

28 February 2022

Subject : Management Discussion and Analysis for the year ended 31 December 2021

To : The President  
The Stock Exchange of Thailand

Bangkok Chain Hospital Public Company Limited (the “**Company**”) would like to report the operating results for the year ended 31 December 2021 which had been audited by the independent auditor as follows:

1. Summary of the Company’s operating results
2. Analysis of the consolidated financial performance
3. Analysis of the consolidated financial position
4. Analysis of the consolidated cash flow Statement
5. Future operating trends

#### **Summary of the Company's operating results**

In 4Q2021, the COVID-19 situation in Thailand has gradually improved, the number of infections and deaths has declined. As a result, the government has announced relaxation of integrated control measures to restore economic activities and tourism. Specifically, the relaxation of immigration measures for fly-in travelers such as 1. Quarantine exemption for those who have completed the required vaccinations. (Test and Go) 2. Tourism Sandbox Programme 3. Quarantine Facilities for general tourists and medical tourists. Although the pandemic situation has improved, the company and its affiliated hospitals have been remaining to provide services related to COVID-19 and be ready to support when the pandemic situation become worsen along with accelerating alternative COVID-19 vaccination services (Moderna).

In 4Q2021, the Company reported a total revenue of 6,838.16 million baht, increasing from 4Q2020 by 4,498.55 million baht or 192.28 percent. Simultaneously, the Company continued to pursue the cost effective policy which led to a significant increase in profitability. The Company had gross profit of 3,880.57 million baht, an increase of 3,143.57 million baht or 426.54 percent. The profit before finance costs, tax, depreciation and amortization (EBITDA) amounted to 3,724.00 million baht, an increase of 3,109.36 million baht or 505.88 percent. Net profit attributable to the Company amounted to 2,480.27 million baht, an increase of 2,201.96 million baht or 791.19 percent.

For the operating results for the year ended 31 December 2021, the Company reported a total revenue of 21,529.40 million baht, an increase of 12,515.04 million baht from the same period of last year or 138.83 percent. Gross profit amounted to 10,843.54 million baht, an increase of 7,890.16 million baht or 267.16 percent. Profit before finance costs, tax, depreciation and amortization (EBITDA) amounted to 10,372.59 million baht, an increase of 7,763.56 million baht or 297.57 percent. Net profit attributable to the Company amounted to 6,846.00 million baht, an increase of 5,616.60 million baht or 456.86 percent.

**Analysis of the consolidated financial performance**

<i>Statement of Comprehensive Income</i> <i>(Unit : Million Baht)</i>	4Q2021	4Q2020	% Change YoY	FY2021	FY2020	% Change YoY
Revenue from hospital operations	6,816.01	2,308.34	195.28%	21,404.85	8,927.91	139.75%
Other income	22.15	31.27	(29.17%)	124.55	86.45	44.07%
<b>Total Revenue</b>	<b>6,838.16</b>	<b>2,339.61</b>	<b>192.28%</b>	<b>21,529.40</b>	<b>9,014.36</b>	<b>138.83%</b>
Cost of hospital operations	(2,935.45)	(1,571.35)	86.81%	(10,561.31)	(5,974.53)	76.77%
Distribution and Administrative expenses	(410.92)	(363.45)	13.05%	(1,469.33)	(1,212.81)	21.15%
<b>Total Cost</b>	<b>(3,346.37)</b>	<b>(1,934.80)</b>	<b>72.96%</b>	<b>(12,030.64)</b>	<b>(7,187.34)</b>	<b>67.39%</b>
<b>Operating Profit</b>	<b>3,491.79</b>	<b>404.81</b>	<b>762.58%</b>	<b>9,498.76</b>	<b>1,827.02</b>	<b>419.90%</b>
Interest income	1.50	3.26	(54.08%)	4.02	7.00	(42.56%)
Finance costs	(48.41)	(35.01)	38.28%	(151.27)	(132.13)	14.49%
Share of profit of investment in associate	0.68	0.83	(18.14%)	2.13	2.99	(28.73%)
Tax expense	(679.12)	(67.66)	903.67%	(1,846.19)	(312.83)	490.16%
<b>Profit for the year</b>	<b>2,766.44</b>	<b>306.23</b>	<b>803.39%</b>	<b>7,507.45</b>	<b>1,392.05</b>	<b>439.31%</b>
Owners of the Company	2,480.27	278.31	791.19%	6,846.00	1,229.40	456.86%
Non-controlling interests	286.17	27.92	925.07%	661.45	162.65	306.68%
<i>Gross Profit Margin</i>	<i>56.93%</i>	<i>31.93%</i>		<i>50.66%</i>	<i>33.08%</i>	
<i>Operating Profit Margin</i>	<i>51.06%</i>	<i>17.30%</i>		<i>44.12%</i>	<i>20.27%</i>	
<i>Profit before Finance costs, Tax expense, Depreciation and Amortization margin</i>	<i>54.46%</i>	<i>26.27%</i>		<i>48.18%</i>	<i>28.94%</i>	
<i>Profit attributable to owners of The Company</i>	<i>36.27%</i>	<i>11.90%</i>		<i>31.80%</i>	<i>13.64%</i>	

<b>Revenue Breakdown by Type</b> <i>(Unit : Million Baht)</i>	4Q2021		4Q2020		% Change YoY
	Revenue	Proportion	Revenue	Proportion	
General patients	5,847.10	85.51%	1,525.87	65.22%	283.20%
Social security patients	968.91	14.17%	782.47	33.44%	23.83%
Other revenue	22.15	0.32%	31.27	1.34%	(29.17%)
<b>Total Revenue</b>	<b>6,838.16</b>	<b>100.00%</b>	<b>2,339.61</b>	<b>100.00%</b>	<b>192.28%</b>

Revenue Breakdown by Type (Unit : Million Baht)	FY2021		FY2020		% Change
	Revenue	Proportion	Revenue	Revenue	Proportion
General patients	18,160.92	84.35%	5,688.13	63.10%	219.28%
Social security patients	3,243.93	15.07%	3,239.78	35.94%	0.13%
Other revenue	124.55	0.58%	86.45	0.96%	44.07%
<b>Total Revenue</b>	<b>21,529.40</b>	<b>100.00%</b>	<b>9,014.36</b>	<b>100.00%</b>	<b>138.83%</b>

The Company's total revenue for 4Q2021 was 6,838.16 million baht, an increase of 4,498.55 million baht or 192.28 percent comparing to 4Q2020, with the proportion of general patient revenue of 85.51 percent, 14.17 percent from social security patients, and 0.32 percent from other revenue. Details are as follows:

General patients' revenue for 4Q2021 was 5,847.10 million baht, an increase of 4,321.23 million baht or 283.20 percent compared to 4Q2020. The significant increase in revenue was due to the recovery of the non-COVID-19 medical services due to the relief of the patient's concerns on the pandemic situation. However, throughout 4Q2021, the company and its affiliated hospitals still remained their capacity to support medical services related to COVID-19 and had been providing COVID-19 screening service, hospitalized and treatment services both in the hospital and hospitel facilities. In addition, the company began recognizing revenue from alternative vaccination service (Moderna) amounting to 0.34 million doses from the first lot allocation of 1.06 million doses.

Social security patients' revenue for 4Q2021 was 968.91 million baht, an increase of 186.44 million baht or 23.83 percent comparing to 4Q2020. In 4Q2021, the Company had an average of 899,209 insurers, an increase of 18,548 insurers or 2.11 percent increased year-over-year. In addition, the Company has recognized the 30 percent remainders of the 2020 global budget for medical service revenue according to risk adjusted capitation, amounting to 58.95 million baht.

Other revenue such as rental income and other incomes for the 4Q2021 amounted to 22.15 million baht, a decrease of 9.12 million baht from the same period of last year or a 29.17 percent decrease. This was due to the offers of rental discounts to shop operators within the hospitals as a remedy for individual entrepreneurs under the COVID-19 situation. And, other income reductions

Cost of hospital and operating expenses (including depreciation and amortization) for 4Q2021 was 3,346.37 million baht, an increase of 1,411.57 million baht or 72.96 percent from the previous year, mainly due to the increase in direct costs that varied according to the provision of services related to COVID-19, especially the cost of services arising from the operation of "hospitel", the cost of RT-PCR diagnostic laboratories, and promotional expenses. However, the Company was able to effectively manage variable costs and other fixed costs.

In summary, all profitability margin of the Company for 4Q2021 increased significantly in which gross profit margin increased from 31.93 percent to 56.93 percent, the operating profit margin increased from 17.30 percent to 51.06 percent, profit before interest, taxes, depreciation and amortization margin (EBITDA) increased from 26.27 percent to 54.46 percent, and profit margin attributable to shareholders of the Company increased from 11.90 percent to 36.27 percent.

For the operating results for the year ended 31 December 2021, the Company's total revenue was 21,529.40 million baht, an increase of 12,515.04 million baht or 138.83 percent increase from FY2020. The revenue mainly increased as a result of the collaborations with the government sector in providing COVID-19 screenings, quarantines, and treatments in line with disease prevention and control measures. In addition, the Company has also recognized revenue from alternative vaccination service (Moderna).

Cost of hospital and operating expenses (including depreciation and amortization) for 2021 was 12,030.64 million baht, an increase of 4,843.30 million baht or 67.39 percent from the 2020, mainly due to the increase in direct costs that varied according to the provision of services related to COVID-19. However, the Company was able to effectively manage costs and expenses. Gross margin increased from 33.08 percent to 50.66 percent. Operating margin increased from 20.27 percent to 44.12 percent. Profit before interest and taxes, depreciation and amortization (EBITDA) increased from 28.94 percent to 48.18 percent, while the net profit margin attributable to the Company's equity increased from 13.64 percent to 31.80 percent.

**Analysis of the consolidated financial position**

<i>Statement of Financial Position</i> (Unit : Million Baht)	For the period ended 31 December		% Change
	2021	2020	YoY
<b>Total assets</b>	<b>26,383.76</b>	<b>16,527.29</b>	<b>59.64%</b>
Current assets	13,541.27	3,538.41	282.69%
Non-current assets	12,842.49	12,988.88	(1.13%)
<b>Total liabilities</b>	<b>12,078.12</b>	<b>8,900.98</b>	<b>35.69%</b>
Current liabilities	7,847.51	5,667.39	38.47%
Non-current liabilities	4,230.61	3,233.59	30.83%
<b>Equity</b>	<b>14,305.64</b>	<b>7,626.31</b>	<b>87.58%</b>
Equity attributable to the Company	12,979.73	6,884.50	88.54%
Non-controlling interests	1,325.91	741.81	78.74%

Financial Ratio	For the period ended 31 December	
	2021	2020
Current Ratio (times)	1.73	0.62
Average Collection Period (days)	67.97	84.23
Average Inventory Period (days)	11.86	14.68
Average Payables Period (days)	25.20	32.34
Cash Cycle (days)	54.63	66.57
Debt to Equity (times)	0.93	1.17
Return on Assets (%)	44.27	11.92
Return on Equity (%)	68.93	18.72

As of 31 December 2021, the Company had total assets of 26,383.76 million baht, an increase of 9,856.46 million baht or 59.64 percent from 31 December 2020, mainly due to following activities:

- an increase in cash and cash equivalents of 3,576.26 million baht from a significant increase in operating results;
- an increase in trade accounts receivable of 2,059.81 million baht mainly from the government contract group (UCEP COVID-19);

- an increase in accrued income of 1,306.20 million baht which were mainly income awaiting for payments from the Social Security Office and the government contract group (UCEP COVID-19); and
- an increase in other receivables in the amount of 2,118.58 million baht, mainly from the advance payment for alternative vaccine (Moderna).

The Company had total liabilities as of 31 December 2021 amounting to 12,078.12 million baht, an increase of 3,177.13 million baht or 35.69 percent from 31 December 2020, mainly due to an increase in accrued corporate tax, and the record of income received in advance for the alternative vaccine.

The Company had total shareholders' equity of 14,305.64 million baht, an increase of 6,679.33 million baht or 87.58 percent from 31 December 2020 due to the increase in retained earnings of the Company.

#### **Analysis of the consolidated cash flow statement**

<i>Cash flow Statement (Unit : Million Baht)</i>	<b>For the period ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	6,256.41	1,863.16
Cash flow used in investing activities	(1,495.48)	(2,597.35)
Cash flow from (used in) financing activities	(1,184.67)	885.57
<b>Net increase in cash and cash equivalents</b>	<b>3,576.26</b>	<b>151.38</b>
Cash and cash equivalents at 1 January	943.80	792.42
<b>Cash and cash equivalents at 31 December</b>	<b>4,520.06</b>	<b>943.80</b>

At the end of 31 December 2021, the Company recorded additional cash and cash equivalents of 3,576.26 million baht, with net cash at the beginning of the period as of 1 January 2021 amounted to 943.80 million baht, resulting in net cash at the end of the period as of 31 December 2021 amounted to 4,520.06 million baht. Details of cash flows for each activity are as follows:

The Company reported cash flow from operating activities of 6,256.41 million baht which were contributed from the increase in net profit, trade payable, and advance income of alternative vaccine. Cash flow used in investing activities was 1,495.48 million baht, mainly due to the investment in Kasemrad International Hospital Vientiane, investment in renovation of the existing hospital buildings, and net proceeds from short term investments. And, the Company had net cash flow used in financing activities in the amount of 1,184.67 million baht, mainly due to the management of loans from financial institutions, financial cost payments, and dividend payment.

#### **Future operating trends**

For 2022, the company remains committed to providing medical services amid the COVID-19 pandemic, especially the outbreak of Omicron, a highly contagious strain. The company and its affiliated hospitals continue to cooperate with the government sector in providing services such as screenings, quarantines, and treatments according to preventive and disease control measures along with providing an alternative COVID-19 vaccination service (Moderna) to achieve herd immunity. In addition, the Company is committed to enhancing its service capabilities to accommodate the following catalysts:

### 1. Medical Services for Non-COVID-19 Patients

In 2022, the company expects the number of non-COVID-19 patients will significantly increase, led by the return of the existing patients for general medical services, pent-up demands for services in alternative medical centers such as the Infertility Center, Rehabilitation Centers, Aesthetic Centers, and Dental Centers, and demands from a new patient base (over 2 million newly registered patients), who underwent services related to COVID-19 during the pandemic with our affiliated hospitals.

### 2. Provision of Services to Patients under the Social Security Scheme

In 2022, the Company and its affiliated hospitals have obtained additional quota from the Social Security Office in the amount of 283,000 people from 1.22 to 1.50 million. Such quota increases are complementary to the hospitals where their quotas are fully utilized, and the new quota granted to Kasemrad Hospital Prachinburi in the amount of 115,000 people for its first year of Social Security operation. The Company anticipates that the number of registered person shall increase relative to the increase in quota as a result of the massive provision of medical services related to COVID-19 by our hospitals in the past which essentially raised awareness and recognition of people in general public. Moreover, the provision of services to Social Security insurers under Factory Sandbox program, especially to whom it has not yet registered with our affiliated hospitals, will contribute to the increase in registration rate. In addition, the company expects the revenue per insurer to increase sequentially due to an increase in utilization rate for the treatment of non-urgent conditions (elective cases), high-cost care, and alternative medical services such as dental services, vaccination, health checks, and services to insurers who have post COVID-19 syndrome.

### 3. The Opening of Alternative Medical Centers

According to the pandemic situation combining with air pollution and food contaminants as a result, people are increasingly conscious to healthcare. Thus, the company has realized the importance of preventive care with the initiatives to provide regenerative medicine as well as pre-diagnosis for prevention before disease. Additionally, the Company plans to open a laboratory service center for pathological and cytological laboratory analysis. Initially, opening our own laboratory center would reduce the cost of laboratory outsource. And, in the next step, aiming to provide services to individuals or other health care facilities in general.

### 4. Provision of Services related to COVID-19

The company anticipates the COVID-19 pandemic will become endemic in the future likewise influenza and other endemics in which screening, quarantine, immunity test, and continuous vaccination will be a compulsory measure that the general public must conform in the long run. And, revenues related to the provision of COVID-19 services will eventually become the company's normal operating income.

### 5. Alternative COVID-19 vaccination services (Moderna)

For the alternative vaccination service, the company has been allocated 2.26 million doses from the Government Pharmaceutical Organization (GPO), and part of which has been made available to the public for reservations and payment. Currently, the Company has been being delivered vaccines from the GPO and started to administer and recognize revenue since November 9, 2021 onwards. The Company expects that such vaccination services and revenue recognition will continue until 4Q2022.



บริษัท บางกอก เซน ฮอสปิเทล จำกัด (มหาชน)

Bangkok Chain Hospital Public Company Limited

In the past, the Company and its affiliated hospitals have joined force with the government to provide medical services related to COVID-19 to alleviate the pandemic situation with full force. And, the company remains committed to supporting government measures to control and prevent disease until the situation returns to normal

Please be informed accordingly

Your sincerely,

(Prof.Dr.Chalerm Harnphanich, M.D.)

Chief Executive Officer

