

February 25, 2022

Subject: Management's Discussion and Analysis of the consolidated financial statements for the fourth quarter ("4Q21") and year ended 31 December 2021 ("2021")

To: Directors and Managers
The Stock Exchange of Thailand

Y2021 Summary

Y2021 was the second year for Thailand confronting the COVID-19 pandemic. Large outbreak this year was more severe than the previous year Y2020, resulting in a large number of cumulative confirmed cases since April throughout September. With the cooperation from the government, public sector, private sector and Thai people, the situation is gradually getting better. The government has accelerated vaccination to build herd immunity among Thai people.

Chularat Hospital Public Company Limited ("the Company") and group has joined force and supported the government in the process of identification, treatment and prevention of COVID-19 by providing Thai people the screening service (RT-PCR), opening Alternative Quarantines (ASQ, ALQ) for travelers, increasing bed capacity in the group to accommodate the COVID-19 patients with severe symptoms (Yellow & Red Group), opening Hospitals for the COVID-19 patients with mild symptoms (Green Group), opening a specialized field hospital in collaboration with CP and WHA Group to accommodate the COVID-19 patients with severe symptoms (Orange and Red Group), adding medical team and personnel and equipment, providing the vaccination service both in hospitals and outside its premise (Offsite). As a result, 2021 performance of the Company grew significantly.

Management's discussion and analysis of financial statement for 4Q21 ended 31 December 2021

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 4Q21 as follows:

Statement of comprehensive income	4Q21	4Q20	Increase (Decrease)	Change (%)
Unit : Million Baht				
Revenues from hospital operations	3,866	1,511	2,355	156%
Other revenues	68	14	54	386%
Total revenues	3,934	1,524	2,410	158%
Cost of hospital operations	1,523	1,001	522	52%
Administrative expenses	117	207	(90)	(43%)
Net profit of the Company	1,813	254	1,559	614%
<i>Earnings per share (Baht/share)</i>	<i>0.1648</i>	<i>0.0231</i>		
<i>Gross Profit Margin (%)</i>	<i>60.61%</i>	<i>33.75%</i>		
<i>Net Profit Margin (%)</i>	<i>46%</i>	<i>17%</i>		

The Company's net profit was Baht 1,813 million for 4Q21, increasing by Baht 1,559 million, or 614% compared to 4Q20. Overview of operating results was discussed as below.

Revenues from hospital operations

In 4Q21, the Company has revenues from hospital operations of Baht 3,866 million, increasing by Baht 2,355 million, or 156% YoY.

Revenue from general patients in 4Q21 increased by 35% YoY. The revenue from outpatients (OPD) increased by Baht 308.98 million and inpatients (IPD) increased by Baht 22.52 million mainly from the COVID-19 related services and alternative vaccination services (Sinopharm & Moderna).

Revenue from Social Security scheme in 4Q21 increased by 53% YoY. The number of the registered member continued to increase, including additional medical treatment income from Chronic Disease (last payment of Y2020) higher than the accrued amount and an increase from adjusting the accrued amount of this revenue for the year 2021.

Revenue from other governmental scheme in 4Q21 increased by 1,447% YoY. This is due to a significant increased revenue from the COVID-19 related services - Screening service, medical treatment in hospitals, specialized field hospital and hospitelts and an additional revenue from government payment.

Other revenue in 4Q21 increased by Baht 54 million from management services providing to government hospitals.

Unit: Million Baht	4Q21	4Q20	Increase (Decrease)	Change (%)
Revenue from general patients	1,277.29	945.79	331.50	35%
Revenue from outpatients (OPD)	835.06	526.08	308.98	59%
Revenue from inpatients (IPD)	442.23	419.71	22.52	5%
Revenue from government welfare programs	2,588.58	564.75	2,023.83	358%
Social security schemes	672.51	440.91	231.60	53%
Other governmental schemes	1,916.07	123.84	1,792.23	1,447%
Total revenue from hospital operations	3,865.87	1,510.54	2,355.33	156%

Operation costs

In 4Q21, the Company's gross profit margin increased from 33.75% to 60.61%, resulting in net profit margin increased from 17% to 46% YoY. Expenses in hospital operations increased in line with an increased revenue. However, in this quarter there was an adjustment on employee expenses based on an actual payment, including the additional income as mentioned earlier, resulting in higher profit margins.

The Company's net profit 4Q21 was Baht 1,813 million, increasing by Baht 1,559 million, or 614% YoY, in accordance with the increasing operating results and aforementioned reasons.

Management's discussion and analysis of financial statement for year ended 31 December 2021

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for year ended 2021 as follows:

Statement of comprehensive income Unit : Million Baht	2021	2020	Increase (Decrease)	Change (%)
Revenues from hospital operations	11,742	5,433	6,309	116.1%
Other revenues	257	29	228	786.2%
Total revenues	11,999	5,462	6,537	119.7%
Cost of hospital operations	5,882	3,685	2,197	59.6%
Administrative expenses	821	673	148	22.0%
Net profit of the Company	4,204	877	3,327	379.4%
<i>Earnings per share (Baht/share)</i>	<i>0.3822</i>	<i>0.0797</i>		
<i>Gross Profit Margin (%)</i>	<i>49.91%</i>	<i>32.17%</i>		
<i>Net Profit Margin (%)</i>	<i>35%</i>	<i>16%</i>		

The Company's net profit for 2021 was Baht 4,204 million, increasing by Baht 3,327 million, or 379.4% compared to 2020. Overview of operating results was discussed as below.

Revenues from hospital operations

In 2021, the Company has revenues from hospital operations of Baht 11,742 million, increasing by Baht 6,309 million, or 116.1% YoY.

Revenue from general patients in 2021 increased by 32% YoY. The revenue from outpatients (OPD) increased by Baht 769.87 million and inpatients (IPD) increased by Baht 244.27 million mainly from the COVID-19 related services such as the COVID-19 screening service, the medical treatment for the COVID-19 patients since April and an additional revenue from alternative vaccination (Sinopharm & Moderna).

Revenue from Social Security scheme in 2021 increased by 6% YoY. The number of the registered member continued to increase, including additional medical treatment income from Chronic Disease (last payment of Y2020) higher than the accrued amount and an increase from adjusting the accrued amount of this revenue for the year 2021.

Revenue from other governmental scheme in 2021 increased by 1,253% YoY. This is due to a significant increased revenue from the COVID-19 related services - Screening service and medical treatment in hospitals, specialized field hospital and hospitels.

Other revenue in 2021 increased by Baht 228 million from management services providing to government hospitals.

Unit: Million Baht	2021	2020	Increase (Decrease)	Change (%)
Revenue from general patients	4,222.37	3,208.23	1,014.14	32%
Revenue from outpatients (OPD)	2,458.24	1,688.37	769.87	46%
Revenue from inpatients (IPD)	1,764.13	1,519.86	244.27	16%
Revenue from government welfare programs	7,519.79	2,224.61	5,295.18	238%
Social security schemes	1,928.10	1,811.20	116.90	6%
Other governmental schemes	5,591.69	413.41	5,178.28	1,253%
Total revenue from hospital operations	11,742.16	5,432.84	6,309.32	116%

Operation costs

In 2021, the Company's gross profit margin increased from 32.17% to 49.91%, resulting in net profit margin increased from 16% to 35% YoY. Expenses in hospital operations increased in line with an increased revenue. The Company have an effective cost management and cost control measures while maintaining the standard and quality of medical treatment services.

The Company's net profit for 2021 was Baht 4,204 million, increasing by Baht 3,327 million, or 379.4% YoY, in accordance with the increasing operating results and cost control measures mentioned earlier.

Statement of financial position	31 December	31 December	Increase	Change
Unit : Million Baht	2021	2020	(Decrease)	(%)
Total assets	10,550	6,201	4,349	70.1%
Total liabilities	2,709	2,008	701	34.9%
Shareholders' equity	7,841	4,193	3,648	87.0%
Debt to equity ratio (x)	0.35	0.48		

As of December 31, 2021, the Company has **total assets** of Baht 10,550 million, increased by Baht 4,349 million from December 31, 2020, primarily due to

- Cash and cash equivalent increased by Baht 2,242 million from the Company's operation, as reported in the cash flow statement.
- Trade and other receivables increased by Baht 135 million; accrued medical treatment income increased by Baht 1,320 million from the increased revenue and the payment schedule.
- Other current assets increased by Baht 354 million from advance payment of alternative vaccine.

Total liabilities amounting to Baht 2,709 million as of December 31, 2021, increasing by Baht 701 million from December 31, 2020, as described below.

- Short-term loans from financial institutions decreased by Baht 536 million.
- Trade and other payables increased by Baht 272 million.
- Income Tax Payable increased by Baht 632 million.
- Long-term loans from financial institutions decreased by Baht 133 million.

- Other current liabilities increased by Baht 447 million for receiving the booking payment of alternative vaccines.

Total shareholders' equity amounting to Baht 7,841 million as of December 31, 2021, increasing by Baht 3,648 million from December 31, 2020 is in line with the net profit and dividend policy of the Company.

Debt to equity ratio (DE Ratio) is 0.35, which reflects the ability to loan from financial institution for business expansion and in line with the Company's strategy.

Cash flow statement			
Unit : Million Baht	2021	2020	Change
Net cash from operating activities	4005	1,298	2,707
Net cash used in investing activities	(447)	(267)	(180)
Net cash used in financing activities	(1,316)	(951)	(365)
Net increase in cash and cash equivalents	2,242	80	2,162
Cash and cash equivalents at beginning of period	548	467	81
Cash and cash equivalents at end of period	2,790	547	2,243

In 2021, the Company's Net cash from operating activities amounting to Baht 4,005 million, increased by Baht 2,707 million YoY, in accordance with the operating profit. Net cash used in investing activities increased by Baht 180 million from the service expansion plan and acquisition of medical equipment. Net cash used in financing activities amounting to Baht 1,316 million YoY, mainly due to the payment of long-term loans from financial institution and dividend payment.

Please be informed accordingly.

Yours faithfully,

(Mr.Kumpol Plussind)
Chief Executive Officer