

11 August 2022

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations For the three-month and six-month periods ended 30 June 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-month and six-month periods ended 30 June 2022 as follows:

Summary

The Thai economy in the second quarter of 2022 has begun to recover from the COVID-19 outbreak. The easing of international travel measures has allowed foreign patients to be admitted to hospitals in Thailand. At the end of the second quarter there is a rapid outbreak again from the new strains of COVID-19 BA.4 and BA.5, due to the people being vaccinated and booster vaccine as a result, most people infected with COVID-19 will have mild symptoms. Therefore, it can be treated as an outpatient (OPD). And with the declaration of an international public health emergency, according to the guidelines of the World Health Organization (WHO), Monkeypox is another disease that must be monitored for the spread of the disease.

In second quarter of 2022, the Company reported total revenues of Baht 980.04 million, increased of 52.6% as compared to second quarter of 2021 which reported total revenues of Baht 642.2 million and reported profit for the period in second quarter of 2022 was Baht 124.8 million, increased of 959.0% as compared to second quarter of 2021 which reported profit for the period of Baht 11.8 million.

For the six-month period ended 30 June 2022, the Company reported total revenues of Baht 1,959.2 million, increased of 48.4% as compared to the same period of last year, which reported total revenues of Baht 1,320.5 million and reported profit for six-month period ended 30 June 2022 was Baht 281.8 million, increased of 460.0% as compared to the same period of last year which reported profit of Baht 50.3 million.

Statement of comprehensive Income

1. Quarterly Operational results

Revenues (Million Baht)	Three-month periods ended 30 June		Changed (%)
	2022	2021	
Medical revenues from Out-Patient (OPD)	563.6	349.4	+61.3
Medical revenues from In-Patient (IPD)	406.2	282.7	+43.7
Total Medical revenues	969.9	632.1	+53.4
Rental and other income	10.1	10.1	+0.2
Total revenues	980.0	642.2	+52.6

Medical revenues by Type

<i>(Million Baht)</i>	Three-month periods ended 30 June		Changed (%)	Proportion	
	2022	2021		2022	2021
Medical revenues by Nationality					
Thai	839.1	571.1	+46.9	87%	90%
International	130.7	61.0	+114.3	13%	10%
Total Medical revenues	969.9	632.1	+53.4	100%	100%
Medical revenues by Payment method					
Self-Pay	703.2	449.1	+56.6	72%	71%
Insurance	205.3	135.2	+51.8	21%	21%
Corporate Contract	61.4	47.8	+28.6	7%	8%
Total Medical revenues	969.9	632.1	+53.4	100%	100%

In second quarter of 2022, the Company reported total medical revenues of Baht 969.9 million, increased of 53.4% from second quarter of 2021 which reported medical revenues of Baht 632.1 million.

The out-patient department (OPD) revenues increased 61.3% as compared to the same period of last year. This was due mainly to the number of OPD visits and OPD revenues per visit both COVID-19 and recovery of non-COVID-19 patients. Along with LASIK Center, Moderna vaccine, Pediatric Center, and Cardiovascular Institute.

The in-patient department (IPD) revenues increased 43.7% as compared to the same period of last year. This was growth in both IPD average daily census and IPD revenues per discharge from increased surgery procedures. Including plastic surgery in addition, there is income from the treatment of a number of additional infected patients.

In the second quarter of 2022, revenues from Thai patients increased by 46.9% compared to the same period of the previous year. Meanwhile revenues from international patients also increased by 114.3% from the same period of last year. As a result, the proportion of revenues from foreign customers of revenues from hospital operations for the second quarter of 2022 increased to 13% from 10% from the same period last year. The increase came from fly-in Patients, CLMV patients (Cambodia, Laos, Myanmar and Vietnam) grew 399.1% and from the adjustment to acquire more foreign customers who still live in the country (expat), that could be proven from the higher growth of Chinese customers. As a result, a large proportion of foreign customers are Chinese, Myanmar and Cambodia, respectively.

In term of revenues breakdown by payment method, revenues from all payment customer groups increased because of total medical revenues increased, and since the Company's strategy has been adjusted to focus on increasing the customer base in the insurance group through cooperation with many insurance company alliances and focus on increasing the customer base of the corporate contract continuously received satisfactory feedback from both groups.

Cost and Expenses <i>(Million Baht)</i>	Three-month periods ended 30 June		Changed (%)
	2022	2021	
Cost of hospital operations	663.8	500.0	+32.8
As % of medical revenues	68.4	79.1	
Selling and administrative expenses	163.9	130.1	+26.0
As % of total revenues	16.7	20.3	

In the second quarter of 2022, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 663.8 million or equal to 68.4% of total medical revenues, comparing to the second quarter of 2021, which amount Baht 500.00 million or equal to 79.1.0% of total medical revenues. Which although the Company There will be increased depreciation and amortization. But other cost management in many items is better managed from last year, including a significant increase in revenues the proportion of cost of hospital operations to medical revenues was decreased.

For the second quarter of 2022, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 163.9 million or equal to 16.7% of total revenues. Comparing to the second quarter of 2021, which amount Baht 130.1 million or equal to 20.3% of total revenues. The reduction of those proportions reflected excellent management efficiency, although there were some higher expenses such as utilities expenses, Including the higher depreciation and amortization, but the Company could save many expense items, especially in terms of personnel expenses which were improved by managing working hours and human resource allocations etc. Due to the hospital's ability to control fixed expenses well and including a significant increase in revenues the proportion of selling and administrative expenses to medical revenues was decreased.

<i>(Million Baht)</i>	Three-month periods ended 30 June		Changed
	2022	2021	(%)
Operating profit	152.3	12.1	+1,155.0
Depreciation and amortization	75.4	72.3	+4.3
EBITDA	227.7	84.5	+169.5
<i>EBITDA Margin (%)</i>	23.2	13.2	
Finance income	1.4	1.0	+32.9
Finance cost	(0.1)	(0.1)	+28.3
Income tax expenses	(28.8)	(1.3)	+2,152.2
Profit for the period	124.8	11.8	+959.0
<i>Net profit margin (%)</i>	12.7	1.8	
Total comprehensive income for the period	124.8	11.8	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.16	0.01	

For the second quarter of 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 227.7 million, the EBITDA margin at 23.2%, an increase of 169.5% from the second quarter of 2021 that the Company reported amount Baht 84.5 million, which the EBITDA margin at 13.2%.

For the second quarter of 2022, the Company reported depreciation and amortization of Baht 75.4 million, compared to the second quarter of 2021 of Baht 72.3 million. The higher proportion of depreciation and amortization amount due mainly to some medical equipment related to the new building.

For the second quarter of 2022, the Company reported finance cost of Baht 0.1 million almost the same as the second quarter of 2021. The Company reported income tax expenses for the second quarter of 2022 of Baht 28.8 million, while the second quarter of 2021, the Company reported income tax revenues of Baht 1.3 million.

For the second quarter of 2022, the Company reported profit for the period of Baht 124.8 million, representing the net profit margin for the year of 12.7%. While the Company reported net profit for the second quarter of 2021 of Baht 11.8 million, representing the net profit margin for the period of 1.8%. Basic earnings per share of 0.16 baht per share and 0.01 baht per share in the second quarter of 2022 and the second quarter of 2021, respectively.

2. Six-month Operational results

Revenues (Million Baht)	Six-month periods ended 30 June		Changed
	2022	2021	(%)
Medical revenues from Out-Patient (OPD)	1,097.1	705.2	+55.6
Medical revenues from In-Patient (IPD)	843.0	595.5	+41.6
Total Medical revenues	1,940.1	1,300.7	+49.2
Rental and other income	19.1	19.8	-3.9
Total revenues	1,959.2	1,320.5	+48.4

Medical revenues by Type

(Million Baht)	Six-month periods ended 30 June		Changed	Proportion	
	2022	2021	(%)	2022	2021
Medical revenues by Nationality					
Thai	1,709.4	1,183.0	+44.5	88%	91%
International	230.7	117.7	+96.0	12%	9%
Total Medical revenues	1,940.1	1,300.7	+49.2	100%	100%
Medical revenues by Payment method					
Self-Pay	1,366.8	934.0	+46.3	70%	72%
Insurance	434.6	280.9	+54.7	22%	22%
Corporate Contract	138.7	85.8	+61.7	8%	6%
Total Medical revenues	1,940.1	1,300.7	+49.2	100%	100%

For the six-month period ended 30 June 2022, the Company reported total medical revenues of Baht 1,940.1 million, increased of 49.2% from the same period of last year which reported total medical revenues of Baht 1,300.7 million.

The out-patient department (OPD) revenues increased 55.6% as compared to the same period of last year. This was due mainly to the number of OPD visits and OPD revenues per visit both COVID-19 and recovery of non-COVID-19 patients. Along with LASIK Center, Moderna vaccine, and Pediatric Center.

Meanwhile, revenues from the in-patient segment (IPD) was able to grow by 41.6% compared to the same period last year. For the increasing number of in-patients and partly from the treatment of COVID-19 patients with mild symptoms, as a result, IPD Average Daily Census rate, could still grow

For the six-month period of 2022, the trend of revenues from Thai patients has improved, revenues from Thai patients increased by 44.5% compared to the same period last year. Meanwhile, revenues from international patients also increased by 96.0% from the same period of last year. As a result, the proportion of revenues from foreign customers of revenues from hospital operations for the second quarter of 2022 increased to 12% from 9% from the same period last year. The increase came from fly-in Patients, CLMV patients (Cambodia, Laos, Myanmar and Vietnam) grew 291.4% and from the adjustment to acquire more foreign customers who still live in the country (expat), that could be proven from the higher growth of Chinese customers. As a result, a large proportion of foreign customers are Chinese, Myanmar and USA, respectively.

In term of revenues breakdown by payment method, revenues from all payment customer groups increased because of total medical revenues increased, and since the Company's strategy has been adjusted to focus on increasing the customer base in the insurance group through cooperation with many insurance company alliances and focus on increasing the customer base of the corporate contract continuously received satisfactory feedback from both groups.

Cost and Expenses (Million Baht)	Six-month periods ended 30 June		Changed (%)
	2022	2021	
Cost of hospital operations	1,291.2	1,002.2	+28.8
As % of medical revenues	66.6	77.0	
Selling and administrative expenses	322.6	262.2	+23.1
As % of total revenues	16.5	19.9	

For the six-month period in 2022, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 1,291.2 million or equal to 66.6% of total medical revenues, comparing to the six-month period in 2021, the Company reported which amount Baht 1,002.2 million or equal to 77.0% of total medical revenues. Increased at a lower rate than the increase in revenues from hospital operations due to continuous cost control

For the six-month period in 2022, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 322.6 million or equal to 16.5% of total revenues. Comparing to the same period of 2021, the Company reported which amount Baht 262.2 million or equal to 19.9% of total revenues. The reduction of those proportion reflected excellent management efficiency although there were some higher expenses such as utilities expenses. 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)	Six-month periods ended 30 June		Changed (%)
	2022	2021	
Operating profit	345.4	56.2	+514.8
Depreciation and amortization	149.4	143.6	+4.0
EBITDA	494.7	199.8	+147.6
<i>EBITDA Margin (%)</i>	<i>25.3</i>	<i>15.1</i>	
Finance income	2.5	2.1	+20.5
Finance cost	(0.2)	(0.2)	-1.3
Income tax expenses	(65.8)	(7.7)	+755.6
Profit for the period	281.8	50.3	+456.0
<i>Net profit margin (%)</i>	<i>14.4</i>	<i>3.8</i>	
Total comprehensive income for the period	281.8	50.3	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.36	0.06	

For the six-month period of 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 494.7 million, the EBITDA margin at 25.3%, an increase of 147.6% from the same period of 2021 that the Company reported which amount Baht 199.8 million, with the EBITDA margin at 15.1%.

For the six-month period of 2022, the Company reported depreciation and amortization of Baht 149.4 million, compared to the same period of 2021 of Baht 143.6 million. The higher proportion of depreciation and amortization amount due mainly to medical equipment related to the new building.

For the six-month period of 2022, the Company reported finance cost of Baht 0.2 million almost the same as the same period of 2021 and reported income tax expenses for the six-month period of 2022 of Baht 65.8 million, increased from the same period of 2021 which reported income tax expenses of Baht 7.7 million.

For the six-month period of 2022, the Company reported profit for the period of Baht 281.8 million, representing the net profit margin of 14.4%. While the Company reported profit for the six-month period of 2021 of Baht 50.3 million, representing the net profit margin of 3.8%. Basic earnings per share of 0.36 baht per share and 0.06 baht per share for the six-month period of 2022 and the six-month period of 2021, respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 30 Jun 2022	As of 31 Dec 2021	Changed (%)
Current assets	1,838.1	1,602.9	+14.7%
Non-current assets	3,438.9	3,534.1	-2.7%
Total assets	5,276.9	5,136.9	+2.7%
Current liabilities	624.4	666.8	-6.4%
Non-current liabilities	203.0	192.2	+5.6%
Total liabilities	827.3	859.1	-3.7%
Total shareholders' equity	4,449.6	4,277.9	+4.0%
Total liabilities and shareholders' equity	5,276.9	5,136.9	+2.7%

1. Assets

As of 30 June 2022, the Company reported current assets of Baht 1,838.1 million, slightly increased by 14.7% as compared to Baht 1,602.9 million as of 31 December 2021. While as of 31 December 2021, the company reported cash and cash equivalents of Baht 1,090.9 million which increased from Baht 690.4 million.

As of 30 June 2022, the Company reported non-current assets of Baht 3,438.9 million, slightly decreased by 2.7% as compared to Baht 3,534.1 million as of 31 December 2021, From the depreciation and amortization offset with the purchase of assets.

2. Liabilities

As of 30 June 2022, the Company reported current liabilities of Baht 624.4 million, decreased by 6.4% as compared to Baht 666.8 million as of 31 December 2021. This was due that are recognized revenues of the Moderna vaccine. And recognized revenues from coupon check-up packages

As of 30 June 2022, the Company reported non-current liabilities of Baht 203.0 million, slightly increased by 5.6% as compared to Baht 192.2 million as of 31 December 2021.

3. Shareholders' equity

As of 30 June 2022, the Company reported shareholders' equity of Baht 4,449.6 million, increased by 4.0% as compared to Baht 4,277.9 million as of 31 December 2021. This was due mainly to total comprehensive income for the six-month period ended 30 June of 2022 of Baht 281.8 million net with dividend payment of Baht 110.1 million.

Cash flow statement

Cash flow statement <i>(Million Baht)</i>	Six-month periods ended 30 June	
	2022	2021
Cash flows from operating activities	484.5	187.6
Cash flows from (used in) investing activities	28.1	(229.5)
Cash flows used in financing activities	(112.2)	(88.2)
Net increase (decrease) in cash and cash equivalents	400.4	(130.1)

For the six-month period ended 30 June 2022, the Company reported cash flows from operating activities of Baht 484.5 million, increased of Baht 187.6 million as compared to the same period of 2021. This was mainly due to the increase in net profit from operating results before depreciation and amortization.

For the six-month period ended 30 June 2022, the Company reported cash flows used in investing activities of Baht 28.1 million. This was due to withdrawal fixed deposits at banks Baht 152.2 million, investments in debt securities of Baht 49.8 million and purchase of fixed assets and intangible assets of Baht 76.6 million. Meanwhile, during the same period of 2021, the Company reported cash flows from investing activities of Baht 229.5 million. This was mainly due to deposit in fixed account at Baht 51.1 million, investments in debt securities of Baht 100.0 million, and purchase of fixed assets and intangible assets of Baht 80.5 million.

For the six-month period ended 30 June 2022, the Company reported cash flows used in financing activities of Baht 112.2 million from the dividend payment and payment of principal portion of lease liabilities, compared to the same period of 2021 which reported cash flows used in financing activities of Baht 88.2 million.

Key Financial Ratio	Six-month periods ended 30 June	
	2022	2021
Liquidity Ratio		
Current ratio	2.9	2.6
Average collection period	22.5	18.5
Average days sales of inventory	8.3	9.4
Average account payables days	21.2	16.6
Cash cycle	9.5	11.2
Profitability Ratio		
Gross profit margin	31.6	20.9
Net profit margin	12.7	1.8
Return on average shareholders' equity*	7.0	6.0
Return on average assets*	5.9	5.2
Financial Policy Ratio		
Debt to equity ratio	0.2	0.2
Interest bearing debt to equity ratio	-	-

Remark * The information from financial statements adjusted to fully annualized numbers by using the numbers in the current period plus the previous 6 months period financial information.

Please be informed accordingly,

Yours sincerely,

Praram 9 Hospital Public Company Limited

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Satian Pooprasert, M.D.

Chief Executive Officer