

August 15, 2022

Subject: Management's Discussion and Analysis of the consolidated financial statements for the second quarter ("2Q22") and six-month period ended 30 June 2022

To: Directors and Managers
The Stock Exchange of Thailand

Operating Result Overview

The strain of omicron variant of COVID-19 during the second quarter (2Q22) began to unravel, whereas Chularat Hospital Group has continued to provide the screening services, both RT-PCR and ATK, medical treatments in hospitals for the COVID-19 patients with severe symptoms, medical treatments in Home Isolation for the COVID-19 patients with mild symptoms and alternative vaccination service, including the return of general patients. As a result, the Company's operating result for 2Q22 continues to grow.

Management's discussion and analysis of financial statement for 2Q22 ended 30 June 2022

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 2Q22 as follows:

Statement of comprehensive income	2Q22	2Q21	Increase (Decrease)	Change (%)
Unit : Million Baht				
Revenues from hospital operations	2,784.5	2,071.0	713.5	34%
Other revenues	68.1	64.0	4.1	6%
Total revenues	2,852.6	2,135.0	717.6	34%
Cost of hospital operations	1,497.0	1,206.1	290.9	24%
Administrative expenses	223.1	205.8	17.3	8%
Net profit of the Company	878.2	576.1	302.2	52%
<i>Earnings per share (Baht/share)</i>	<i>0.0798</i>	<i>0.0524</i>		
<i>Gross Profit Margin (%)</i>	<i>46.24%</i>	<i>41.76%</i>		
<i>Net Profit Margin (%)</i>	<i>31%</i>	<i>27%</i>		

The Company's net profit was Baht 878.2 million for 2Q22, increasing by Baht 302.2 million, or 52% compared to 2Q21. Overview of operating results was discussed as below.

Revenues from hospital operations

In 2Q22, the Company has revenues from hospital operations of Baht 2,784.5 million, increasing by Baht 713.5 million, or 34% YoY.

Revenue from general patients in 2Q22 increased by 25% YoY. The revenue from outpatients (OPD) increased by Baht 83.84 million and inpatients (IPD) increased by Baht 170.64 million mainly from alternative vaccination service and the return of general patients.

Revenue from Social Security scheme in 2Q22 increased by 12% YoY driven by the increased number of the registered member and the return of inpatients with High Cost care (Adj.RW_≥2).

Revenue from other governmental scheme in 2Q22 increased by 65% YoY mainly from the medical treatment provided to COVID-19 patients with mild symptoms in Home Isolation.

Other revenue in 2Q22 increased by Baht 4.1 million from management services providing to government hospitals.

Unit: Million Baht	2Q22	2Q21	Increase (Decrease)	Change (%)
Revenue from general patients	1,265.69	1,011.21	254.48	25%
Revenue from outpatients (OPD)	671.33	587.49	83.84	14%
Revenue from inpatients (IPD)	594.36	423.72	170.64	40%
Revenue from government welfare programs	1,518.80	1,059.80	459.00	43%
Social security schemes	485.95	434.85	51.10	12%
Other governmental schemes	1,032.85	624.95	407.9	65%
Total revenue from hospital operations	2,784.49	2,071.01	713.48	34%

Operation costs

In 2Q22, the Company's gross profit margin increased from 41.76% to 46.24%, resulting in net profit margin increased from 27% to 31% YoY. Expenses in hospital operations increased in line with an increased revenue. The Company continues to have an effective cost management and cost control measures while maintaining the standard and quality of medical treatment services.

The Company's net profit 2Q22 was Baht 878.2 million, increasing by Baht 302.2 million, or 52% YoY, in accordance with the increasing operating results and aforementioned reasons.

Management's discussion and analysis of financial statement for the six-month period ended 30

June 2022

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 6M22 as follows:

Statement of comprehensive income	6M22	6M21	Increase (Decrease)	Change (%)
Unit : Million Baht				
Revenues from hospital operations	6,355.9	3,485.8	2,870.1	82%
Other revenues	135.0	121.2	13.8	11%
Total revenues	6,490.9	3,607.1	2,883.8	80%
Cost of hospital operations	3,199.1	2,200.7	998.4	45%
Administrative expenses	427.8	365.5	62.3	17%
Net profit of the Company	2,234.6	827.9	1,406.8	170%
<i>Earnings per share (Baht/share)</i>	<i>0.2031</i>	<i>0.0753</i>		
<i>Gross Profit Margin (%)</i>	<i>49.67%</i>	<i>36.87%</i>		
<i>Net Profit Margin (%)</i>	<i>34%</i>	<i>23%</i>		

The Company's net profit was Baht 2,234.6 million for 6M22, increasing by Baht 1,406.8 million, or 170% compared to 6M21. Overview of operating results was discussed as below.

Revenues from hospital operations

In 6M22, the Company has revenues from hospital operations of Baht 6,355.9 million, increasing by Baht 2,870.1 million, or 82% YoY.

Revenue from general patients in 6M22 increased by 49% YoY. The revenue from outpatients (OPD) increased by Baht 491.17 million and inpatients (IPD) increased by Baht 422.68 million mainly driven by the return of general patients as well as the international patients as the COVID-19 situation began to unfold and the country reopening, including an additional revenue from alternative vaccination service.

Revenue from Social Security scheme in 6M22 increased by 8% YoY driven by the increased number of the registered member and the return of inpatients with High Cost care (Adj.RW_≥2).

Revenue from other governmental scheme in 6M22 increased by 251% YoY mainly due to a significant increased revenue from the COVID-19 related services - Screening service, medical treatment in hospitals, specialized field hospital, hospitelts and Home Isolation.

Other revenue in 6M22 increased by Baht 13.8 million from management services providing to government hospitals.

Unit: Million Baht	6M22	6M21	Increase (Decrease)	Change (%)
Revenue from general patients	2,760.17	1,846.32	913.85	49%
Revenue from outpatients (OPD)	1,553.57	1,062.40	491.17	46%
Revenue from inpatients (IPD)	1,206.60	783.92	422.68	54%
Revenue from government welfare programs	3,595.70	1,639.48	1,956.22	119%
Social security schemes	957.58	888.53	69.05	8%
Other governmental schemes	2,638.12	750.95	1,887.17	251%
Total revenue from hospital operations	6,355.87	3,485.80	2,870.07	82%

Operation costs

In 6M22, the Company's gross profit margin increased from 36.87% to 49.67%, resulting in net profit margin increased from 23% to 34% YoY. Expenses in hospital operations such as doctor fee, medicines and medical supplies and additional expenses from increasing manpower and medical services increased in line with an increased revenue. However, the Company has continued to have an effective cost management and cost control measures, resulting in an increased operating results.

The Company's net profit 6M22 was Baht 2,234.6 million, increasing by Baht 1,406.8 million, or 170% YoY, in accordance with the increasing operating results and aforementioned reasons.

Statement of financial position	30 June	31 December	Increase	Change
Unit : Million Baht	2022	2021	(Decrease)	(%)
Total assets	10,646	10,550	96	0.9%
Total liabilities	2,382	2,709	(327)	(12.1%)
Shareholders' equity	8,264	7,841	423	5.4%
Debt to equity ratio (x)	0.29	0.35		

As of June 30, 2022, the Company has **total assets** of Baht 10,646 million, increased by Baht 96 million from December 31, 2021, primarily due to

- Cash and cash equivalent decreased by Baht 1,508 million from the Company's operation, as reported in the cash flow statement.
- Trade and other receivables increased by Baht 88 million; accrued medical treatment income increased by Baht 1,682 million from the increased revenue and the payment schedule.
- Other current assets decreased by Baht 287 million from the receipt of alternative vaccine.

Total liabilities amounting to Baht 2,382 million as of June 30, 2022, decreasing by Baht 327 million from December 31, 2021, as described below.

- Short-term loans from financial institutions decreased by Baht 13 million.
- Trade and other payables decreased by Baht 36 million.
- Income Tax Payable decreased by Baht 207 million from the corporate tax payment of Y2021.
- Long-term loans from financial institutions decreased by Baht 75 million.

Total shareholders' equity amounting to Baht 8,264 million as of June 30, 2022, increasing by Baht 423 million from December 31, 2021 is in line with the net profit and dividend policy of the Company.

Debt to equity ratio (DE Ratio) is 0.29, which reflects the ability to loan from financial institution for business expansion and in line with the Company's strategy.

Cash flow statement	6M22	6M21	Change
Unit : Million Baht			
Net cash from operating activities	723.13	949.61	(226.48)
Net cash used in investing activities	(279.70)	(132.44)	(147.27)
Net cash used in financing activities	(1,951.67)	(206.39)	(1,745.28)
Net increase in cash and cash equivalents	(1,508.24)	610.79	(2,118.03)
Cash and cash equivalents at beginning of period	2,789.67	547.54	2,242.13
Cash and cash equivalents at end of period	1,281.43	1,158.33	123.10

In 6M22, the Company's Net cash from operating activities amounting to Baht 723.13 million, decreased by Baht 226.48 million YoY, mainly due to the Company's corporate tax payment while the operating profit from the Company's operation increased from the previous year. Net cash used in investing activities increased by Baht 147.27 million from the construction expenses according to the expansion plan. Net cash used in financing activities amounting to Baht 1,951.57 million YoY, mainly due to the repayment of short-term and long-term loans, including the dividend payment.

Please be informed accordingly.

Yours faithfully,

(Mr.Kumpol Plussind)
Chief Executive Officer