
| Depreciation and impairment of property, plant and equipment | 4 | (636,150) | (228,559) | -178% | (1,374,475) | (1,116,081) | -23% |
| Depreciation and impairment of right-of-use ("ROU") assets | | (89,409) | (82,682) | -8% | (357,893) | (320,859) | -12% |
| Amortisation and impairment of intangible assets | 5 | (23,236) | (11,591) | -100% | (58,452) | (47,251) | -24% |
| Operating lease expenses | | (24,720) | (22,480) | -10% | (87,955) | (80,649) | -9% |
| Other operating expenses | 6 | (856,350) | (595,785) | -44% | (2,530,946) | (2,010,347) | -26% |
| Finance income | 7 | 6,009 | 373,625 | -98% | 113,383 | 543,601 | -79% |
| Finance costs | 7 | (207,531) | (583,925) | 64% | (657,413) | (1,087,627) | 40% |
| Net monetary gain arising from hyperinflationary economy | | 176,765 | - | - | 462,512 | - | - |
| Share of profits of associates (net of tax) | | 8,408 | 7,294 | 15% | 36,836 | 31,034 | 19% |
| Share of profits of joint ventures (net of tax) | 8 | 434 | 321 | 35% | 2,035 | 8,822 | -77% |
| Profit before tax | | 204,177 | 684,159 | -70% | 2,217,091 | 2,555,737 | -13% |
| Income tax expense | 9 | (187,747) | (162,203) | -16% | (571,949) | (379,152) | -51% |
| Profit for the year | | 16,430 | 521,956 | -97% | 1,645,142 | 2,176,585 | -24% |
| Other comprehensive income, net of tax | | | | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | | | | |
| Foreign currency translation differences from foreign operations | 10 | 77,531 | (401,247) | 119% | 224,633 | (397,621) | 156% |
| Realisation of FCTR ¹ upon disposal of a joint venture | | - | 25,575 | -100% | - | 47,723 | -100% |
| Hyperinflationary adjustments | 11 | (80,895) | - | - | 669,372 | - | - |
| Hedge of net investments in foreign operations | 10 | (41,153) | 53,974 | -176% | 313,681 | 151,274 | 107% |
| Cash flow hedge | | 4,543 | 2,815 | 61% | 22,137 | 11,617 | 91% |
| Cost of hedging | | (158) | (177) | 11% | 1,292 | (213) | NM |
| | | (40,132) | (319,060) | 87% | 1,231,115 | (187,220) | NM |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | | | |
| Remeasurement of defined benefit liabilities | | (14,104) | (9,361) | -51% | (15,297) | (8,512) | -80% |
| Total other comprehensive income for the year, net of tax | | (54,236) | (328,421) | 83% | 1,215,818 | (195,732) | NM |
| Total comprehensive income for the year | | (37,806) | 193,535 | -120% | 2,860,960 | 1,980,853 | 44% |
| Profit attributable to: | | | | | | | |
| Owners of the Company | | 191,273 | 453,598 | -58% | 1,548,398 | 1,862,525 | -17% |
| Non-controlling interests | | (174,843) | 68,358 | NM | 96,744 | 314,060 | -69% |
| Profit for the year | | 16,430 | 521,956 | -97% | 1,645,142 | 2,176,585 | -24% |
| Total comprehensive income attributable to: | | | | | | | |
| Owners of the Company | | 172,719 | 190,071 | -9% | 2,835,443 | 1,714,730 | 65% |
| Non-controlling interests | | (210,525) | 3,464 | NM | 25,517 | 266,123 | -90% |
| Total comprehensive income for the year | | (37,806) | 193,535 | -120% | 2,860,960 | 1,980,853 | 44% |
| Earnings per share (sen) | | | | | | | |
| Basic | | 2.17 | 4.90 | -56% | 17.00 | 20.20 | -16% |
| Diluted | | 2.17 | 4.90 | -56% | 16.99 | 20.20 | -16% |

NM: Not meaningful

Note:

1. Foreign currency translation reserve

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

SUPPLEMENTARY INFORMATION

| | Note | 4th quarter ended | | | Financial year ended | | |
|---|------|-----------------------|-----------------------|---------------|-------------------------|-------------------------|---------------|
| | | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 | Variance % | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 | Variance % |
| Profit attributable to owners of the Company, excluding EIⁱⁱⁱ | | 340,371 | 440,750 | -23% | 1,380,676 | 1,594,752 | -13% |
| Add/(Less): Exceptional items ("EI") | | | | | | | |
| Remeasurement to fair value of interest in a joint venture ⁱ | 2 | - | (116) | | - | 86,061 | |
| Gain on disposal of subsidiaries ⁱⁱ | 2 | - | 53,032 | | - | 53,032 | |
| Gain on disposal of a joint venture ⁱⁱⁱ | 2 | - | - | | - | 139,053 | |
| Provision for loan taken by a joint venture ^{iv} | | - | 1 | | - | (2,563) | |
| Impairment of assets (made)/reversed ^v | 4,5 | (394,991) | 11,501 | | (379,068) | (229,781) | |
| Impairment loss on goodwill ^{vi} | 6 | (150,066) | (6,090) | | (150,066) | (6,090) | |
| Change in fair value of investment properties ^{vii} | 2 | 43,224 | 46,481 | | 43,224 | 46,481 | |
| Change in fair value of cross currency swaps ^{viii} | 7 | 5,365 | 352,453 | | 18,167 | 477,646 | |
| Exchange loss on net borrowings ^{ix} | 7 | (43,274) | (478,638) | | (144,194) | (604,966) | |
| Deferred tax benefits ^x | 9 | (21,009) | (3,308) | | 104,436 | 244,888 | |
| Net monetary gain arising from hyperinflationary economy ^{xi} | | 176,765 | - | | 462,512 | - | |
| | | <u>(383,986)</u> | <u>(24,684)</u> | | <u>(44,989)</u> | <u>203,761</u> | |
| Less: Tax effects on EI | | 10,955 | 31,546 | | 31,222 | 31,830 | |
| Less: Non-controlling interests' share of EI | | <u>223,933</u> | <u>5,986</u> | | <u>181,489</u> | <u>32,182</u> | |
| | | <u>(149,098)</u> | <u>12,848</u> | | <u>167,722</u> | <u>267,773</u> | |
| Profit attributable to owners of the Company | | <u>191,273</u> | <u>453,598</u> | -58% | <u>1,548,398</u> | <u>1,862,525</u> | -17% |
| Earnings per share, excluding EI^{xii} (sen) | | | | | | | |
| Basic | | 3.87 | 4.76 | -19% | 15.09 | 17.15 | -12% |
| Diluted | | 3.87 | 4.76 | -19% | 15.09 | 17.15 | -12% |

Note:

"Acibadem Holdings" as referred to throughout this financial report includes the wholly owned Integrated Healthcare Turkey Yatirimlari Limited Group, which owns approximately 90% interest in Acibadem Sağlık Yatirimlari Holding A.Ş. Group.

- i. Remeasurement to fair value of interests in DDRC SRL Diagnostics Limited ("DDRC SRL"), upon acquisition of controlling interest in DDRC SRL.
- ii. Disposal of subsidiaries – entire 62.23% interest in Continental Hospitals Private Limited ("Continental Hospitals"), net of realisation of FCTR of RM25.6 million loss.
- iii. Disposal of a joint venture – Apollo Gleneagles Hospital Ltd, net of realisation of FCTR of RM22.1 million loss.
- iv. Provision for proportionate share of amounts owed by Khubchandani Hospitals on its loans, that is unlikely to be repaid.
- v. Impairment of assets of Parkway Shanghai Hospital ("PSH") (the Group's hospital in China that was planned to be operational in 2022 whose construction and preparation for opening was longer than expected and was hampered by the COVID-19 pandemic). (2021: Impairment of assets of Gleneagles Chengdu Hospital (the Group's hospital in China that was operational in late 2019 whose ramp up was longer than expected and was hampered by the COVID-19 pandemic) and the Group's uncompleted hospital in Myanmar (which construction was stalled)).
- vi. Impairment of goodwill over clinics in China.
- vii. Change in fair value of investment properties held for rental to third parties, excluding PLife REIT's investment properties held for rental to third parties.
- viii. Change in fair value of cross currency swaps which were entered to hedge a portion of Acibadem Holdings' foreign currency denominated borrowings.
- ix. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 December 2022, Euro/TL=19.9349).
- x. Deferred tax assets arising from the indexation of property, plant and equipment in the local tax books, as allowed by the Turkiye government to cushion the effects of higher inflation (2021: Deferred tax assets previously not recognised by Acibadem Holdings).
- xi. Net increase in purchasing power from the net monetary position of the Group's operations in Turkiye, upon the application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* (refer to Section A1(b)(ii) and Section A4).
- xii. Exceptional items, net of tax and non-controlling interests.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Group's reported results were impacted by the relative movements in Ringgit Malaysia ("RM") against the exchange rates of the countries that the Group operates in. The RM weakened against Singapore Dollars ("SGD") and strengthened against Turkish Lira ("TL") in the current quarter and year as compared to the corresponding period last year.

In addition, the Group's reported results for Q4 2022 and FY 2022 included the application to the Group's entities in Turkiye of MFRS 129, *Financial Reporting in Hyperinflationary Economies* ("MFRS 129"), as detailed in Section A1(b)(ii) and Section A4.

Refer to Section B1 for performance review of the Group's major operating segments.

1. Q4 2022 and FY 2022 revenues were higher as compared to last year due to the strong recovery from core non-COVID-19 revenues as both local and foreign patients returned to seek treatment at the Group's hospitals. The continuous ramp-up of operations at GHK Hospital, as well as the acquisitions of DDRC SRL Diagnostics Limited ("DDRC SRL") on 5 April 2021, General Hospital Acibadem Bel Medic ("Bel Medic") on 20 July 2021 and Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi ("Ortopedia") on 9 August 2022 also contributed to the increase.

These were partially offset by lower contribution from COVID-19 related-services rendered in Q4 2022 and FY 2022, the effects from disposal of Continental Hospitals Private Limited ("Continental Hospitals") on 14 December 2021, temporary closure of all clinics in China between March and May 2022 and partial lockdown in China per local COVID-19 measures. The translational effects from a weakened TL against RM during the year also eroded the Group's revenue from its operations in Turkiye.

2. FY 2022 other operating income decreased from a high base as FY 2021 included remeasurement to fair value of interest in DDRC SRL of RM86.1 million, gain on disposal of Continental Hospitals of RM53.0 million, and gain on disposal of Apollo Gleneagles Hospital Ltd (a joint venture) of RM139.1 million, whereas there was no such one-off gain in FY 2022. This is partially offset by RM82.0 million higher foreign exchange gains recognised in FY 2022.

Q4 2022 other operating income decreased from a high base as Q4 2021 included gain on disposal of Continental Hospitals of RM53.0 million.

3. FY 2022 staff costs increased as the Group expands its capacity to cater for higher demand for its services. These were also driven by annual increments, partially offset by lower costs of contract employees following the reduction of COVID-19 related services rendered.
4. Q4 2022 and FY 2022 depreciation and impairment of property, plant and equipment included impairment loss of RM395.0 million mainly relating to assets of Parkway Shanghai Hospital.

Q4 2021 depreciation and impairment of property, plant and equipment included reversal of impairment loss of RM11.5 million, whilst FY 2021 included impairment loss of RM229.8 million mainly relating to assets of Gleneagles Chengdu Hospital and the Group's uncompleted hospital in Myanmar. As a result, there was no depreciation on these impaired assets in Q4 2022 and FY 2022. In addition, there was lower depreciation from GHK Hospital as some of its assets were fully depreciated.

The above mitigated the higher depreciation and impairment of property, plant and equipment in Q4 2022 and FY 2022 that resulted from the application of MFRS 129 for the Group's subsidiaries in Turkiye, where the carrying amounts of property, plant and equipment were higher after reindexation.

5. Q4 2022 and FY 2022 depreciation and impairment of intangible assets included impairment loss of RM8.9 million mainly relating to clinics in China.
6. Q4 2022 and FY 2022 other operating expenses increased mainly attributed to the higher level of activities as compared to the corresponding periods last year when several regions were in lockdown, as well as cost inflation especially in Turkiye. It also includes an impairment of goodwill over the Group's clinics in China of RM150.1 million.

7. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-TL denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. Acibadem Holdings manages its foreign exchange exposures by entering into cross currency swaps (“CCS”).

FY 2022 net loss recognised by the Group was RM126.0 million, approximately the same as that recognised for FY 2021. On the same basis, the Group recognised a net loss of RM37.9 million in Q4 2022 as compared to net loss of RM126.2 million in Q4 2021.

Excluding the above, net finance costs in FY 2022 approximates that in FY 2021. Net finance costs were higher in Q4 2022 mainly due to higher interest expense on loans drawn down for redemption of perpetual securities and higher interest rates in Q4 2022.

8. Lower share of profits of joint ventures in FY 2022 was attributed to DDRC SRL which became a subsidiary of the Group and was consolidated since April 2021.
9. Refer to Section B5 for details on income tax expenses.
10. Parkway Life Real Estate Investment Trust (“PLife REIT”) hedges its interest in the net assets of its Japanese operations. The effective portion of the hedge was recognised as a hedge of net investments in the statement of other comprehensive income, which offsets the foreign currency translation differences from the translation of the net assets of its Japanese operations. The Group’s remaining foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore, India and Europe operations.
11. The Group’s subsidiaries in Turkiye reindexed their non-monetary assets/liabilities at 1 January 2022 in accordance with MFRS 129 and recorded a (loss)/gain in other comprehensive income.

Note:

Key exchange rates used to translate the YTD results of overseas subsidiaries into RM:

| | 31 Dec 2022 | 31 Dec 2021 |
|-------|-------------|-------------|
| 1 SGD | 3.1806 | 3.0835 |
| 1 TL | 0.2325 | 0.4792 |

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | Note | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 |
|------------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Property, plant and equipment | 1 | 11,882,760 | 10,840,572 |
| Right-of-use assets | | 6,685,030 | 6,529,336 |
| Investment properties | | 3,938,335 | 3,875,123 |
| Goodwill on consolidation | 2 | 13,209,372 | 12,170,705 |
| Intangible assets | | 2,737,840 | 2,022,627 |
| Interests in associates | | 133,076 | 157,613 |
| Interests in joint ventures | | 6,751 | 6,307 |
| Other financial assets | 3 | 127,620 | 76,345 |
| Trade and other receivables | | 196,563 | 131,425 |
| Tax recoverables | | 374,905 | 302,224 |
| Derivative assets | | 258,970 | 297,208 |
| Deferred tax assets | | 633,943 | 567,731 |
| Total non-current assets | | 40,185,165 | 36,977,216 |
| Development properties | | 76,471 | 73,862 |
| Inventories | | 519,431 | 455,065 |
| Trade and other receivables | | 2,625,424 | 2,497,529 |
| Tax recoverables | | 73,641 | 18,373 |
| Other financial assets | 3 | 249,717 | 340,733 |
| Derivative assets | | 149,816 | 127,967 |
| Cash and cash equivalents | | 3,663,511 | 5,017,680 |
| | | 7,358,011 | 8,531,209 |
| Assets classified as held for sale | 4 | 924,311 | 1,844 |
| Total current assets | | 8,282,322 | 8,533,053 |
| Total assets | | 48,467,487 | 45,510,269 |

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | Note | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 |
|--|------|-----------------------|-----------------------|
| Equity | | | |
| Share capital | | 19,684,881 | 19,614,918 |
| Other reserves | | (158,140) | (2,846,392) |
| Retained earnings | | 6,665,236 | 5,656,406 |
| Total equity attributable to owners of the Company | | 26,191,977 | 22,424,932 |
| Perpetual securities | 5 | - | 2,158,358 |
| Non-controlling interests | | 2,967,080 | 2,693,541 |
| Total equity | | 29,159,057 | 27,276,831 |
| Liabilities | | | |
| Loans and borrowings | 6 | 7,565,989 | 7,609,491 |
| Lease liabilities | 7 | 1,407,923 | 1,783,904 |
| Employee benefits | | 172,261 | 135,225 |
| Trade and other payables | 8 | 1,255,005 | 1,420,424 |
| Derivative liabilities | | - | 471 |
| Deferred tax liabilities | | 1,648,525 | 1,234,665 |
| Total non-current liabilities | | 12,049,703 | 12,184,180 |
| Bank overdrafts | | 44,135 | 24,229 |
| Loans and borrowings | 6 | 1,592,791 | 1,237,427 |
| Lease liabilities | 7 | 223,118 | 218,630 |
| Employee benefits | | 148,470 | 165,127 |
| Trade and other payables | | 4,208,470 | 4,052,574 |
| Derivative liabilities | | 4,379 | - |
| Tax payable | | 378,637 | 351,271 |
| | | 6,600,000 | 6,049,258 |
| Liabilities directly associated with assets classified as held for sale | 4 | 658,727 | - |
| Total current liabilities | | 7,258,727 | 6,049,258 |
| Total liabilities | | 19,308,430 | 18,233,438 |
| Total equity and liabilities | | 48,467,487 | 45,510,269 |
| Net assets per share attributable to owners of the Company ¹ (RM) | | 2.97 | 2.55 |

¹ Based on 8,806.0 million and 8,796.7 million shares issued as at 31 December 2022 and 31 December 2021 respectively.

The Consolidated Statement of Financial Position should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

The Group's reported financial position was impacted by the relative movements in RM against the exchange rates of the countries that the Group operates in. The RM weakened against SGD and strengthened against TL as at 31 December 2022 as compared to 31 December 2021.

In addition, the Group's reported results as at 31 December 2022 included the application to the Group's entities in Turkiye of MFRS 129, as detailed in Section A1(b)(ii) and Section A4.

1. Increase in property, plant and equipment was mainly due to newly opened Acibadem Atasehir Hospital and Headquarter Office in Turkiye. This was partially offset by the transfer of property, plant and equipment of IMU Health Sdn. Bhd. ("IMUH") and its subsidiaries ("IMU Group") to assets classified as held for sale, and impairment recognised on assets of Parkway Shanghai Hospital.
2. Increase in goodwill was mainly from the application of MFRS129, offset by the transfer of goodwill over IMU Group to assets classified as held for sale and impairment of goodwill on clinics in China.
3. Non-current other financial assets increased mainly due to RM16.1 million investment in convertible notes issued by Lucence Life Sciences Pte. Ltd and RM23.1 million investment in preference shares issued by EKO.AI Pte Ltd. Current other financial assets decreased due to full redemption of money market funds and transfer of fixed deposits with tenor of more than 3 months held by IMU Group to assets classified as held for sale, partially offset by placement of fixed deposits.
4. The Group plans to divest its investment in IMU Group and Gleneagles Chengdu Hospital Company Limited ("GCD") in the near term. Accordingly, the assets and liabilities of IMU Group and GCD were transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale as at 31 December 2022. On 27 February 2023, the divestment of GCD was completed.
5. On 27 July 2022, Parkway Pantai Limited has completed the redemption of its US\$500 million 4.25% Senior Perpetual Securities ("Securities"), issued under its US\$2.0 billion Multicurrency Medium Term Note Programme. Following the redemption, all the outstanding Securities have been cancelled and delisted from the Singapore Exchange Securities Trading Limited.
6. Loans and borrowings increased due to loans drawn down for redemption of perpetual securities in July 2022, as well as for capital expenditure and working capital purpose.

As at 31 December 2022, ParkwayHealth Shanghai Hospital Company Limited, a subsidiary, breached a non-financial covenant in respect of a bank loan amounting to RM514.0 million, whereby its medical licence was not obtained by 31 December 2022. Consequentially the bank loan became repayable on demand and was classified in full as a current liability. However, the bank had not called an event of default. The medical licence was obtained on 19 January 2023.

7. Lease liabilities decreased due to the transfer of lease liabilities of GCD to liabilities directly associated with assets classified as held for sale as at 31 December 2022.
8. Non-current trade and other payables decreased mainly due to a decrease in the fair value of a put option liability relating to SRL Diagnostics Private Limited, offset by a transfer of a put option liability relating to Acibadem City Clinic B.V. from current liability to non-current liability when the commencement of the exercise period was deferred.

Note:

Key closing exchange rates used to translate the financial position of overseas subsidiaries into RM:

| | 31 Dec 2022 | 31 Dec 2021 |
|-------|-------------|-------------|
| 1 SGD | 3.2468 | 3.0817 |
| 1 TL | 0.2325 | 0.3122 |

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | -----> Attributable to owners of the Company <----- | | | | | | | | | | | | |
|---|---|----------------------|---------------------|---------------|-------------------------|-----------------|----------------------|--------------------------------------|-------------------|------------|----------------------|---------------------------|--------------|
| | -----> Non-distributable | | | | | | -----> Distributable | | | | | | |
| | Share capital | Share option reserve | Revaluation reserve | Hedge reserve | Cost of hedging reserve | Capital reserve | Legal reserve | Foreign currency translation reserve | Retained earnings | Total | Perpetual securities | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2022 | 19,614,918 | 33,874 | 83,434 | 16,587 | 332 | (4,451,467) | 57,814 | 1,413,034 | 5,656,406 | 22,424,932 | 2,158,358 | 2,693,541 | 27,276,831 |
| Hyperinflationary restatement to 1 January 2022 | - | - | - | - | - | 421,267 | (26,450) | 1,064,261 | 59,161 | 1,518,239 | - | 259,758 | 1,777,997 |
| At 1 January 2022, restated | 19,614,918 | 33,874 | 83,434 | 16,587 | 332 | (4,030,200) | 31,364 | 2,477,295 | 5,715,567 | 23,943,171 | 2,158,358 | 2,953,299 | 29,054,828 |
| Foreign currency translation differences from foreign operations | - | - | - | - | - | - | - | 489,854 | - | 489,854 | - | (265,221) | 224,633 |
| Hyperinflationary adjustments | - | - | - | - | - | 96,694 | 2,238 | 610,368 | (20,308) | 688,992 | - | (19,620) | 669,372 |
| Hedge of net investments in foreign operations | - | - | - | - | - | - | - | 111,509 | - | 111,509 | - | 202,172 | 313,681 |
| Cash flow hedge | - | - | - | 7,869 | - | - | - | - | - | 7,869 | - | 14,268 | 22,137 |
| Costs of hedging | - | - | - | - | 459 | - | - | - | - | 459 | - | 833 | 1,292 |
| Remeasurement of defined benefit liabilities | - | - | - | - | - | - | - | - | (11,638) | (11,638) | - | (3,659) | (15,297) |
| Total other comprehensive income for the year | - | - | - | 7,869 | 459 | 96,694 | 2,238 | 1,211,731 | (31,946) | 1,287,045 | - | (71,227) | 1,215,818 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,548,398 | 1,548,398 | - | 96,744 | 1,645,142 |
| Total comprehensive income for the year | - | - | - | 7,869 | 459 | 96,694 | 2,238 | 1,211,731 | 1,516,452 | 2,835,443 | - | 25,517 | 2,860,960 |
| <i>Contributions by and distributions to owners</i> | | | | | | | | | | | | | |
| Share-based payment transactions | - | 3,319 | - | - | - | - | - | - | - | 3,319 | - | - | 3,319 |
| Transfer to share capital on share options exercised | 69,963 | (14,221) | - | - | - | - | - | - | - | 55,742 | - | - | 55,742 |
| Cancellation of vested share options | - | (189) | - | - | - | - | - | - | 189 | - | - | - | - |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (528,162) | (528,162) | - | - | (528,162) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (184,854) | (184,854) |
| Redemption and payment of coupon on perpetual securities | - | - | - | - | - | (47,158) | - | - | - | (47,158) | (2,210,570) | - | (2,257,728) |
| Accrued perpetual securities distribution | - | - | - | - | - | - | - | - | (52,212) | (52,212) | 52,212 | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | (2) | - | (15,853) | - | (5) | - | (15,860) | - | (39,037) | (54,897) |
| Change in fair value of liabilities on put options granted to non-controlling interests | - | - | - | - | - | (2,306) | - | - | - | (2,306) | - | 212,155 | 209,849 |
| Transfer per statutory requirements | - | - | - | - | - | - | 2,778 | - | (2,778) | - | - | - | - |
| Others | - | - | - | (16,180) | - | - | - | - | 16,180 | - | - | - | - |
| Total transactions with owners | 69,963 | (11,091) | - | (16,182) | - | (65,317) | 2,778 | (5) | (566,783) | (586,637) | (2,158,358) | (11,736) | (2,756,731) |
| At 31 December 2022 | 19,684,881 | 22,783 | 83,434 | 8,274 | 791 | (3,998,823) | 36,380 | 3,689,021 | 6,665,236 | 26,191,977 | - | 2,967,080 | 29,159,057 |

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---------------------------------------|----------------------|---------------------|---------------|-------------------------|-----------------|---------------|--------------------------------------|-------------------|-------------|----------------------|---------------------------|--------------|
| | Non-distributable | | | | | | Distributable | | | | | | |
| | Share capital | Share option reserve | Revaluation reserve | Hedge reserve | Cost of hedging reserve | Capital reserve | Legal reserve | Foreign currency translation reserve | Retained earnings | Total | Perpetual securities | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | 19,473,364 | 80,168 | 83,434 | 12,454 | 408 | (3,777,228) | 55,590 | 1,556,893 | 4,254,736 | 21,739,819 | 2,158,061 | 3,137,489 | 27,035,369 |
| Foreign currency translation differences from foreign operations | - | - | - | - | - | - | - | (245,378) | - | (245,378) | - | (152,243) | (397,621) |
| Realisation of FCTR upon disposal of subsidiaries and a joint venture | - | - | - | - | - | - | - | 47,723 | - | 47,723 | - | - | 47,723 |
| Hedge of net investments in foreign operations | - | - | - | - | - | - | - | 53,802 | - | 53,802 | - | 97,472 | 151,274 |
| Cash flow hedge | - | - | - | 4,132 | - | - | - | - | - | 4,132 | - | 7,485 | 11,617 |
| Costs of hedging | - | - | - | - | (76) | - | - | - | - | (76) | - | (137) | (213) |
| Remeasurement of defined benefit liabilities | - | - | - | - | - | - | - | - | (7,998) | (7,998) | - | (514) | (8,512) |
| Total other comprehensive income for the year | - | - | - | 4,132 | (76) | - | - | (143,853) | (7,998) | (147,795) | - | (47,937) | (195,732) |
| Profit for the year | - | - | - | - | - | - | - | - | 1,862,525 | 1,862,525 | - | 314,060 | 2,176,585 |
| Total comprehensive income for the year | - | - | - | 4,132 | (76) | - | - | (143,853) | 1,854,527 | 1,714,730 | - | 266,123 | 1,980,853 |
| <i>Contributions by and distributions to owners</i> | | | | | | | | | | | | | |
| Share-based payment transactions | - | 5,930 | - | - | - | 4 | - | - | - | 5,934 | - | 8 | 5,942 |
| Transfer to share capital on share options exercised | 141,554 | (38,364) | - | - | - | - | - | - | - | 103,190 | - | - | 103,190 |
| Cancellation of vested share options | - | (13,860) | - | - | - | - | - | - | 13,860 | - | - | - | - |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (351,163) | (351,163) | - | - | (351,163) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (242,744) | (242,744) |
| Payment of coupon on perpetual securities | - | - | - | - | - | 344 | - | - | - | 344 | (88,003) | - | (87,659) |
| Accrued perpetual securities distribution | - | - | - | - | - | - | - | - | (88,300) | (88,300) | 88,300 | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | 1 | - | (6,276) | - | (6) | - | (6,281) | - | (45,316) | (51,597) |
| Issue of shares by a subsidiary to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 477 | 477 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | 20,439 | 20,439 |
| Disposal of subsidiaries | - | - | - | - | - | 86,823 | - | - | (25,030) | 61,793 | - | (70,176) | (8,383) |
| Changes in fair value of liabilities/recognition of liabilities on put options granted to non-controlling interests | - | - | - | - | - | (755,134) | - | - | - | (755,134) | - | (372,759) | (1,127,893) |
| Transfer per statutory requirements | - | - | - | - | - | - | 2,224 | - | (2,224) | - | - | - | - |
| Total transactions with owners | 141,554 | (46,294) | - | 1 | - | (674,239) | 2,224 | (6) | (452,857) | (1,029,617) | 297 | (710,071) | (1,739,391) |
| At 31 December 2021 | 19,614,918 | 33,874 | 83,434 | 16,587 | 332 | (4,451,467) | 57,814 | 1,413,034 | 5,656,406 | 22,424,932 | 2,158,358 | 2,693,541 | 27,276,831 |

The Consolidated Statement of Changes in Equity should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

| | Financial year ended | |
|--|-----------------------|-------------------------------------|
| | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 (Restated) |
| Cash flows from operating activities | | |
| Profit before tax | 2,217,091 | 2,555,737 |
| Adjustments for: | | |
| Dividend income | (63) | (2,585) |
| Finance income | (113,383) | (543,601) |
| Finance costs | 657,413 | 1,087,627 |
| Depreciation and impairment of property, plant and equipment | 1,374,475 | 1,116,081 |
| Depreciation and impairment of ROU assets | 357,893 | 320,859 |
| Amortisation and impairment of intangible assets | 58,452 | 47,251 |
| Impairment loss made: | | |
| - Goodwill | 150,066 | 6,090 |
| - Trade and other receivables | 44,686 | 80,605 |
| Write-off: | | |
| - Property, plant and equipment | 1,087 | 1,863 |
| - Trade and other receivables | 10,048 | 20,749 |
| - Inventories | 4,296 | 3,601 |
| Gain on disposal of property, plant and equipment | (11,864) | (14,975) |
| Gain on disposal of an investment property | - | (16,335) |
| Gain on disposal of subsidiaries | - | (53,032) |
| Gain on disposal of a joint venture | - | (139,053) |
| Change in fair value of investment properties | (23,750) | (87,107) |
| Remeasurement to fair value of interest in a joint venture | - | (86,061) |
| Provision for loan taken by a joint venture | - | 2,563 |
| Share of profits of associates (net of tax) | (36,836) | (31,034) |
| Share of profits of joint ventures (net of tax) | (2,035) | (8,822) |
| Equity-settled share-based payment | 3,319 | 5,942 |
| Net monetary gain arising from hyperinflationary economy | (462,512) | - |
| Operating profit before changes in working capital | 4,228,383 | 4,266,363 |
| Changes in working capital: | | |
| Development properties | (2,609) | (1,185) |
| Inventories | (108,513) | (138,254) |
| Trade and other receivables | (579,931) | (1,034,778) |
| Trade and other payables | 746,445 | 930,047 |
| Cash generated from operations | 4,283,775 | 4,022,193 |
| Tax paid | (616,132) | (490,316) |
| Net cash from operating activities | 3,667,643 | 3,531,877 |
| Cash flows from investing activities | | |
| Interest received | 85,597 | 52,017 |
| Acquisition of a subsidiary and a business, net of cash and cash equivalents acquired | (50,125) | (221,761) |
| Purchase of other financial assets | (77,668) | (12,722) |
| Net placement of fixed deposits with tenor of more than 3 months | (85,012) | (2,129) |
| Purchase of property, plant and equipment | (1,668,399) | (1,027,402) |
| Purchase of investment properties | (206,941) | (312,868) |
| Development and purchase of intangible assets | (47,848) | (43,381) |
| Net cash inflow from disposal of subsidiaries | - | 192,561 |
| Proceeds from disposal of joint ventures | - | 225,080 |
| Proceeds from disposal of other financial assets | 136,608 | 83,039 |
| Proceeds from disposal of property, plant and equipment | 35,017 | 76,777 |
| Proceeds from disposal of an investment property | - | 111,299 |
| Proceeds from disposal of intangible assets | - | 16,026 |
| Dividends received from associates and joint ventures | 24,877 | 32,103 |
| Repayment of advances by a joint venture | - | 9,671 |
| Net cash used in investing activities | (1,853,894) | (821,690) |

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

| | Financial year ended | |
|---|-----------------------|-------------------------------------|
| | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 (Restated) |
| Cash flows from financing activities | | |
| Finance costs paid | (293,706) | (303,118) |
| Proceeds from loans and borrowings | 4,061,286 | 2,833,956 |
| Repayment of loans and borrowings | (3,632,316) | (3,374,149) |
| Payment of lease liabilities | (337,144) | (383,142) |
| Payment of perpetual securities distribution and redemption | (2,257,728) | (87,659) |
| Dividends paid to owners of the Company | (528,162) | (351,163) |
| Dividends paid to non-controlling interests | (184,854) | (242,744) |
| Proceeds from exercise of share options | 55,742 | 103,190 |
| Repurchase of shares from non-controlling interests | (56,795) | - |
| Proceeds from issue of shares by subsidiaries to non-controlling interests | - | 846 |
| Proceeds from issuance of fixed rate notes | 348,535 | - |
| Redemption of fixed rate notes | (94,711) | - |
| Net cash used in financing activities | (2,919,853) | (1,803,983) |
| Net (decrease)/increase in cash and cash equivalents | (1,106,104) | 906,204 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | (371,069) | (85,065) |
| Hyperinflationary restatement of cash and cash equivalents at beginning of the period | 146,074 | - |
| Cash and cash equivalents at beginning of the year | 4,993,451 | 4,172,312 |
| Cash and cash equivalents at end of the year | 3,662,352 | 4,993,451 |

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprises the following amounts from the statement of financial position:

| | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 (Restated) |
|--|-----------------------|-------------------------------------|
| Cash and bank balances | 1,345,870 | 1,516,681 |
| Fixed deposits with tenor of 3 months or less | 482,774 | 1,597,418 |
| Deposits placed in escrow account | 1,834,246 | 1,900,284 |
| Restricted cash | 621 | 3,297 |
| Cash and cash equivalents in the statement of financial position | 3,663,511 | 5,017,680 |
| Add: | | |
| - Cash and cash equivalents included in assets classified as held for sale | 42,976 | - |
| Less: | | |
| - Bank overdrafts | (44,135) | (24,229) |
| Cash and cash equivalents in the statement of cash flows | 3,662,352 | 4,993,451 |

Deposits placed in escrow account

These are the amounts deposited in accordance with the requirements of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations) (“SEBI (SAST) Regulations”) relating to the Group’s Mandatory Open Offer (“Offer”) to acquire up to an additional 197,025,660 and 4,894,308 equity shares of Fortis Healthcare Limited (“Fortis”) and Fortis Malar Hospitals Limited (“Malar”) respectively (see Section A14). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

The Consolidated Statement of Cash Flows should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

A1 BASIS OF PREPARATION

a) Basis of accounting

These consolidated interim financial report are prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134, *Interim Financial Reporting* in Malaysia and IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2022 (“2022 Audited Financial Statements”).

The 2022 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards (“MFRSs”).

b) Significant accounting policies

The accounting policies and presentation adopted for this consolidated interim financial report are consistent with those adopted for the 2022 Audited Financial Statements.

c) MFRS 129, *Financial Reporting in Hyperinflationary Economies*

The Turkish economy was designated as a hyperinflationary economy starting April 2022. As a result, MFRS 129, *Financial Reporting in Hyperinflationary Economies* has been applied for component entities whose functional currency is the Turkish Lira.

The assets, liabilities, equity items, income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period. Amounts shown for prior periods for comparative purposes are not modified.

The application of MFRS 129 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the period end date;
- Adjustment of the income and expenses for inflation during the reporting period;
- The income and expenses are translated at the period-end foreign exchange rate instead of an average rate; and
- Adjustment of the income and expenses to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

Price index

The financial statements of component entities, of which their functional currency is denominated in Turkish Lira, have been restated to reflect the price index and the exchange rate at 31 December 2022 in accordance with MFRS 129 requirements. Hyperinflationary adjustments are based on available data for changes in the Consumer Price Index published by the Turkish Statistical Institute (“TURKSTAT”). Based on this price index, the hyperinflation closing price index as at 31 December 2022 was 1,128.5 (30 June 2022: 977.9; 1 January 2022: 687.0).

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Net monetary gain/(loss) arising from hyperinflationary economies

Net monetary gain/(loss) arising from hyperinflationary economies is derived as the difference resulting from the restatement of non-monetary assets and liabilities, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

Refer to Section A4 for the effects of applying MFRS 129 on the Group's reported results.

d) Comparative figures

Following the issuance of IFRIC Agenda Decision during the year to clarify on the presentation of restricted cash, the Group reassessed and reclassified restricted cash and deposits placed in escrow account to be presented as cash and cash equivalents in the statement of cash flows. The impact arising from the reclassification is as follows:

| | As per previously reported RM'000 | Effects of reclassification RM'000 | As restated RM'000 |
|--|--|--|-----------------------|
| <u>Financial period ended 31 December 2021</u> | | | |
| Change in restricted cash | 11,097 | (11,097) | - |
| Net cash used in financing activities | (1,792,886) | (11,097) | (1,803,983) |
| Net decrease in cash and cash equivalents | 917,301 | (11,097) | 906,204 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | (91,478) | 6,413 | (85,065) |
| Cash and cash equivalents at beginning of the period | 2,264,047 | 1,908,265 | 4,172,312 |
| Cash and cash equivalents at end of the period | 3,089,870 | 1,903,581 | 4,993,451 |

A2 AUDIT REPORT IN THE ANNUAL FINANCIAL STATEMENTS

The 2022 Audited Financial Statements were not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

Inpatient and outpatient revenue and volume are generally lower during festive periods and summer months in each of the relevant countries in which the Group operates and other holiday periods. Conversely, patient volumes and thus inpatient and outpatient revenue are highest during the winter months in some markets. As the Group is continuously expanding, the effects of seasonality may not be obvious from the Group's financial statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

**A4 SIGNIFICANT UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET
INCOME OR CASH FLOWS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial year ended 31 December 2022, other than the COVID-19 pandemic impact on the performance of the Group, and the effects of the application to the Group's entities in Turkiye of MFRS 129.

Effects of application of MFRS129

| <u>Statement of profit or loss</u> | Before hyperinflationary adjustments RM'000 | Adjustments RM'000 | After hyperinflationary adjustments RM'000 |
|--|--|-------------------------------|---|
| Revenue | 18,089,970 | (101,283) | 17,988,687 |
| Other operating income | 500,077 | (2,291) | 497,786 |
| Inventories and consumables | (3,745,428) | (51,467) | (3,796,895) |
| Purchased and contracted services | (1,697,215) | (3,443) | (1,700,658) |
| Staff costs | (6,354,276) | 34,815 | (6,319,461) |
| Depreciation and impairment of property, plant and equipment | (1,253,960) | (120,515) | (1,374,475) |
| Depreciation of right-of-use ("ROU") assets | (307,411) | (50,482) | (357,893) |
| Amortisation and impairment of intangible assets | (52,726) | (5,726) | (58,452) |
| Operating lease expenses | (89,063) | 1,108 | (87,955) |
| Other operating expenses | (2,547,283) | 16,337 | (2,530,946) |
| Finance income | 113,519 | (136) | 113,383 |
| Finance costs | (670,060) | 12,647 | (657,413) |
| Net monetary gain arising from hyperinflationary economy | - | 462,512 | 462,512 |
| Share of profits of associates (net of tax) | 36,836 | - | 36,836 |
| Share of profits of joint ventures (net of tax) | 2,035 | - | 2,035 |
| Profit before tax | 2,025,015 | 192,076 | 2,217,091 |
| Income tax expense | (408,025) | (163,924) | (571,949) |
| Profit for the year | 1,616,990 | 28,152 | 1,645,142 |
| Profit attributable to: | | | |
| Owners of the Company | 1,520,134 | 28,264 | 1,548,398 |
| Non-controlling interests | 96,856 | (112) | 96,744 |
| Profit for the year | 1,616,990 | 28,152 | 1,645,142 |

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

| <u>Statement of financial position</u> | Before hyperinflationary adjustments RM'000 | Adjustments RM'000 | After hyperinflationary adjustments RM'000 |
|---|--|-------------------------------|---|
| Non-current assets | | | |
| Property, plant and equipment | 10,718,658 | 1,164,102 | 11,882,760 |
| Right-of-use assets | 6,310,923 | 374,107 | 6,685,030 |
| Goodwill on consolidation | 12,147,211 | 1,062,161 | 13,209,372 |
| Intangible assets | 2,022,886 | 714,954 | 2,737,840 |
| Trade and other receivables | 196,527 | 36 | 196,563 |
| Deferred tax assets | 631,471 | 2,472 | 633,943 |
| Current assets | | | |
| Inventories | 507,814 | 11,617 | 519,431 |
| Trade and other receivables | 2,625,374 | 50 | 2,625,424 |
| Equity | | | |
| Other reserves | (2,621,712) | 2,463,572 | (158,140) |
| Retained earnings | 6,596,202 | 69,034 | 6,665,236 |
| Non-controlling interests | 2,628,699 | 338,381 | 2,967,080 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 1,190,013 | 458,512 | 1,648,525 |

A5 CHANGE IN ACCOUNTING ESTIMATES

There were no changes in the estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial year.

In preparing the consolidated interim financial report, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimating uncertainty were consistent with those applied to the 2022 Audited Financial Statements.

A6 DEBT AND EQUITY SECURITIES

- (a) Between 1 January 2022 to 31 December 2022, IHH issued 9,326,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme ("EOS") units.
- (b) On 3 October 2022, the Company granted a total of 16,580,000 EOS options to eligible employees of the Group.

Except as disclosed above, there were no other issuance of shares, share buy-backs and repayments of debt and equity securities by IHH during the financial year 1 January 2022 to 31 December 2022.

As at 31 December 2022, the issued share capital of IHH comprised of 8,806,043,463 ordinary shares.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

A7 DIVIDENDS PAID

| | Sen per ordinary share | Total amount RM'000 | Date of payment |
|---|-----------------------------------|--------------------------------|----------------------------|
| First and final single tier cash dividend for financial year ended 31 December 2021 | 6.00 | 528,162 | 29-Apr-22 |

A8 SEGMENT REPORTING

Since 1 January 2022, the Group's segment reporting has been changed to reflect the Group's new reporting structure. The results for the comparative year have been restated on the same basis.

The Group's reportable segments comprise:

- Hospital and healthcare
 - Singapore
 - Malaysia
 - India
 - Greater China
 - Turkiye and Europe
 - Southeast Asia
- IMU Health
- PLife REIT
- Others

Except for IMU Health and PLife REIT, the strategic business units offer hospital and healthcare services in different locations, and are managed separately. IMU Health is an educational service provider while PLife REIT is a real estate investment trust. Others comprises the Group's corporate office as well as other investment holding entities.

Management monitors the operating results of each business unit for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA").

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

A8 SEGMENT REPORTING

Financial year ended 31 December 2022

| | Hospital and Healthcare | | | | | | IMU Health | PLife REIT | Others | Eliminations | Total |
|---|-------------------------|--------------------|------------------|----------------------------|---------------------------------|-----------------------------|----------------|------------------|------------------|--------------------|-------------------|
| | Singapore RM'000 | Malaysia RM'000 | India RM'000 | Greater China RM'000 | Turkiye and Europe RM'000 | Southeast Asia RM'000 | | | | | |
| <i>Revenue and expenses</i> | | | | | | | | | | | |
| Revenue from external customers | 5,143,114 | 3,181,790 | 3,865,251 | 998,378 | 4,384,857 | - | 260,772 | 149,531 | 4,994 | - | 17,988,687 |
| Inter-segment revenue | 763 | 1,585 | - | 1 | 4,868 | - | 1,489 | 226,668 | 1,539,019 | (1,774,393) | - |
| Total segment revenue | <u>5,143,877</u> | <u>3,183,375</u> | <u>3,865,251</u> | <u>998,379</u> | <u>4,389,725</u> | <u>-</u> | <u>262,261</u> | <u>376,199</u> | <u>1,544,013</u> | <u>(1,774,393)</u> | <u>17,988,687</u> |
| EBITDA | 1,600,156 | 909,700 | 646,624 | (60,291) | 983,587 | (346) | 84,750 | 278,442 | 1,249,304 | (1,640,799) | 4,051,127 |
| Depreciation and impairment of property, plant and equipment | (176,312) | (215,290) | (152,735) | (506,554) | (291,978) | - | (5,279) | (24,475) | (1,852) | - | (1,374,475) |
| Depreciation and impairment of ROU assets | (301,564) | (26,513) | (38,175) | (71,763) | (116,701) | - | (1,235) | (12,894) | (6,178) | 217,130 | (357,893) |
| Amortisation and impairment of intangible assets | - | (1,756) | (31,508) | (12,962) | (11,202) | - | (255) | - | (9,236) | 8,467 | (58,452) |
| Foreign exchange differences | (360) | (1,484) | 7,539 | (336) | (2,202) | (5,158) | (12) | 10,810 | 83,729 | - | 92,526 |
| Net monetary gain arising from hyperinflationary economy | - | - | - | - | 462,512 | - | - | - | - | - | 462,512 |
| Finance income | 226 | 8,050 | 14,496 | 2,916 | 58,542 | 47 | 2,836 | 16,413 | 18,289 | (8,432) | 113,383 |
| Finance costs | (62,238) | (5,053) | (90,743) | (112,318) | (400,969) | - | (1,527) | (18,296) | (35,071) | 68,802 | (657,413) |
| Share of profits of associates (net of tax) | 2,001 | - | 14,849 | - | - | 19,986 | - | - | - | - | 36,836 |
| Share of profits of joint ventures (net of tax) | 1,421 | - | 614 | - | - | - | - | - | - | - | 2,035 |
| Others | 43,224 | (8,045) | - | (136,319) | - | - | - | - | (13,583) | 21,628 | (93,095) |
| Profit/(loss) before tax | 1,106,554 | 659,609 | 370,961 | (897,627) | 681,589 | 14,529 | 79,278 | 250,000 | 1,285,402 | (1,333,204) | 2,217,091 |
| Income tax expense | (183,867) | (183,333) | (94,472) | (2,518) | (51,656) | - | (18,833) | (19,692) | (17,578) | - | (571,949) |
| Profit/(loss) for the year | <u>922,687</u> | <u>476,276</u> | <u>276,489</u> | <u>(900,145)</u> | <u>629,933</u> | <u>14,529</u> | <u>60,445</u> | <u>230,308</u> | <u>1,267,824</u> | <u>(1,333,204)</u> | <u>1,645,142</u> |
| <i>Assets and liabilities</i> | | | | | | | | | | | |
| Cash and cash equivalents | 340,604 | 408,027 | 1,910,258 | 212,551 | 333,230 | 7,551 | - | 129,903 | 321,387 | - | 3,663,511 |
| Other assets | 18,885,130 | 6,422,804 | 7,557,717 | 3,233,926 | 8,356,431 | 60,042 | 640,710 | 5,308,363 | 4,066,047 | (9,727,194) | 44,803,976 |
| Segment assets as at 31 December 2022 | <u>19,225,734</u> | <u>6,830,831</u> | <u>9,467,975</u> | <u>3,446,477</u> | <u>8,689,661</u> | <u>67,593</u> | <u>640,710</u> | <u>5,438,266</u> | <u>4,387,434</u> | <u>(9,727,194)</u> | <u>48,467,487</u> |
| Loans and borrowings | - | - | 538,993 | 3,446,473 | 1,083,334 | - | - | 2,759,055 | 1,330,925 | - | 9,158,780 |
| Other liabilities | 9,822,637 | 1,016,211 | 2,759,695 | 1,079,894 | 2,991,417 | 21,841 | 210,149 | 407,974 | 1,528,567 | (9,688,735) | 10,149,650 |
| Segment liabilities as at 31 December 2022 | <u>9,822,637</u> | <u>1,016,211</u> | <u>3,298,688</u> | <u>4,526,367</u> | <u>4,074,751</u> | <u>21,841</u> | <u>210,149</u> | <u>3,167,029</u> | <u>2,859,492</u> | <u>(9,688,735)</u> | <u>19,308,430</u> |

*: Certain balances had been transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Financial year ended 31 December 2021

| | Hospital and Healthcare | | | | | | IMU Health RM'000 | PLife REIT RM'000 | Others RM'000 | Eliminations RM'000 | Total RM'000 |
|---|-------------------------|--------------------|-----------------|----------------------------|---------------------------------|-----------------------------|-------------------------|----------------------|------------------|------------------------|-----------------|
| | Singapore RM'000 | Malaysia RM'000 | India RM'000 | Greater China RM'000 | Turkiye and Europe RM'000 | Southeast Asia RM'000 | | | | | |
| <i>Revenue and expenses</i> | | | | | | | | | | | |
| Revenue from external customers | 5,033,275 | 2,727,152 | 3,728,706 | 876,887 | 4,347,258 | - | 257,647 | 153,167 | 7,671 | - | 17,131,763 |
| Inter-segment revenue | 962 | 1,000 | - | - | - | - | 2,411 | 217,527 | 3,951,006 | (4,172,906) | - |
| Total segment revenue | 5,034,237 | 2,728,152 | 3,728,706 | 876,887 | 4,347,258 | - | 260,058 | 370,694 | 3,958,677 | (4,172,906) | 17,131,763 |
| EBITDA | 1,692,982 | 760,144 | 664,462 | (69,554) | 1,198,862 | (330) | 86,709 | 349,919 | 3,652,225 | (4,055,989) | 4,279,430 |
| Depreciation and impairment of property, plant and equipment | (169,538) | (212,335) | (155,180) | (349,275) | (191,898) | (6) | (12,834) | (23,817) | (1,198) | - | (1,116,081) |
| Depreciation and impairment of ROU assets | (284,352) | (25,847) | (34,834) | (78,267) | (83,200) | - | (4,172) | (12,711) | (3,819) | 206,343 | (320,859) |
| Amortisation and impairment of intangible assets | - | (3,051) | (26,771) | (3,956) | (12,834) | - | (639) | - | (10,448) | 10,448 | (47,251) |
| Foreign exchange differences | (453) | (183) | 1,974 | 438 | 89 | (87) | 2 | 6,001 | 2,731 | - | 10,512 |
| Finance income | 297 | 10,645 | 14,665 | 4,936 | 496,093 | 1 | 2,530 | 12,831 | 3,070 | (1,467) | 543,601 |
| Finance costs | (8,772) | (1,029) | (122,943) | (66,242) | (864,216) | - | - | (14,439) | (18,143) | 8,157 | (1,087,627) |
| Share of profits of associates (net of tax) | 1,263 | - | 10,875 | - | - | 18,896 | - | - | - | - | 31,034 |
| Share of profits of joint ventures (net of tax) | 889 | - | 7,933 | - | - | - | - | - | - | - | 8,822 |
| Others | 50,701 | (4,220) | 275,583 | (29,063) | - | (38,845) | - | - | - | - | 254,156 |
| Profit/(loss) before tax | 1,283,017 | 524,124 | 635,764 | (590,983) | 542,896 | (20,371) | 71,596 | 317,784 | 3,624,418 | (3,832,508) | 2,555,737 |
| Income tax expense | (204,488) | (125,535) | (119,592) | (6,874) | 146,597 | - | (17,036) | (24,527) | (27,697) | - | (379,152) |
| Profit/(loss) for the period | 1,078,529 | 398,589 | 516,172 | (597,857) | 689,493 | (20,371) | 54,560 | 293,257 | 3,596,721 | (3,832,508) | 2,176,585 |
| <i>Assets and liabilities</i> | | | | | | | | | | | |
| Cash and cash equivalents | 204,952 | 287,144 | 2,187,615 | 334,779 | 279,815 | 5,453 | 123,119 | 79,485 | 1,515,318 | - | 5,017,680 |
| Other assets | 13,939,564 | 6,080,287 | 7,341,305 | 3,789,831 | 4,516,816 | 56,083 | 536,791 | 5,040,588 | 3,715,858 | (4,524,534) | 40,492,589 |
| Segment assets as at 31 December 2021 | 14,144,516 | 6,367,431 | 9,528,920 | 4,124,610 | 4,796,631 | 61,536 | 659,910 | 5,120,073 | 5,231,176 | (4,524,534) | 45,510,269 |
| Loans and borrowings | - | 300,000 | 689,545 | 3,201,887 | 1,716,517 | - | 38,025 | 2,545,131 | 355,813 | - | 8,846,918 |
| Other liabilities | 4,999,550 | 822,734 | 2,970,532 | 1,035,515 | 2,267,330 | 15,821 | 178,195 | 405,483 | 1,131,803 | (4,440,443) | 9,386,520 |
| Segment liabilities as at 31 December 2021 | 4,999,550 | 1,122,734 | 3,660,077 | 4,237,402 | 3,983,847 | 15,821 | 216,220 | 2,950,614 | 1,487,616 | (4,440,443) | 18,233,438 |

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions have been entered into in the normal course of business under negotiated terms. Other than the remuneration paid to the key management personnel, the significant related party transactions of the Group are as follows:

| | Financial year ended | |
|--|----------------------|-----------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| | RM'000 | RM'000 |
| Transactions with substantial shareholders* | | |
| - Sales and provision of services | 456 | 453 |
| - Purchases and consumption of services | (12,607) | (10,376) |
| | <u>456</u> | <u>(10,376)</u> |
| Transactions with key management personnel* | | |
| - Sales and provision of services | 4,616 | 4,240 |
| - Purchases and consumption of services | (82,165) | (65,243) |
| | <u>(77,549)</u> | <u>(61,003)</u> |

*: Including parties directly/jointly-controlled by substantial shareholders or key management personnel.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 5 April 2022, Parkway Trust Management Limited (“PTM”) transferred 123,500 PLife REIT units that it owned to its eligible employees in accordance to PTM’s long term incentive plan. Consequential thereto, IHH Group’s effective interest in PLife REIT was diluted from 35.60% to 35.58%.
- (b) On 25 May 2022, a sole proprietorship named Marija Mirkovic Sindjelic PR Laboratorija Za Mikrobiologiju SA Virusologijom Acibadem Bel Medic Beograd (“Marija Mirkovic”) has been established pursuant to the Consultancy Agreement entered into by General Hospital Acibadem Bel Medic (*formerly known as Opsta Bolnica Bel Medic (Bel Medic General Hospital)*) (“ABM”) with the sole proprietor. ABM has control power over Marija Mirkovic and has consolidated the financial statements of Marija Mirkovic into ABM’s financial statements under MFRS 10 *Consolidated Financial Statements*. Accordingly, Marija Mirkovic is regarded as direct subsidiary of ABM pursuant to MFRS10 *Consolidated Financial Statements*. The principal activity of Marija Mirkovic is provision of laboratory business.
- (c) On 2 June 2022, IHH established a wholly owned subsidiary, IHH Laboratories Holdings Sdn Bhd (“IHH Laboratories Holdings”) in Malaysia. The initial capital of IHH Laboratories Holdings is RM1 and its intended principal activity is investment holding.
- (d) On 3 June 2022, IHH established a wholly owned subsidiary, IHH Treasury Services Pte Ltd (now known as IHH Financial Services Pte Ltd (“IHH Financial Services”) after it changed its name on 6 July 2022) in Singapore. The initial capital of IHH Financial Services is SGD1.0 million (equivalent to RM3.2 million) and its intended principal activity is provision of treasury services.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

- (e) On 9 June 2022, IMUH established a wholly owned subsidiary, IMU Omega Sdn Bhd ("IMU Omega") in Malaysia. The initial capital of IMU Omega is RM2 and its intended principal activity is provision of medical, surgical and hospital services.
- (f) On 28 June 2022, IHH Laboratories Holdings established a wholly owned subsidiary, IHH Laboratories Pte Ltd ("IHH Laboratories") in Singapore. The initial capital of IHH Laboratories is SGD1 (equivalent to RM3) and its intended principal activities are investment holding and provision of services for medical diagnostic laboratory tests.
- (g) On 6 July 2022, Parkway Group Healthcare Pte Ltd acquired 100% equity interest in IHH Technology Sdn Bhd (formerly known as POEM Corporate Health Services Sdn Bhd) from Pantai Group Resources Sdn Bhd at a total consideration of RM635,000.
- (h) On 14 July 2022, Parkway HK Holdings Limited established a 60%-owned subsidiary, Parkway Medical Services (Hong Kong) Limited ("Parkway Medical") in Hong Kong. The remaining 40% equity stake in Parkway Medical is owned by Media Year Investments Limited. The initial capital of Parkway Medical is HKD10 (equivalent to RM6) and its intended principal activity is provision of healthcare services.
- (i) On 9 August 2022, Acibadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH"), acquired 100% equity interest in Ortopedia Ozel Sağlık Hizmetleri Anonim Sirketi ("Ortopedia") for a total consideration of TL200.0 million (equivalent to RM50.1 million). Ortopedia is a private healthcare operator in Adana, Turkiye and it currently operates a 52 bedded hospital specifically for orthopedics. Post completion of the acquisition, Ortopedia has become a direct subsidiary of ASH.
- (j) On 13 September 2022, Parkway Life Japan4 Pte Ltd ("TK Investor"), an indirect subsidiary, entered into a Tokumei Kumiai agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 17 (the "TK Operator"). Pursuant to the TK Agreement, the purchase price of the properties amounting to JPY2.6 billion (equivalent to RM83.6 million) will be injected into the TK Operator by the TK Investor to facilitate the acquisition of three nursing homes by the TK Operator.

PLife REIT does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision making powers of the TK Operator's management, resulting in PLife REIT receiving the majority of the benefits relating to the TK Operator's operations and net assets, being exposed to the majority of the risks incident to the TK Operator's activities and retaining the majority of the residual or ownership risks related to the TK Operator and its assets. As such the TK Operator is regarded as indirect subsidiary of IHH pursuant to MFRS10 *Consolidated Financial Statements*.

- (k) On 20 September 2022, Parkway Life Japan4 Pte Ltd ("TK Investor") entered into a Tokumei Kumiai agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 18 (the "TK Operator"). Pursuant to the TK Agreement, the purchase price of the properties amounting to JPY2.9 billion (equivalent to RM92.6 million) will be injected into the TK Operator by the TK Investor to facilitate the acquisition of two nursing homes by the TK Operator.

PLife REIT does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision making powers of the TK Operator's management, resulting in PLife REIT receiving the majority of the benefits relating to the TK Operator's operations and net assets, being exposed to the majority of the risks incident to the TK Operator's activities and retaining the majority of the residual or ownership risks related to the TK Operator and its assets. As such the TK

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Operator is regarded as indirect subsidiary of IHH pursuant to MFRS10 *Consolidated Financial Statements*.

- (l) On 23 September 2022, Acibadem City Clinic B.V. ("ACC BV"), an indirect subsidiary, repurchased 41,533 of its own shares at a consideration of EUR12.6 million (equivalent to RM56.8 million). The shares were retained as treasury shares. Consequential thereto, ASH's effective interest in ACC BV has increased from 64.05% to 66.82%.
- (m) On 8 December 2022, IHH Laboratories, an indirect wholly owned subsidiary, acquired 100% equity interest in Pantai Premier Pathology Sdn Bhd from Pantai Group Resources Sdn Bhd, an indirect wholly owned subsidiary, at a total consideration of RM94.2 million. Post completion of the acquisition, Orifolio Options Sdn Bhd, a direct wholly owned subsidiary of Pantai Premier Pathology Sdn Bhd has become an indirect wholly owned subsidiary of IHH Laboratories.
- (n) On 29 December 2022, IHH Laboratories, an indirect wholly owned subsidiary, acquired 100% equity interest in Parkway Laboratory Services Ltd from Parkway Holdings Limited, an indirect wholly owned subsidiary, at a total consideration of SGD53.3 million (equivalent to RM173.1million).

The above changes in the composition of the Group are not expected to have material effect on the earnings and net assets of the Group.

A12 SUBSEQUENT EVENTS

- (a) On 14 February 2023, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired the entire equity stake in Ozel Kent Saglik Hizmetleri ve Malzemeleri Sanayi Ticaret A.S. ("Kent") for a total consideration of EUR55.0 million (equivalent to RM255.3 million). Kent is a private healthcare operator in Izmir, Turkiye and it currently operates a 340-bedded Kent Hospital and 2 medical centres. Post completion of the acquisition, Kent has become a direct subsidiary of ASH, whilst Alsancak Ozel Kent Tıp Merkezi A.S. and Ozel Kent Radyoloji Goruntuleme ve Ticaret A.S. have become indirect wholly owned subsidiaries of ASH.
- (b) On 27 February 2023, M&P Investments Pte Ltd, an indirect wholly-owned subsidiary, completed the disposal of its 70% equity interest in Gleneagles Chengdu Hospital Company Limited to Perennial Healthcare Pte Ltd.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at 28 February 2023.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

A14 CAPITAL COMMITMENTS

| | 31 Dec 2022 RM'000 | 31 Dec 2021 RM'000 |
|--|-----------------------|-----------------------|
| a. Capital expenditure commitments | | |
| <i>Property, plant and equipment and investment properties</i> | | |
| - Contracted but not provided for | 1,152,671 | 541,431 |
| | <u>1,152,671</u> | <u>541,431</u> |
| b. Other commitments | | |
| Maximum amount committed for Fortis Open Offer ¹ | 1,830,228 | 1,896,122 |
| Maximum amount committed for Malar Open Offer ¹ | 15,511 | 16,070 |
| | <u>1,845,739</u> | <u>1,912,192</u> |

¹ The actual number of Fortis Healthcare Limited ("Fortis") shares and the actual number of Fortis Malar Hospitals Limited ("Malar") shares that Northern TK Venture Pte. Ltd. ("NTK") will be acquiring can only be determined at the end of the Fortis Open Offer and Malar Open Offer respectively.

On 13 November 2018, IHH acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly owned subsidiary of IHH, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

- (i) A mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital of Fortis, at a price of not less than INR170 per share ("Fortis Open Offer") or such higher price as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (ii) In light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share ("Malar Open Offer"). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

On 13 July 2018, NTK, together with IHH and Parkway Pantai Limited ("PPL") had made a public announcement to all the public shareholders who are eligible to tender their shares in the Fortis Open Offer and Malar Open Offer.

Subsequently on 14 December 2018, the Supreme Court of India passed an order in the matter of "Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors." [Contempt Petition (Civil) No. 2120 of 2018] ("Original Contempt Petition"), directing "status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained" ("Interim Status Quo Order"). Pursuant thereto, decision was taken not to proceed with Fortis Open Offer and Malar Open Offer.

Vide its judgment dated 15 November 2019 ("Judgment"), the Supreme Court of India issued suo-moto contempt notice to, among others, Fortis, and its Registry to register a fresh contempt petition in regard to alleged violation of the Interim Status Quo Order ("Fortis Contempt Petition").

On 22 September 2022, the Supreme Court pronounced the final order and on 23 September 2022, the written judgment was made available. The Supreme Court held, among others, that:

- (i) The Special Leave Petition (Civil) No. 20417 of 2017, the Original Contempt Petition (in which the Interim Status Quo Order was passed) and the Fortis Contempt Petition are disposed of.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

- (ii) The Delhi High Court may consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between Fortis and RHT Health Trust and other related transactions.
- (iii) It will be open to the Delhi High Court to pass such directions as the facts and circumstances presented before it may justify.

Neither IHH, NTK or PPL are party to Daiichi Sankyo Co. Ltd’s (“Daiichi”) pending execution proceedings* before the Delhi High Court. Daiichi had moved Delhi High Court requesting the Delhi High Court to pass appropriate directions (in view of the Supreme Court Judgment) in connection with the forensic audit and the execution proceedings are ongoing.

Following the decision of the Supreme Court of India, on 16 November 2022, the Securities and Exchange Board of India (“SEBI”) had advised NTK to proceed with the Fortis Open Offer and the Malar Open Offer after obtaining an appropriate order from the Delhi High Court. In view of the aforementioned, IHH is obtaining advice from legal counsel.

*: Daiichi filed execution proceedings before the Delhi High Court to enforce and execute an arbitral award issued in its favour (“Arbitral Award”). Pursuant to the Arbitral Award (which IHH Group is not a party to), Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh (“Singh Brothers”) and persons and entities related to them were directed to pay an amount of approximately INR 25.62 billion with interest to Daiichi in connection with a dispute relating to the sale of shares of Ranbaxy Laboratories Limited by the Singh Brothers to Daiichi.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

| | Level 1 RM'000 | Fair value Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Carrying amount RM'000 |
|---|-------------------|---------------------------------|-------------------|-----------------|------------------------------|
| 31 December 2022 | | | | | |
| Financial assets | | | | | |
| Unquoted shares at FVOCI | - | - | 114,573 | 114,573 | 114,573 |
| Foreign exchange forward contracts | - | 42,475 | - | 42,475 | 42,475 |
| Cross currency swaps | - | 291,978 | - | 291,978 | 291,978 |
| Cross currency interest rate swaps | - | 61,410 | - | 61,410 | 61,410 |
| Interest rate caps | - | 12,799 | - | 12,799 | 12,799 |
| Interest rate swaps | - | 124 | - | 124 | 124 |
| Financial liabilities | | | | | |
| Foreign exchange forward contracts | - | (4,379) | - | (4,379) | (4,379) |
| Fixed rate medium term notes | - | (647,919) | - | (647,919) | (654,440) |
| Liabilities on put options granted to NCI | - | - | (1,592,665) | (1,592,665) | (1,592,665) |
| 31 December 2021 | | | | | |
| Financial assets | | | | | |
| Unquoted shares at FVOCI | - | - | 72,581 | 72,581 | 72,581 |
| Money market funds at FVTPL | - | 111,394 | - | 111,394 | 111,394 |
| Foreign exchange forward contracts | - | 21,451 | - | 21,451 | 21,451 |
| Cross currency swaps | - | 374,382 | - | 374,382 | 374,382 |
| Cross currency interest rate swaps | - | 27,199 | - | 27,199 | 27,199 |
| Interest rate caps | - | 2,143 | - | 2,143 | 2,143 |
| Financial liabilities | | | | | |
| Interest rate swaps | - | (471) | - | (471) | (471) |
| Fixed rate medium term notes | - | (434,080) | - | (434,080) | (431,713) |
| Liabilities on put options granted to NCI | - | - | (1,938,448) | (1,938,448) | (1,938,448) |

Refer to Section B13 for fair value gain/(loss) recognised in the statement of profit or loss.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

| | 4th quarter ended | | | Financial year ended | | |
|---|-------------------|------------------|------------|----------------------|-------------------|-------------|
| | 31 Dec 2022 | 31 Dec 2021 | Variance | 31 Dec 2022 | 31 Dec 2021 | Variance |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| REVENUE¹ | | | | | | |
| Singapore | 1,343,948 | 1,297,115 | 4% | 5,143,114 | 5,033,275 | 2% |
| Malaysia | 877,098 | 742,942 | 18% | 3,181,790 | 2,727,152 | 17% |
| India | 1,009,307 | 948,276 | 6% | 3,865,251 | 3,728,777 | 4% |
| Greater China | 286,061 | 237,438 | 20% | 998,378 | 876,887 | 14% |
| Turkiye and Europe | 1,343,080 | 1,134,537 | 18% | 4,486,140 | 4,347,258 | 3% |
| Hospital and Healthcare | 4,859,494 | 4,360,308 | 11% | 17,674,673 | 16,713,349 | 6% |
| IMU Health | 70,005 | 69,993 | 0% | 260,772 | 257,647 | 1% |
| Others[^] | 1,628 | 1,748 | -7% | 4,994 | 7,600 | -34% |
| Group (Excluding PLife REIT) | 4,931,127 | 4,432,049 | 11% | 17,940,439 | 16,978,596 | 6% |
| PLife REIT total revenue | 96,282 | 93,584 | 3% | 376,199 | 370,694 | 1% |
| Less: PLife REIT inter-segment revenue | (58,579) | (54,917) | -7% | (226,668) | (217,527) | -4% |
| PLife REIT | 37,703 | 38,667 | -2% | 149,531 | 153,167 | -2% |
| | 4,968,830 | 4,470,716 | 11% | 18,089,970 | 17,131,763 | 6% |
| Adjustment for hyperinflationary economies ⁴ | (112,015) | - | - | (101,283) | - | - |
| Group | 4,856,815 | 4,470,716 | 9% | 17,988,687 | 17,131,763 | 5% |
| EBITDA² | | | | | | |
| Singapore | 421,485 | 484,457 | -13% | 1,600,156 | 1,692,982 | -5% |
| Malaysia | 244,863 | 223,210 | 10% | 909,700 | 760,144 | 20% |
| India | 165,774 | 181,138 | -8% | 646,624 | 664,462 | -3% |
| Greater China | (12,407) | (10,364) | -20% | (60,291) | (69,554) | 13% |
| Turkiye and Europe | 358,212 | 318,259 | 13% | 1,089,811 | 1,198,862 | -9% |
| Southeast Asia | (28) | 20 | NM | (346) | (330) | -5% |
| Hospital and Healthcare | 1,177,899 | 1,196,720 | -2% | 4,185,654 | 4,246,566 | -1% |
| IMU Health | 19,323 | 16,918 | 14% | 84,750 | 86,709 | -2% |
| Others[^] | (77,694) | (95,031) | 18% | (170,644) | (185,532) | 8% |
| Group (Excluding PLife REIT) | 1,119,528 | 1,118,607 | 0% | 4,099,760 | 4,147,743 | -1% |
| PLife REIT | 60,841 | 50,318 | 21% | 278,442 | 349,919 | -20% |
| Eliminations³ | (58,245) | (54,903) | -6% | (220,851) | (218,232) | -1% |
| | 1,122,124 | 1,114,022 | 1% | 4,157,351 | 4,279,430 | -3% |
| Adjustment for hyperinflationary economies ⁴ | (49,013) | - | - | (106,224) | - | - |
| Group | 1,073,111 | 1,114,022 | -4% | 4,051,127 | 4,279,430 | -5% |

¹: Relates to external revenue only

²: Relates to the EBITDA performance of each strategic business units, after elimination of dividend income from within the Group

³: Relates to the elimination of inter-segment income and expenses

⁴: Arises from the application of MFRS 129

[^]: "Others" comprise mainly corporate office as well as other investment holding entities

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Q4 2022 vs Q4 2021

The Group's Q4 2022 revenue increased 9% over Q4 2021 while its Q4 2022 EBITDA decreased 4%. Excluding effects of MFRS 129, the Group's Q4 2022 revenue and EBITDA increased 11% and 1% respectively over Q4 2021.

The decrease in EBITDA was mainly due to higher cost of operations, translational effects from a weakened TL against RM during in the quarter and a debit adjustment of RM49.0 million in Q4 2022 relating to the application of MFRS 129.

The Group's Q4 2022 PATMI excluding exceptional items ("PATMI (Excl EI)") decreased 23% to RM340.4 million, mainly due to higher net finance costs and a debit adjustment of RM84.0 million in Q4 2022 relating to the application of MFRS 129 which mainly resulted from higher depreciation and amortisation on reindexation and partially eroded by the translation effects of weakening TL as at 31 December 2022. These were partially offset by lower depreciation expenses on non-reindexed assets.

Hospital and Healthcare

Hospital and Healthcare's Q4 2022 revenue increased 11% to RM4,859.5 million whilst its Q4 2022 EBITDA decreased 2% to RM1,177.9 million. The growth in revenue was mainly due to the strong recovery from core non-COVID-19 revenues as both local and foreign patients returned to seek treatment at the Group's hospitals. The continuous ramp-up of operations at GHK Hospital and acquisitions of Bel Medic on 20 July 2021 and Ortopedia on 9 August 2022 also contributed to the increase. These were partially offset by lower contribution from COVID-19 related-services rendered in Q4 2022, as well as the disposal of Continental Hospitals on 14 December 2021 and partial lockdown in China per local COVID-19 measures.

Singapore hospital inpatient admissions decreased 4% to 15,010 in Q4 2022 while its revenue per inpatient admission increased 29% to RM53,944 with a case-mix of more acute patients seeking treatment at the Singapore hospitals. Malaysia hospital inpatient admissions increased 33% to 57,206 in Q4 2022 while its revenue per inpatient admission decreased 3% to RM9,769. Patients, including those with less acute illnesses, have returned to the Malaysia hospitals in Q4 2022. India hospital inpatient admissions decreased 2% to 83,345 in Q4 2022 while its revenue per inpatient admission increased 12% to RM8,564. Turkiye and Europe hospital inpatient admissions increased 7% to 64,309 in Q4 2022 while its revenue per inpatient admission increased 45% to RM10,268 with price adjustments to counter inflation.

Strong recovery of foreign patient volumes was observed in Q4 2022 for Singapore and Malaysia as border controls were eased in the two countries since April 2022.

The decrease in Hospital and Healthcare's Q4 2022 EBITDA was mainly due to higher staff cost and other operating expenses and translational effects from a weakened TL against RM during the quarter.

IMU Health

IMU Health's Q4 2022 revenue remained flat at RM70.0 million and its Q4 2022 EBITDA increased 14% to RM19.3 million on lower staff costs.

PLife REIT

PLife REIT's Q4 2022 external revenue and EBITDA increased 3% and 21% respectively over Q4 2021. EBITDA increased mainly due to contribution from five nursing homes acquired in September 2022 as well as lower valuation loss on investment properties of RM19.5 million recorded.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Others

Q4 2022 revenue decreased 7% to RM1.6 million mainly due to lower dividends received from investments in Money Market Funds ("MMF") following partial redemption made in December 2021 and full redemption in April 2022.

Q4 2022 EBITDA losses decreased 18% mainly due to lower other operating expenses.

FY 2022 vs FY 2021

The Group's FY 2022 revenue increased by 5% over FY 2021 while its FY 2022 EBITDA decreased 5%. Excluding effects of MFRS 129, the Group's FY 2022 revenue increased by 6% over Q4 2021 while its FY 2022 EBITDA decreased 3%.

The decrease in EBITDA was mainly due to a higher base in FY 2021 with RM16.3 million gain on divestment of P-Life Matsudo and RM40.6 million valuation gain on PLife REIT's investment properties, compared to valuation loss of RM19.5 million in FY 2022. In addition, higher cost of operations, translational effects from a weakened TL against RM during the year and a debit adjustment of RM106.2 million in FY 2022 relating to the application of MFRS 129 eroded FY 2022 EBITDA.

The Group's FY 2022 PATMI (Excl EI) decreased 13% to RM1,380.7 million, mainly due to lower EBITDA, higher net finance costs and a debit adjustment of RM273.1 million relating to the application of MFRS 129 in FY 2022 which mainly resulted from higher depreciation and amortisation on reindexation and partially eroded by the translation effects of weakening TL as at 31 December 2022. These were partially offset by lower depreciation expenses on non-reindexed assets and higher net exchange gains.

Hospital and Healthcare

Hospital and Healthcare's FY 2022 revenue increased 6% to RM17,674.7 million while its FY 2022 EBITDA decreased 1% to RM4,185.7 million.

The growth in revenue was mainly due to the strong recovery of core non-COVID-19 revenues as both local and foreign patients returned to seek treatment at the Group's hospitals. The continuous ramp-up of operations at GHK Hospital, as well as the acquisitions of DDRC SRL on 5 April 2021, Bel Medic on 20 July 2021 and Ortopedia on 9 August 2022 also contributed to the increase. These were partially offset by lower contribution from COVID-19 related-services rendered in FY 2022, as well as the disposal of Continental Hospitals on 14 December 2021, temporary closure of all clinics in China between March and May 2022 and partial lockdown in China per local COVID-19 measures.

Singapore hospital inpatient admissions decreased 4% to 61,951 in FY 2022 as beds were allocated to COVID-19 patients in FY 2021, while its revenue per inpatient admission increased 26% to RM48,965 with a case-mix of more acute patients seeking treatment at the Singapore hospitals. Malaysia hospital inpatient admissions increased 35% to 205,459 in FY 2022 while its revenue per inpatient admission decreased 7% to RM9,587. Patients, including those with less acute illnesses, have returned to the Malaysia hospitals in FY 2022 as compared to FY 2021 when the Movement Control Order was in place in Malaysia. India hospital inpatient admissions increased 4% to 332,661 in FY 2022 while its revenue per inpatient admission increased 3% to RM8,103. Turkiye and Europe hospital inpatient admissions increased 7% to 234,831 in FY 2022 while its revenue per inpatient admission increased 31% to RM9,090 with price adjustments to counter inflation.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Strong recovery of foreign patient volumes was observed since April 2022 for Singapore and Malaysia as border controls were eased in the two countries.

The decrease in Hospital and Healthcare's FY 2022 EBITDA was mainly due to higher staff cost and other operating expenses and translational effects from a weakened TL against RM during the year.

IMU Health

IMU Health's FY 2022 revenue increased 1% to RM260.8 million while its FY 2022 EBITDA decreased 2% to RM84.8 million as expenses increased since there were more campus activities with students returning to campus for physical classes post pandemic lockdown.

PLife REIT

PLife REIT's FY 2022 external revenue increased 1% while its FY 2022 EBITDA decreased 20%. The lower EBITDA was mainly due to a higher base in FY 2021 with RM16.3 million gain on divestment of P-Life Matsudo and valuation gains on investment properties of RM40.2 million recorded, compared to valuation loss of RM19.5 million in FY 2022.

Others

FY 2022 revenue decreased 34% to RM5.0 million due to lower dividends received from investments in MMF following partial redemption made in December 2021 and full redemption in April 2022. In addition, there was lower management fee income from Gleneagles JPMC Sdn Bhd.

FY 2022 EBITDA losses decreased 8% mainly due to higher staff costs.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

| | 4th quarter ended 31 Dec 2022 RM'000 | 3rd quarter ended 30 Sep 2022 RM'000 | Variance % |
|---|--|--|---------------|
| <u>REVENUE</u>¹ | | | |
| Singapore | 1,343,948 | 1,276,792 | 5% |
| Malaysia | 877,098 | 840,244 | 4% |
| India | 1,009,307 | 1,032,034 | -2% |
| Greater China | 286,061 | 265,412 | 8% |
| Turkiye and Europe | 1,343,080 | 1,110,199 | 21% |
| Hospital and Healthcare | 4,859,494 | 4,524,681 | 7% |
| IMU Health | 70,005 | 59,624 | 17% |
| Others [^] | 1,628 | 1,003 | 62% |
| Group (Excluding PLife REIT) | 4,931,127 | 4,585,308 | 8% |
| PLife REIT total revenue | 96,282 | 92,263 | 4% |
| Less: PLife REIT inter-segment revenue | (58,579) | (56,624) | -3% |
| PLife REIT | 37,703 | 35,639 | 6% |
| | 4,968,830 | 4,620,947 | 8% |
| Adjustment for hyperinflationary economies ⁴ | (112,015) | (25,703) | NM |
| Group | 4,856,815 | 4,595,244 | 6% |
| <u>EBITDA</u>² | | | |
| Singapore | 421,485 | 374,641 | 13% |
| Malaysia | 244,863 | 248,200 | -1% |
| India | 165,774 | 179,291 | -8% |
| Greater China | (12,407) | (7,547) | -64% |
| Turkiye and Europe | 358,212 | 230,853 | 55% |
| Southeast Asia | (28) | (35) | 20% |
| Hospital and Healthcare | 1,177,899 | 1,025,403 | 15% |
| IMU Health | 19,323 | 15,563 | 24% |
| Others [^] | (77,694) | (35,619) | -118% |
| Group (Excluding PLife REIT) | 1,119,528 | 1,005,347 | 11% |
| PLife REIT | 60,841 | 73,030 | -17% |
| Eliminations ³ | (58,245) | (54,698) | -6% |
| | 1,122,124 | 1,023,679 | 10% |
| Adjustment for hyperinflationary economies ⁴ | (49,013) | (21,100) | -132% |
| Group | 1,073,111 | 1,002,579 | 7% |

¹: Relates to external revenue only

²: Relates to the EBITDA performance of each strategic business units, after elimination of dividend income from within the Group

³: Relates to the elimination of inter-segment income and expenses

⁴: Arises from the application of MFRS 129

The Group recognised the cumulative YTD 6 months (ie. 1 January 2022 to 30 June 2022) effects of MFRS 129 in Q2 2022 upon application of the standard in April 2022, whereas it recognised Q4 3 months effects of MFRS 129 in Q3 2022.

[^]: "Others" comprise mainly corporate office as well as other investment holding entities

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Q4 2022 vs Q3 2022

The Group's quarter-on-quarter revenue and EBITDA increased by 6% and 7% respectively. Excluding effects of MFRS 129, the Group's quarter-on-quarter revenue and EBITDA increased by 8% and 10% respectively.

EBITDA increased quarter-on-quarter on the back of a higher revenue. It was partially offset by higher cost of operations and valuation loss on PLife REIT's investment properties of RM19.5 million recorded in Q4 2022.

The Group's PATMI (Excl EI) increased 8% quarter-on-quarter on the back of higher EBITDA. It is partially offset by lower net exchange gains in Q4 2022 and a higher debit adjustment relating to the application of MFRS 129.

Hospital and Healthcare

Hospital and Healthcare recorded a 7% quarter-on-quarter increase in revenue and 15% quarter-on-quarter increase in EBITDA.

Singapore hospital inpatient admissions decreased 3% quarter-on-quarter, while its revenue per inpatient admission increased 11%. Malaysia hospital inpatient admissions was flat quarter-on-quarter, while its revenue per inpatient admission increased 5%. India hospital inpatient admissions decreased 6% quarter-on-quarter, while its revenue per inpatient admission increased 4% quarter-on-quarter. Turkiye and Europe hospital inpatient admissions increased 20% quarter-on-quarter while its revenue per inpatient increased 2%.

EBITDA increased quarter-on-quarter on the back of a higher revenue, partially offset by higher staff cost and other operating expenses.

IMU Health

IMU Health's revenue increased 17% quarter-on-quarter mainly due to timing of the semester and student intake. EBITDA increased 24% quarter-on-quarter as a result of higher revenues, offset by higher expenses as a result of increased activities in campus and timing of expenditure which coincides with the new semester and student intake.

PLife REIT

PLife REIT's external revenue increased 4% quarter-on-quarter due to revenue contribution from five nursing homes acquired in September 2022.

PLife REIT's EBITDA decreased 17% quarter-on-quarter due to valuation loss on PLife REIT's investment properties of RM19.5 million recorded in Q4 2022.

Others

Revenue increased 62% quarter-on-quarter while EBITDA losses increased 118% quarter-on-quarter as a result of higher other operating expenses.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B3 NEXT YEAR FINANCIAL PROSPECTS

The Group is cautiously optimistic of robust growth from its core business with the return of local and foreign patients to its hospitals. It continues to drive bed occupancy, optimise capacity of its existing operations and further scale up in Malaysia, India and Turkey to meet increasing demand for quality healthcare services. In addition, the Group will grow its laboratories as a distinct platform to expand its reach and to provide end-to-end laboratory services to patients and clients.

Meanwhile, Mount Elizabeth Hospital in Singapore is undergoing a major refurbishment and will convert its two-bedded rooms to single rooms to meet strong local and international demand. The renovation will be phased over three years to minimise disruptions. Some patients may be decanted to the Group's three other hospitals in Singapore.

The healthcare industry continues to face near-term macroeconomic headwinds. Most costs are expected to increase with global rising inflation. Higher energy prices have added to the Group's cost of operations. Nursing shortages across most markets has also led to increased pressure on salary costs, as well as placed limitations on bed capacity. The Group will maintain a tight rein on costs and leverage synergies from its international network to achieve cost savings. The Group expects its net finance cost to increase in a rising interest rate environment.

As the Group pivots its strategy towards growth, it continues to seek opportunities to acquire strategic assets. It will also focus on improving its returns on equity. The Group will continue to improve on group-wide synergies and operational efficiencies. In February 2023, the Group expanded its footprint into Turkiye's third largest city of Izmir with the acquisition of 100% of Kent Health Group, which operates the largest private hospital as well as two other medical centers in Izmir.

The Group's hospitals in Turkiye were unscathed from the recent earthquake in the region, and have stepped up to provide medical support to quake victims across the country. The Group is committed to rendering humanitarian and healthcare assistance to affected communities.

In 2023, the Group expects to complete the sale of IMU Group (its education business in Malaysia). On 27 February 2023, the divestment of Gleneagles Chengdu Hospital Company Limited, a 49% owned subsidiary, was completed. The sale is in line with IHH's strategy to continually reviews its asset portfolio in China to minimise losses.

Despite the above-mentioned near-term headwinds, the Group is confident of its long-term growth trajectory, underpinned by megatrends in healthcare as well as its operational resilience and strong financial position. The Group expects its Return of Equity enhancement strategy via its cluster strategy, coupled with the strong pent-up demand for private healthcare, to drive growth.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

| | 4th quarter ended | | Financial year ended | |
|-------------------------------|-------------------|----------------|----------------------|----------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | 124,474 | 143,622 | 551,154 | 558,107 |
| Deferred tax expense/(credit) | 63,273 | 18,581 | 20,795 | (178,955) |
| | <u>187,747</u> | <u>162,203</u> | <u>571,949</u> | <u>379,152</u> |

Q4 2022 and FY 2022 effective tax rates* were 96.1% and 26.3% respectively. Q4 2021 and FY 2021 effective tax rates* were 24.0% and 15.1% respectively. The Group’s effective tax rates differ from the Malaysia statutory tax rate mainly due to certain non-taxable income and non-tax deductible expenses (refer to page 2 for list of exceptional items), as well as unrecognised tax losses arising from some subsidiaries’ operations and hospitals under construction.

* Effective tax rate, after adjusting for the Group’s share of profits of associates and joint ventures

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 28 February 2023:

1. Following the subscription of 235,294,117 new equity shares of face value of Indian Rupee (“INR”) 10 each (“Fortis Shares”) in Fortis Healthcare Limited (“Fortis”) through preferential allotment by Fortis to an indirect wholly owned subsidiary of IHH, Northern TK Venture Pte Ltd (“NTK” or the “Acquirer”);
 - (i) Mandatory Open Offer for acquisition of up to 197,025,660 Fortis Shares representing additional 26.10% of the Expanded Voting Share Capital (as defined herein) of Fortis by the Acquirer (“Fortis Open Offer”); and
 - (ii) Mandatory Open Offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each, representing 26.11% of the fully diluted voting equity share capital of Fortis Malar Hospitals Limited (“Malar”) by the Acquirer (“Malar Open Offer”).

Refer to Section A14 for details and status of the Fortis Open Offer and Malar Open Offer.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Proposed disposal of the entire issued ordinary share capital of IMU Health Sdn Bhd ("IMUH"), by IHH to Inbound Education Holdings Sdn Bhd ("IEHSB") ("Proposed Disposal of IMU"); and proposed disposal of the entire issued share capital of IMU Omega ("Hospital HoldCo"), by IMUH to Columbia Asia Sdn Bhd ("CASB") ("Proposed Facility Disposal") (collectively the "Proposed Disposals"), for a cash consideration to be determined based on a total enterprise value of RM1,345 million

IHH and IEHSB had on 7 June 2022 entered into a conditional share sale agreement ("IMU SSA") whereby IHH will dispose 1,140,032 ordinary shares in IMUH representing the entire issued ordinary share capital of IMUH to IEHSB.

In conjunction with the Proposed Disposal of IMU, IHH will also dispose of a hospital situated on the land bearing title particulars GRN 46835, Lot 38387, Mukim Petaling, Daerah Kuala Lumpur ("Facility") together with the assets and liabilities of the Facility ("Facility Business"), which are currently owned by its indirect wholly owned subsidiary, IMU Education Sdn Bhd ("IMU Education") to CASB. IHH will execute various internal restructuring steps ("Proposed Restructuring") within IMU Group to facilitate the Proposed Facility Disposal.

To facilitate the Proposed Restructuring, IMU Education and IMU Omega had entered into an asset purchase agreement ("Facility APA") in respect of the Facility Business on 27 June 2022. On 27 July 2022, IMUH, IHH and CASB had entered into a conditional share sale agreement for the disposal of the entire issued share capital of IMU Omega by IMUH to CASB ("Facility SSA") pursuant to the Proposed Facility Disposal.

The Proposed Disposal of IMU, the Proposed Facility Disposal and the Proposed Restructuring (collectively the "Proposed Transactions") are not subject to IHH shareholders' approval but are subject to approvals from various regulatory bodies.

Please refer to IHH's announcements dated 7 June 2022, 27 June 2022, 21 July 2022, 27 July 2022, 5 August 2022 and 11 November 2022 for further details of the Proposed Transactions.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B7 LOANS, BORROWINGS AND OVERDRAFTS

(a) Breakdown of the Group's loans, borrowings and overdrafts:

| | 31 Dec 2022 | 31 Dec 2021 |
|------------------------------|--------------------|--------------------|
| | RM'000 | RM'000 |
| Non-current | | |
| Secured | | |
| Bank loans | 522,857 | 1,079,929 |
| Loans from corporates | 2,792 | 2,221 |
| Unsecured | | |
| Bank loans | 5,534,248 | 5,162,308 |
| Fixed rate medium term notes | 588,418 | 431,713 |
| Loans from corporates* | 917,674 | 933,320 |
| | <u>7,565,989</u> | <u>7,609,491</u> |
| Current | | |
| Secured | | |
| Bank overdrafts | 44,135 | 24,229 |
| Bank loans | 634,656 | 179,823 |
| Loans from corporates | 1,533 | 1,008 |
| Unsecured | | |
| Bank loans | 889,896 | 1,055,928 |
| Fixed rate medium term notes | 66,022 | - |
| Loans from corporates | 684 | 668 |
| | <u>1,636,926</u> | <u>1,261,656</u> |
| Total | <u>9,202,915</u> | <u>8,871,147</u> |

* Includes loans from non-controlling interests of RM916,992,000 (2021: RM869,305,000)

Breakdown of the Group's loans, borrowings and overdrafts by the source currency of loans, in RM equivalent:

| | 31 Dec 2022 | 31 Dec 2021 |
|------------------|--------------------|--------------------|
| | RM'000 | RM'000 |
| Hong Kong Dollar | 2,928,559 | 2,689,200 |
| Japanese Yen | 2,084,418 | 2,027,290 |
| Singapore Dollar | 2,005,562 | 1,546,758 |
| Euro | 669,559 | 977,658 |
| Indian Rupees | 581,761 | 712,460 |
| Renminbi | 517,914 | 512,686 |
| Turkish Lira | 388,075 | 47,499 |
| Macedonian Denar | 25,698 | 18,257 |
| Others | 1,369 | 1,314 |
| Ringgit Malaysia | - | 338,025 |
| | <u>9,202,915</u> | <u>8,871,147</u> |

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 December 2022:

| | Notional amount as at 31 Dec 2022 RM'000 | Fair value amount as at 31 Dec 2022 RM'000 |
|--|---|---|
| Derivative assets | | |
| Foreign exchange forward contracts | | |
| - Within 1 year | 30,182 | 6,553 |
| - Between 1 - 3 years | 264,422 | 30,196 |
| - More than 3 years | 85,210 | 5,726 |
| | <u>379,814</u> | <u>42,475</u> |
| Interest rate swaps | | |
| - Between 1 - 3 years | 145,286 | 124 |
| Interest rate caps | | |
| - Between 1 - 3 years | 778,600 | 4,759 |
| - More than 3 years | 366,724 | 8,040 |
| | <u>1,145,324</u> | <u>12,799</u> |
| Cross currency interest rate swaps | | |
| - Between 1 - 3 years | 265,828 | 61,410 |
| Cross currency swaps | | |
| - Within 1 year | 85,463 | 143,263 |
| - Between 1 - 3 years | 86,194 | 148,715 |
| | <u>171,657</u> | <u>291,978</u> |
| | <u>2,107,909</u> | <u>408,786</u> |
| Derivative liabilities | | |
| Foreign exchange forward contracts | | |
| - Within 1 year | 128,321 | (4,379) |
| Call option granted to non-controlling interests | | |
| - Within 1 year | 27,321 | - |
| | <u>155,642</u> | <u>(4,379)</u> |

Foreign exchange forward contracts

Foreign exchange forward contracts are entered by the Group to hedge against exchange rate exposures on some balances denominated in currencies other than the functional currency of the entity that recognised the foreign currency balances. The fair value of foreign exchange forward contract is determined based on prevailing market rate.

Interest rate caps

Interest rate caps are entered by the Group to protect against an increase in interest rates beyond the pre-determined cap rate.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

Cross currency interest rate swaps and cross currency swaps

Cross currency interest rate swaps and cross currency swaps are entered by the Group to hedge the interest rate fluctuations on the floating rate borrowings, and to realign certain borrowings to the same currency of the Group's foreign investments to achieve a natural hedge. The fair values of cross currency interest rate swaps and cross currency swaps are determined based on bank quotes.

Interest rate swaps

Interest rate swaps are entered by the Group to hedge against interest rate fluctuations on some floating rate borrowings. The fair value of interest rate swaps is determined based on bank quotes.

Call option granted to non-controlling interests

Call option granted to non-controlling interests relates to a call option granted by the Group to non-controlling interests of Ravindranath GE Medical Associates Pte Ltd ("RGE") to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million, pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a derivative liability.

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B13 for the fair value gain/loss recognised in the statement of profit or loss.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than as disclosed in Section A15 the Group does not remeasure its financial liabilities and derivatives at reporting date. The changes in fair value recognised through profit or loss are disclosed in Section B13.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B10 MATERIAL LITIGATIONS

The following are the material litigations of the Group:

In respect of Escorts Heart Institute and Research Centre Limited ("EHIRCL"), a subsidiary of Fortis:

- (a) The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. The Supreme Court of India, vide its order dated 14 November 2019, has quashed the show cause notice for eviction proceedings. Based on external legal counsel advice, Fortis is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments to the financial statements are required.
- (b) In relation to the judgement of the High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.0 billion (equivalent to RM275.1 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50.0 million (equivalent to RM2.7 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Matter is sub judice before the Delhi High Court. Based on its internal assessment and advice from its counsel, since the documents available, EHIRCL believes that it is in compliance of the conditions of free treatment and free beds to patients of economic weaker sections and expects the demand to be set aside.

B11 DIVIDENDS

The Board of Directors have declared that a first and final single tier cash dividend of 7 sen per ordinary share for the financial year ended 31 December 2022 to be paid on 28 April 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and The Central Depository (Pte) Limited ("CDP") at the close of business on 31 March 2023. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2023 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

For details of the dividends paid by the Company during the financial year ended 31 December 2022, please refer to Section A7.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B12 EARNINGS PER SHARE ("EPS")

Basic earnings per share were calculated by dividing the Group's net profit attributable to shareholders less distribution to holders of the perpetual securities, by the weighted average number of ordinary shares in issue during the financial year.

| | 4th quarter ended | | Financial year ended | |
|--|-------------------|----------------|----------------------|------------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Basic and diluted earnings per share is based on: | | | | |
| i) <u>Net profit attributable to ordinary shareholders</u> | | | | |
| Profit after tax and non-controlling interests | 191,273 | 453,598 | 1,548,398 | 1,862,525 |
| Perpetual securities distribution accrued | - | (22,466) | (52,212) | (88,300) |
| | <u>191,273</u> | <u>431,132</u> | <u>1,496,186</u> | <u>1,774,225</u> |
| ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u> | | | | |
| Profit after tax and non-controlling interests (excluding EI) | 340,371 | 440,750 | 1,380,676 | 1,594,752 |
| Perpetual securities distribution accrued | - | (22,466) | (52,212) | (88,300) |
| | <u>340,371</u> | <u>418,284</u> | <u>1,328,464</u> | <u>1,506,452</u> |
| (a) Basic EPS | | | | |
| | '000 | '000 | '000 | '000 |
| Weighted average number of shares | 8,806,043 | 8,791,778 | 8,803,471 | 8,782,187 |
| | sen | sen | sen | sen |
| Basic EPS | 2.17 | 4.90 | 17.00 | 20.20 |
| Basic EPS (excluding EI) | <u>3.87</u> | <u>4.76</u> | <u>15.09</u> | <u>17.15</u> |

(b) Diluted earnings per share

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

| | 4th quarter ended | | Financial year ended | |
|--|-------------------|------------------|----------------------|------------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | 8,806,043 | 8,791,778 | 8,803,471 | 8,782,187 |
| Weighted number of unissued ordinary shares from units under Long Term Incentive Plan | - | - | - | 459 |
| Weighted number of unissued ordinary shares from share options under EOS | 100 | 949 | 834 | 85 |
| Weighted average number of dilutive ordinary shares for computation of diluted EPS | <u>8,806,143</u> | <u>8,792,727</u> | <u>8,804,305</u> | <u>8,782,731</u> |
| | sen | sen | sen | sen |
| Diluted EPS | 2.17 | 4.90 | 16.99 | 20.20 |
| Diluted EPS (excluding EI) | <u>3.87</u> | <u>4.76</u> | <u>15.09</u> | <u>17.15</u> |

At 31 December 2022, 18,759,000 (2021: 21,509,000) outstanding EOS options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022

B13 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 4th quarter ended | | Financial year ended | |
|--|-------------------|-------------|----------------------|-------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividend income | - | 650 | 63 | 2,585 |
| Other operating income | 80,512 | 97,235 | 323,654 | 312,051 |
| Foreign exchange differences | 2,855 | 2,025 | 92,526 | 10,512 |
| Impairment loss (made)/written back: | | | | |
| - Property, plant and equipment | (384,336) | 12,284 | (384,302) | (167,408) |
| - Intangible assets | (8,943) | - | (8,943) | - |
| - Goodwill | (150,066) | (6,090) | (150,066) | (6,090) |
| - Trade and other receivables | (16,638) | 5,615 | (44,686) | (80,605) |
| Write off: | | | | |
| - Property, plant and equipment | (214) | (617) | (1,087) | (1,863) |
| - Trade and other receivables | (4,692) | (11,767) | (10,048) | (20,749) |
| - Inventories | (1,061) | (1,050) | (4,296) | (3,601) |
| Change in fair value of investment properties | 27,780 | 21,923 | 23,750 | 87,107 |
| Remeasurement to fair value of interest in a joint venture | - | (116) | - | 86,061 |
| Gain on disposal of property, plant and equipment | 2,971 | 11,054 | 11,864 | 14,975 |
| Gain on disposal of an investment property | - | (4) | - | 16,335 |
| Gain on disposal of a subsidiaries | - | 53,032 | - | 53,032 |
| Gain on disposal of a joint venture | - | - | - | 139,053 |
| Provision for loan taken by a joint venture | - | 1 | - | (2,563) |
| Finance income | | | | |
| Interest income | 8,621 | 12,603 | 77,586 | 49,084 |
| Fair value gain on instruments at FVTPL | 176 | 201 | 987 | 933 |
| Fair value (loss)/gain on financial derivatives | (2,788) | 360,821 | 34,810 | 493,584 |
| | 6,009 | 373,625 | 113,383 | 543,601 |
| Finance costs | | | | |
| Interest on loans and borrowings | (114,509) | (58,943) | (318,800) | (287,029) |
| Interest on lease liabilities | (43,719) | (37,249) | (152,863) | (157,529) |
| Exchange loss on net borrowings | (43,274) | (478,638) | (144,194) | (604,966) |
| Fair value gain on financial instruments | 1,062 | - | - | - |
| Other finance costs | (7,091) | (9,095) | (41,556) | (38,103) |
| | (207,531) | (583,925) | (657,413) | (1,087,627) |