

13 May 2022

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations For the three-month period ended 31 March 2022

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 three months period ended 31 March 2022 as follows:

Summary

The Thai economy in the first quarter of 2022, the situation of the COVID-19 outbreaks, In the country, the number of daily infected people have increased considerably. From the end of 2021 to the first quarter of the past from the strength from the hospital's strength in many complex medical treatments, Healthcare services centers such as LASIK Center, Cosmetic breast surgery, Check-up including some foreign patients who started entering the country, and Telemedicine, which increased the Company's revenues. In addition, the company continued to adopt new strategies and cost control management that could improve the better profitability rate, respectively.

For the first quarter of 2022, the Company reported total revenue of Baht 979.1 million, an increase of 44.3% from Baht 678.3 million in the first quarter of 2021 and reported profit for the first quarter of 2022 of Baht 157.1 million, an increase of 307.5% comparing to the profit for the first quarter of 2021 of Baht 38.5 million.

Statement of comprehensive Income

Yearly Operational Results Revenue (Million Baht)	Three Months Period Ended 31 March		Change (%)
	2022	2021	
Medical revenue from Out-Patient (OPD)	533.5	355.9	+49.9
Medical revenue from In-Patient (IPD)	436.8	312.8	+39.6
Total Medical revenue	970.3	668.7	+45.1
Other revenue	8.8	9.6	-8.1
Total Revenue	979.1	678.3	+44.3

Medical Revenue by Type

<i>(Million Baht)</i>	Three Months Period Ended		Change (%)	Proportion	
	31 March			2022	2021
	2022	2021		2022	2021
Medical revenue by Nationality					
Thai	870.1	612.0	+42.2	90%	92%
International	100.2	56.7	+76.7	10%	8%
Total Medical revenue	970.3	668.7	+45.1	100%	100%
Medical revenue by Payment method					
Self-Pay	662.6	485.0	+36.6	68%	72%
Insurance	229.6	145.7	+57.5	24%	22%
Corporate Contract	78.1	38.0	+105.5	8%	6%
Total Medical revenue	970.3	668.7	+45.1	100%	100%

The Company reported total medical revenue in the first quarter of 2022 of Baht 970.3 million, an increase of 45.1% from the same period last year which reported medical revenue of Baht 668.7 million.

The out-patient department (OPD) revenue increase 49.9% as compared to the same period of last year. This was due mainly to the number of OPD visits increase 16.1% OPD revenue per visit increase 20.5% from LASIK centers. Moderna vaccine and Check-up

Meanwhile, revenue from inpatient customers (IPD revenue) grew 39.6% compared to the same period last year, which grew in terms of the average of utilized-IPD ward bed per day (IPD Average Daily Census), the number and revenue of surgical patients, including the IPD Revenue per admission that reflected the hospital's potential and credibility in the treatment of high intensity and complex disease.

For the first quarter of 2022, revenue from Thai patients increase 42.2% compared to the same period last year, revenue from foreign patients which increase 76.7% compared to the same period last year, from the measures to relieve travel into the country and there were expat or foreign customers who remain resided in the country. As a result, the revenue proportion from international patients increase to 10% of medical revenue in the first quarter of 2022 from 8% of medical revenue in the same period of last year. Revenue from Chinese customers, mostly be the expat who live within the country, became the first rank among the international patients.

The revenue breakdown by payment method, although the self-pay payment method still had slight growth compared to the same period last year; however, the Coronavirus disease situations have affected self-pay segment the most because 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 new insurance increase 57.5% and corporate contract customer bases could lead the satisfied results especially the revenue from the corporate contract group which could improve by as much as 105.5% from the previous year even in the COVID-19 situation.

Cost of Hospital Operations and Expenses (Million Baht)	Three Months Period Ended 31 March		Change (%)
	2022	2021	
Cost of Hospital Operations	627.5	502.2	+25.0
As % of medical revenue	64.7	75.1	
Selling and Administrative Expenses	158.7	132.2	+20.0
As % of total revenue	16.2	19.5	

For the first quarter of 2022, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 627.5 million or equal to 64.7% of total medical revenue, compared to the first quarter of 2021, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 502.2 million or equal to 75.1% of total medical revenue. Although the Company had to record the additional depreciation and amortization expenses however, because of the better cost efficiency managements, including a significant increase in revenue the proportion of cost of hospital operations to medical revenue was decreased.

For the first quarter of 2022, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 158.7 million or equal to 16.2% of total revenue. Comparing to the first quarter of 2021, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 132.2 million or equal to 19.5% 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. However, the company could save many expense items, especially in terms of personnel expenses which were improved by managing working hours and human resource. From the hospital being able to control fixed expenses well and a significant increase in revenue was result to percent of selling and administrative expenses to revenues was decreased.

(Million Baht)	Three Months Period Ended 31 March		Change (%)
	2022	2021	
Operating profit	193.0	44.0	+338.3
Depreciation and amortization	74.0	71.3	+3.8
EBITDA	268.0	116.3	+130.6
<i>EBITDA Margin (%)</i>	27.4	17.1	
Finance income	1.1	1.0	+8.3
Finance cost	(0.1)	(0.1)	-28.0
Income tax expenses	(37.0)	(6.4)	+477.1
Profit for the year	157.1	38.5	+307.5
<i>Net profit margin (%)</i>	16.0	5.7	
Total comprehensive income for the year	157.1	38.5	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.20	0.05	

For the first quarter of 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 268.0 million, the EBITDA margin at 27.4%, an increase of 130.6% from the first quarter of 2021 that the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) reported Baht 116.3 million, the EBITDA with the EBITDA margin at 17.1%.

For the first quarter of 2022, the Company reported depreciation and amortization of Baht 74.0 million, compared to the first quarter of 2021 of Baht 71.3 million. The higher depreciation and amortization amount from medical equipment related to new building.

For the first quarter of 2022, the Company reported finance cost of Baht 0.1 million almost the same as the first quarter of 2021 and reported income tax expenses for the first quarter of 2022 of Baht 37.0 million, an increase of 477.1% from the first quarter of 2021 which reported income tax expenses of Baht 6.4 million.

For the first quarter of 2022, the Company reported profit for the period of Baht 157.1 million, representing the net profit margin for the year of 16.0%. While the Company reported net profit for the first quarter of 2021 of Baht 38.5 million, representing the net profit margin for the period of 5.7%. Basic earnings per share of 0.20 baht per share and 0.05 baht per share in the first quarter of 2022 and the first quarter of 2021, respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 31 Mar 2022	As of 31 Dec 2021	Change (%)
Current assets	1,780.1	1,602.9	+11.1%
Non-current assets	3,487.3	3,534.1	-1.3%
Total assets	5,267.4	5,136.9	+2.5%
Current liabilities	633.0	666.8	-5.1%
Non-current liabilities	199.5	192.2	+3.8%
Total liabilities	832.5	859.1	-3.1%
Total shareholders' equity	4,434.9	4,277.9	+3.7%
Total liabilities and shareholders' equity	5,267.4	5,136.9	+2.5%

1. Assets

As of 31 March 2022, the Company reported current assets of Baht 1,780.1 million, increase by 11.1% as compared to Baht 1,602.9 million as of 31 December 2021. The company reported cash and cash equivalents of Baht 880.5 million which increase from Baht 690.4 million as of 31 December 2021.

As of 31 March 2022, the Company reported non-current assets of Baht 3,487.3 million, slightly decrease by 1.3% as compared to Baht 3,534.1 million as of 31 December 2021, which mainly was the property, plant and equipment items.

2. Liabilities

As of 31 March 2022, the Company reported current liabilities of Baht 633.0 million, decrease by 5.1% as compared to Baht 666.8 million as of 31 December 2021. This was due that are recognised revenue of the Moderna vaccine. And recognised revenue from packages.

As of 31 March 2022, the Company reported non-current liabilities of Baht 199.5 million, almost the same amount as compared to Baht 192.2 million as of 31 December 2021.

3. Shareholders' equity

As of 31 March 2022, the Company reported shareholders' equity of Baht 4,434.9 million, increase by 3.7% as compared to Baht 4,277.9 million as of 31 December 2021. This was due mainly to total comprehensive income for the first quarter of 2022 of Baht 157.1 million.

Cash flow statement

Cash flow statement (Million Baht)	Three Months Period Ended 31 March	
	2022	2021
Cash flows from operating activities	238.1	115.9
Cash flows used in investing activities	(46.5)	(76.4)
Cash flows used in financing activities	(1.5)	(1.2)
Net increase in cash and cash equivalents	190.1	38.2

For the three-month period ended 31 March 2022, the Company reported cash flows from operating activities of Baht 283.1 million, an increase of Baht 122.2 million as compared to the same period of 2021 which generated cash flows from operating activities of Baht 115.9 million, mainly came from an increase in hospital operation results.

For the three-month period ended 31 March 2022, the Company reported cash flows used in investing activities of Baht 46.5 million, arising from cash paid for payable of fixed assets of Baht 44.9 million. Meanwhile, during the same period of 2021, the Company reported cash from investing activities of Baht 76.4 million, from Acquisition of debt instruments of Baht 50.0 million and cash paid for payable of fixed assets of Baht 24.4 million.

For the three-month period ended 31 March 2022, the Company reported cash flows used in financing activities of Baht 1.5 million, slightly changed from the same period of 2021 which reported cash flows used in financing activities of Baht 1.2 million.

Key Financial Ratio	Three Months Period Ended 31 March	
	2022	2021
Liquidity Ratio		
Current ratio (Time)	2.8	2.6
Average collection period (Day)	23.9	20.9
Average days sales of inventory (Day)	8.7	11.1
Average account payables days (Day)	21.0	24.1
Cash cycle (Day)	11.6	7.9
Profitability Ratio		
Gross profit margin (%)	35.3	24.9
Net profit margin (%)	16.0	5.7
Return on average shareholders' equity * (%)	6.6	5.9
Return on average assets* (%)	5.9	5.0
Financial Policy Ratio		
Debt to equity ratio (Time)	0.2	0.2
Interest bearing debt to equity ratio (Time)	0.0	0.0

Remark * The information from financial statements adjusted to fully annualized numbers by using the numbers in the current quarter plus the previous 3 quarter financial information.

Please be informed accordingly,

Yours sincerely,

Praram 9 Hospital Public Company Limited

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Chief Executive Officer