

Dear Stakeholders,

2020 will be remembered in history as the year of the COVID-19 global pandemic. Millions of lives were lost, livelihoods gravely affected, and businesses severely disrupted. The way we live, work and play has changed indelibly. Yet amidst all the negativity, Fullerton Health remained agile and adapted quickly to the challenging environment by capitalizing on opportunities presented by the crisis. The Group's diversified portfolio and business model proved to be robust.

### **Opportunities Amidst Adversity**

As a leading healthcare group offering a regional healthcare service platform in 10 markets across Asia Pacific with over 500 self-owned medical facilities and a network of over 12,000 healthcare providers, Fullerton Health leveraged its existing business and expertise and pivoted to partner with the government agencies across our various markets in efforts to support the fight against COVID-19. A total of close to S\$40 million in new revenue across our markets was generated in 2020 for COVID-19 related projects. In Singapore, we were actively involved in 8 COVID-19 projects nationwide, including managing 20 dormitory medical posts caring for more than 130,000 migrant workers, and running the 24/7 extended A&E holding facility for a local hospital. In the Philippines, we conducted rapid screening tests from clinics, at homes, and onsite at clients' company premises. In Indonesia, we built laboratories to perform tens of thousands of PCR tests in Jakarta and Kalimantan.

Building on the positive momentum and track record set in 2020, we have in 2021 stepped up efforts in the management of the pandemic across our markets. Revenue from COVID-19 related projects across our markets is expected to cross S\$100 million for 2021. On the vaccination front, our efforts include operating 10 vaccination centers and 3 mobile teams in Singapore and 3 sites administering vaccinations in the Philippines. To-date, we have administered more than 2 million vaccinations. Other ongoing efforts in Singapore include operating three community care/ treatment facilities with more than 2,000 bed capacities for COVID-19 patients, provision of testing services for commercial clients and public (having performed more than a million PCR/ART/serology tests), and cross-border testing and quarantine management of migrant workers from Bangladesh and India entering Singapore. There continues to be strong demand for testing and COVID-related support services in Indonesia.

### **Innovation and Digitalization of Healthcare Services**

The COVID-19 pandemic has impacted the delivery of healthcare, evidenced by a sharp surge in the consumption of various digital health offerings globally. In recognition of the trend and consistent with our digitalization strategy, we launched our telemedicine platform in Singapore, Philippines and Indonesia and achieved close to half a million telemedicine consultations in these 3 markets. We are also launching telemedicine in Hong Kong and Malaysia soon.

Our proprietary AI-driven COVID-19 free symptom checker which is available in 6 languages was launched for community use across Singapore, Philippines, Indonesia, China, Hong Kong and Malaysia in June 2020. The symptom checker provides recommendations on next steps to users and directs them to local resources where they can seek care or additional information. The functionality and contribution of this App was recognized when it won the "2021 Digital Healthcare Award" at the Singapore Business Review Technology Excellence Awards in April 2021.

We also recently deployed a DigiHealth Kiosk in September 2021 with the aim of improving accessibility and affordability of healthcare for migrant workers through digital teleconsultation and automated medication dispensing. This innovation can eventually be used in some of our in-house clinics to complement our service offerings.

### **Financial Vigilance**

Since the onset of the crisis in February 2020, we have conscientiously managed our costs across the Group. Cost prudence measures implemented include hiring freezes, wage adjustments and a substantial reduction in discretionary spend. These ongoing efforts have enabled us to right-size our cost base and repositioned us to deal with new business consumption patterns in view of the lower demand in selected business segments. As compared to 2019, the Group's revenue was preserved, and EBITDA increased by 33% in 2020. The Group's operating cashflow improved and was at record high in 2020.

However, the Group suffered significant net losses in 2020 due to several one-off provisions booked in the year. COVID-19 has unfortunately impacted some of our non-core investments, specifically our investment in China

resulting in significant impairment losses and further provisions for future liabilities. We have also made an allowance for credit loss relating to receivables from related parties and we took the opportunity to clean up our balance sheet so as to emerge stronger.

Our immediate priority is to strengthen our balance sheet. We remain fully committed to rebalance our capital structure and focused in addressing cashflow requirements of the Group. We continue to seek alternative sources of funding for the Group which include equity fundraising from investors, financing from financial institutions, potential reduction of liabilities by way of conversion of certain put option liabilities into equity and/or partial conversion of the convertible preference shares and perpetual securities issued by the Company into ordinary shares. We aim to complete this exercise before the end of 2021.

### Strong Performance and Refocus

We have achieved strong performance and made significant progress in our core businesses and markets in 2021. We recently crossed the significant milestone of covering 1 million lives in Singapore, and our executive health screening business is operating at 120% above our baseline capacity. We have also seen a full recovery in our specialist division, while the key business units in RadLink Group, our diagnostic imaging business, are nearing our 2019 volume load despite the lack of foreign patients due to travel restrictions. In the Philippines, where we serve more than 1.4 million lives, we continue to retain major key accounts and grow with our clients, resulting in gaining net new lives. We have also seen pick-up in patient footfall for our clinics and a strong demand surge for telemedicine. Overall, our key client retention remains high at over 90% and we continue to win large, long-term contracts with new major accounts in our key markets. Some COVID-related projects are expected to persist in 2022 and continue to boost our revenue.

The full divestment of our interest in Fullerton Health Australia has not only strengthened our balance sheet, but more importantly, allowed us to refocus our geographical priority to Southeast Asia, which is projected to become the fourth largest economy by 2030 with a population of 723 million. We will be completing two acquisitions before the end of this year. The 100% acquisition of a leading corporate third-party administration company in Vietnam which provides healthcare claims management, customer care, and healthcare benefit support solutions to corporations in Vietnam, Laos and Cambodia will mark Fullerton Health's drive into Vietnam and expansion into the Indochina market. We are also expanding our footprint in Indonesia with the acquisition of a majority stake in a laboratory business whose presence is across Greater Jakarta offering more than 200 different types of tests. See enclosed press release for further details.

The Group's financial performance in the first 9 months of 2021 has been very positive and is expected to outperform the prior year. On a comparable basis, we expect our 2021 EBITDA to be 15-20% higher than that of 2020, and our net income to be positive for 2021.

### Forging Ahead

As we look to the future, our confidence in the diversification strategy, growth, earnings potential, and resilience of our business remains high despite the challenges caused by the global pandemic. In fact, the pandemic has accentuated the essential role that healthcare organisations play in every community and that, in this uncertain future, our service offering is more critical than ever.

Driven by our shared values of compassion, teamwork, partnership, innovation and integrity, we remain fully committed to our purpose of delivering affordable and accessible healthcare for all in Asia Pacific. With the adoption of the ESG framework as part of our future-strategies roadmap, we are confident that the Group is on track to deliver much stronger results for the full year of 2021 and will continue to grow in the years to come. The continued growth and success of Fullerton Health will not be possible without its people and stakeholders. Thank you for your unwavering support and partnership.



Michael Lim Choo San  
Chairman of the Board



Ho Kuen Loon  
Group Chief Executive Officer