

15 February 2022

**Subject** Management's Discussion and Analysis of Financial Performance and Results of Operations for the year 2021

**To** The President  
The Stock Exchange of Thailand

Praram 9 Hospital Public Company Limited (the "Company") would like to report Management's Discussion and Analysis of Financial Performance and Results of Operations for the year 2021 as follows:-

### Summary

For the year 2021 COVID-19 disease pandemic was impacted every industry of the economy. The healthcare industry was impacted the same where the pandemic because of the locked down many areas and country borders which restrict travelers from travelling. This had led to a decrease in the numbers of medical tourists which ultimately had an impact on the hospital business.

From that situation the company has adjusted the strategic plan to accommodate the changes from the COVID-19 and The Company had revised the strategies by considering the changes in different areas such as economy, social, environmental wellbeing and technological disruption. The company still has plans to expand the business continuously. According to the ABVX strategic plan, the additional X is Extra services that Praram 9 Hospital will cooperate with other health service partners. To increase the coverage of the service is expected to help the hospital growing into one of the leading hospitals in Thailand.

The effect of the new corporate strategies pushed the Company's operating results gradually improved since the second half of the year. Especially in the last quarter of 2021, the hospital revenues were increase period last year. Resulting in operating results for the year 2021, the company reported the total revenue of Baht 3,026.0 million, an increase of 14.9% compared to the previous year which reported total revenue of Baht 2,632.9 million. The profit for the year 2021 was Baht 249.2 million, an increase of 23.3% from the previous year was reported profit for the year of Baht 202.1 million.

### Statement of comprehensive Income

Yearly Operational Results revenue (Million Baht)	For year ended 31 December		Change (%)
	2021	2020	
Medical revenue from Out-Patient (OPD)	1,620.1	1,460.8	+10.9
Medical revenue from In-Patient (IPD)	1,366.7	1,140.4	+19.8
<b>Total Medical revenue</b>	<b>2,986.8</b>	<b>2,601.2</b>	<b>+14.8</b>
Others revenue	39.2	31.7	+23.7
<b>Total Revenue</b>	<b>3,026.0</b>	<b>2,632.9</b>	<b>+14.9</b>

**Medical revenue by Type**

<i>(Million Baht)</i>	For year ended 31 December		Change (%)	Proportion	
	2021	2020		2021	2020
<b>Medical revenue by Nationality</b>					
Thai	2,739.1	2,364.8	+15.8	92%	91%
International	247.7	236.4	+4.8	8%	9%
<b>Total Medical revenue</b>	<b>2,986.8</b>	<b>2,601.2</b>	<b>+14.8</b>	<b>100%</b>	<b>100%</b>
<b>Medical revenue by Payment method</b>					
Self-Pay	2,156.0	1,865.8	+15.6	72%	72%
Insurance	652.1	571.7	+14.1	22%	22%
Corporate Contract	178.7	163.7	+9.2	6%	6%
<b>Total Medical revenue</b>	<b>2,986.8</b>	<b>2,601.2</b>	<b>+14.8</b>	<b>100%</b>	<b>100%</b>

The Company reported total medical revenue in 2021 of Baht 2,986.8 million, an increase of 14.8% from 2020 which reported medical revenue of Baht 2,601.2 million.

The out-patient department (OPD) revenue increases 10.9% as compared to the last year, while the in-patient department (IPD) revenue increases 19.8% as compared to the last year. Although both OPD and IPD patient volume were affected by the COVID-19 situation, but the hospital revenue trend gradually improved especially in the last quarter of 2021, The hospital revenues to higher than the same period of last year. Moreover, the increasing in average OPD revenue per visit and IPD revenue per admission, including a patient number of operative cases (OR case) also kept higher than the previous year since the hospital specializing in complex disease. This group of patients continues to have a high complexity and need for complex medical care and Innovative approaches against COVID-19, This makes the service recipients confident in receiving services at the hospital for wellness and cosmetic surgery groups.

Medical revenue from Thai patients also gradually improved since the second half of the year, revenue from Thai patient almost compensated the revenue from international patient while the revenue from international patients, an increase 15.8% from the same period of last year, the revenue from international patients an increase 4.8% from the same period of last year. However the restriction ban making it harder for international customers to travel. There were only expat or foreign customers who remain resided in the country. As a result, the revenue proportion of international patients decrease to 8% of medical revenue in 2021 from 9% of medical revenue in the same period of last year. Revenue from Chinese customers, mostly be the expat who live within the country, American and Myanmar.

The revenue breakdown by payment method the self-pay payment method is still the majority proportion; however, the COVID-19 disease situations have affected self-pay segment the most since most of the international patients are the self-pay group when the covid-19 had the impact for international patients that also affected the self-pay group too. Nevertheless, from the adoption of new corporate strategies, focusing on a new insurance and corporate contract customer bases could lead the satisfied results, especially the corporate contract group which was kept growing from the previous year even in the COVID-19 situation.

Cost of Hospital Operations and Expenses (Million Baht)	For year ended 31 December		Change (%)
	2021	2020	
Cost of Hospital Operations	2,172.2	1,889.7	+15.0
As % of medical revenue	72.7	72.6	
Selling and Administrative Expenses	557.2	518.4	+7.5
As % of total revenue	18.4	19.7	

For the year 2021, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 2,172.2 million or equal to 72.7% of total medical revenue. Comparing to 2020, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 1,889.7 million or equal to 72.6% of total medical revenue. Since the higher of depreciation and amortization amounting of Baht 59.0 million from the gradual opening the new medical center.

For the year 2021, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 557.2 million or equal to 18.4% of total revenue. Comparing to 2020, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 518.4 million or equal to 19.7% of total revenue. The reduction of those proportions reflected excellent management efficiency, although there were some higher expenses such as utilities expenses, higher depreciation and amortization from the opening of new buildings. However, the company could save many expense items, especially in terms of personnel expenses which were improved by managing working hours and human resource allocations.

(Million Baht)	For year ended 31 December		Change (%)
	2021	2020	
Operating profit	296.5	224.8	+31.9
Depreciation and amortization	293.7	213.0	+37.9
<b>EBITDA</b>	<b>590.2</b>	<b>437.8</b>	<b>+34.8</b>
<i>EBITDA Margin (%)</i>	19.5	16.6	
Finance income	4.2	5.9	-29.1
Finance cost	0.5	0.5	+2.0
Income tax expenses	51.1	28.2	+81.2
<b>Profit for the year</b>	<b>249.2</b>	<b>202.1</b>	<b>+23.3</b>
<i>Net profit margin (%)</i>	8.2	7.7	
Total comprehensive income for the year	249.2	189.1	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
<b>Basic earnings per share (Baht)</b>	<b>0.32</b>	<b>0.26</b>	

For the year 2021, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 590.2 million, the EBITDA margin were 19.5%. For 2020, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 437.8 million, the EBITDA margin was 16.6%.

For the year 2021, the Company reported depreciation and amortization of Baht 293.7 million, compared to 2020 of Baht 213.0 million. The higher proportion of depreciation and amortization amount due mainly to the new building opening in July 2020.

For the year 2021, the Company reported finance cost of Baht 0.5 million because of the adoption of the new financial reporting standard TFRS 16: Leases. The Company reported none of the finance cost since the Company did not have interest bearing debts. While the Company reported income tax expenses for 2021 of Baht 51.1 million, an increase of 81.2% from 2020 which reported income tax expenses of Baht 28.2 million.

For the year 2021, the Company reported a profit for the year of Baht 249.2 million, representing the net profit margin for the year of 8.2%. While the Company reported a net profit for the year 2020 of Baht 202.1 million, representing the net profit margin for the year of 7.7%. Basic earnings per share of Baht 0.32 per share and Baht 0.26 per share in 2021 and 2020 respectively.

### Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 31 December 2021	As of 31 December 2020	Change (%)
Current assets	1,602.9	1,208.5	+32.6
Non-current assets	3,534.1	3,588.5	-1.5
<b>Total assets</b>	<b>5,136.9</b>	<b>4,797.0</b>	<b>+7.1</b>
Current liabilities	666.8	496.5	+34.3
Non-current liabilities	192.2	185.3	+3.7
Total liabilities	859.1	681.8	+26.0
Total shareholders' equity	4,277.9	4,115.2	+4.0
<b>Total liabilities and shareholders' equity</b>	<b>5,136.9</b>	<b>4,797.0</b>	<b>+7.1</b>

#### 1. Assets

As of 31 December 2021, the Company reported current assets of Baht 1,602.9 million, increase 32.6% as compared to Baht 1,208.5 million as of 31 December 2020. While as of 31 December 2021, the company reported cash and cash equivalents at Baht 690.4 million, which is an increase as compared to Baht 592.5 million as of 31 December 2020, including the other current financial assets at Baht 152.5 million and Other current financial assets - advance payment for Moderna vaccine of Baht 81.2 million.

As of 31 December 2021, the Company reported non-current assets of Baht 3,534.1 million, decrease 1.5% as compared to Baht 3,588.5 million as of 31 December 2020. Mainly came from the decrease of property, plant and equipment of Baht 48.6 million, an increase 1.5% as of 31 December 2020. This was due mainly to decrease from depreciation offset the increase in assets during the period.

#### 2. Liabilities

As of 31 December 2021, the Company reported current liabilities of Baht 666.8 million, an increase 34.3% as compared to Baht 496.5 million as of 31 December 2020. This was mainly due to the advance income from the bookings for the Moderna vaccine. and revenue from sales of packages

As of 31 December 2021, the Company reported non-current liabilities of Baht 192.2 million, an increase 3.7% as compared to Baht 185.3 million as of 31 December 2020. This was due mainly to an increase in provision for long-term employee benefits amounting to Baht 7.6 million.

### 3. Shareholders' equity

As of 31 December 2021, the Company reported shareholders' equity of Baht 4,277.9 million, an increase 4.0% as compared to Baht 4,115.2 million as of 31 December 2020. This was due mainly to net profit for the year of Baht 249.2 million offset with a dividend payment of Baht 86.2 million.

#### Cash flow statement

Cash flow statement (Million Baht)	For year ended 31 December	
	2021	2020
Cash flows from operating activities	588.0	423.8
Cash flows used in investing activities	(398.9)	(348.8)
Cash flows used in financing activities	(91.3)	(114.2)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>97.9</b>	<b>(39.3)</b>

For the year 2021, the Company reported cash flows from operating activities of Baht 588.0 million, an increase of Baht 164.2 million as compared to the year 2020 which generated cash flows from operating activities of Baht 423.8 million, mainly came from the increase in hospital operation results.

For the year 2021, the Company reported cash flows used in investing activities of Baht 398.9 million, as compared to the year 2020 which reported cash flows used in investing activities of Baht 348.8 million. This was due mainly to the cash flow paid for the purchase of debt instruments amounting of Baht 100.0 million and paid for the fixed deposits at banks amounting of Baht 52.2 million including cash paid for the purchase of fixed assets in the amount of Baht 168.9 million, Cash paid for payable of fixed assets amount of Baht 69.6 million, Cash paid for advance for purchase of fixed assets amount of Baht 4.9 million and Acquisition of intangible assets of Baht 8.9 million. Most of those payments paid related to the construction and medical equipment of the new medical center building opening in July 2020.

For the year 2021, the Company reported cash flows used in financing activities of Baht 91.3 million, since the dividend payment of Baht 86.2 million and the repayment of lease liabilities of Baht 5.1 million, which slightly changed as compared to the year 2020 which reported cash flows used in financing activities of Baht 114.2 million.

Key Financial Ratio	For the Year Ended 31 December	
	2021	2020
<b>Liquidity Ratio</b>		
Current ratio	2.4	2.4
Average collection period	27.0	24.9
Average days sales of inventory	8.7	9.3
Average account payables days	23.4	24.4
Cash cycle	12.4	9.9
<b>Profitability Ratio</b>		
Gross profit margin	27.3	27.4
Net profit margin	8.2	7.7
Return on average shareholders' equity	5.9	5.0
Return on average assets	5.0	4.2
<b>Financial Policy Ratio</b>		
Debt to equity ratio	0.20	0.17
Interest bearing debt to equity ratio	-	-



Praram 9  
Hospital

Please be informed accordingly,

Yours sincerely,

**Praram 9 Hospital Public Company Limited**

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Chief Executive Officer