

22 February 2023

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations for the year 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 the year 2022 as follows:-

Summary

Year 2022 Praram 9 Hospital is Entering the 30th anniversary and will continue to progress by adapting to the situation in response to changes in business. The Company develops quality services covering treatment and prevention before the illness. For service recipients to have a healthy life both physically and mentally and get the most benefit drive forward sustainably.

Adjustment of strategic plans to accommodate changes from the COVID-19 outbreak, includes various digital technologies related to health care. The Company also has plans for continued expansion ready to consider the environment, social in accordance with the principles of good corporate governance. Collaborate with partners to provide more health services to increase the coverage of the service to become a leading private hospital.

The Company operates results gradually improved, resulting in operating results for the year 2022, Where the Company reported the total revenues of Baht 4,150.5 million, an increase of 37.2% compared to the previous year. Which reported total revenues of Baht 3,026.0 million. The profit for the year 2022 was Baht 567.6 million, an increase of 127.8% from the previous year which reported profit for the year of Baht 249.2 million.

Statement of comprehensive income

Yearly Operational results

Revenues (Million Baht)	For year ended 31 December		Change (%)
	2022	2021	
Medical revenues from Out-Patient (OPD)	2,382.6	1,620.1	+47.1
Medical revenues from In-Patient (IPD)	1,724.8	1,366.7	+26.2
Total Medical revenues	4,107.3	2,986.8	+37.5
Rental and other income	43.1	39.2	+10.1
Total Revenues	4,150.5	3,026.0	+37.2

Medical revenues by Type

(Million Baht)	For year ended 31 December		Change (%)	Proportion	
	2022	2021		2022	2021
Medical revenues by Nationality					
Thai	3,567.8	2,739.1	+30.3	87%	92%
International	539.5	247.7	+117.8	13%	8%
Total Medical revenues	4,107.3	2,986.8	+37.5	100%	100%
Medical revenues by Payment method					
Self-Pay	2,918.9	2,044.5	+42.8	71%	68%
Insurance	916.4	652.1	+40.5	22%	22%
Corporate Contract	272.1	290.2	-6.2	7%	10%
Total Medical revenues	4,107.3	2,986.8	+37.5	100%	100%

The Company reported total medical revenues in 2022 of Baht 4,107.3 million, an increase of 37.5% from 2021 which reported medical revenues of Baht 2,986.8 million.

The out-patient department (OPD) revenues increase by 47.1% as compared to the last year. This was due mainly to the number of OPD visits and OPD revenues per visit from the recovery of the patients not related to COVID-19.

The in-patient department (IPD) revenues increase by 26.2% compared to the last year, the Patient day, IPD revenues per patient day increase from general medical treatments and complex medical treatments diseases, while the Length of Stay decreased from patients with COVID-19.

Thai patients increase by 30.3% compared to the last year. Meanwhile, revenues from international patients increase by 117.8% from the last year. As a result, to finding more expat and fly-in. Medical revenues by Nationality from Myanmar, Chinese and Cambodia customers, respectively.

In terms of revenues breakdown by payment method, the share of self-pay revenues remains the largest. Insurance revenues increase since the Company focus on increasing the customer base in the insurance group through cooperation with much insurance company. The Corporate contract group decreased from COVID-19 patients who exercised UCEP (Universal Coverage for Emergency Patients) right to treatment according to the government policy, Which a decreased from the same period last year. But the Company continues to focus on increasing the customer base of the contracting company continuously.

(Million Baht)	For year ended 31 December		Change (%)
	2022	2021	
Cost of Hospital Operations and Expenses			
Cost of hospital operations	2,723.6	2,172.2	+25.4
As % of medical revenues	66.3	72.7	
Selling and administrative expenses	735.1	557.2	+31.9
As % of total revenues	17.7	18.4	

For the year 2022, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 2,723.6 million or equal to 66.3% of total medical revenues. Comparing to 2021, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 2,172.2 million or equal to 72.7% of total medical revenues. This was mainly due to increase in salary expenses and benefits for the operating department. But when compared to the increase in medical revenues of 37.5%, resulting in a decreased in those proportion cost of hospital operations to medical revenues.

For the year 2022, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 735.1 million or equal to 17.7% of total revenues. Comparing to 2021, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 557.2 million or equal to 18.4% of total revenues. The reduction of those proportion reflected excellent management efficiency, although there were some higher expenses such as employee expenses and employee benefits and management expenses, utility expenses, JCI (Joint Commission International Accreditation Standards for Hospitals) expenses, but the Company still has a resource optimization resulting in a decreased in proportion of Selling and administrative expenses to total revenues.

<i>(Million Baht)</i>	For year ended 31 December		Change
	2022	2021	(%)
Operating profit	691.8	296.5	+133.3
Depreciation and amortization	299.5	293.7	+2.0
EBITDA	991.3	590.2	+67.9
<i>EBITDA Margin (%)</i>	23.9	19.5	
Finance income	8.7	4.2	+107.0
Finance cost	0.5	0.5	+0.1
Income tax expenses	132.4	51.1	+159.2
Profit for the year	567.6	249.2	+127.8
<i>Net profit margin (%)</i>	13.7	8.2	
Total comprehensive income for the year	567.6	249.2	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.72	0.32	

For the year 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 991.3 million, the EBITDA margin were 23.9%. For 2021, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 590.2 million, the EBITDA margin was 19.5%.

For the year 2022, the Company reported depreciation and amortization of Baht 299.5 million, compared to 2021 of Baht 293.7 million.

For the year 2022, the Company reported finance cost of Baht 0.5 million because of the adoption of the new financial reporting standard TFRS 16: Leases. The Company reported none of the finance cost since the Company did not have interest bearing debts. While the Company reported income tax expenses for 2022 of Baht 132.4 million, an increase of 159.2% from 2021.

For the year 2022, the Company reported a profit for the year of Baht 567.6 million, representing the net profit margin for the year of 13.7%. While the Company reported a net profit for the year 2021 of Baht 249.2 million, representing the net profit margin for the year of 8.2%. Basic earnings per share of Baht 0.72 per share and Baht 0.32 per share in 2022 and 2021 respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 31 December 2022	As of 31 December 2021	Change (%)
Current assets	2,023.4	1,602.9	+26.2
Non-current assets	3,534.4	3,534.0	+0.0
Total assets	5,557.8	5,136.9	+8.2
Current liabilities	609.5	666.8	-8.6
Non-current liabilities	212.9	192.2	+10.8
Total liabilities	822.4	859.0	-4.3
Total shareholders' equity	4,735.4	4,277.9	+10.7
Total liabilities and shareholders' equity	5,557.8	5,136.9	+8.2

1. Assets

As of 31 December 2022, the Company reported current assets of Baht 2,023.4 million, an increase by 26.2% as compared to Baht 1,602.9 million as of 31 December 2021. While as of 31 December 2022, the Company reported cash and cash equivalents at Baht 1,565.1 million, which is an increase as compared to Baht 690.4 million as of 31 December 2021. The other current financial assets decreased Baht 402.0 million, and other current assets- advance payment for Moderna vaccine and other at Baht 78.0 million decreased compared to the last year.

Non-current assets increase. Mainly came from the increase compared to the last year from property, plant and equipment from depreciation and amortization net acquisition of assets decreased of Baht 150.4 million, and other non-current assets increase Baht 150.0 million.

2. Liabilities

As of 31 December 2022, the Company reported current liabilities of Baht 609.5 million, decreased by 8.6% as compared to Baht 666.8 million as of 31 December 2021. This was mainly due to the advance income from the bookings for the Moderna vaccine and revenues from sales of packages decreased from using the service at the beginning of the year 2022.

As of 31 December 2022, the Company reported non-current liabilities of Baht 212.9 million, an increase by 10.8% as compared to Baht 192.2 million as of 31 December 2021. This was due mainly to an increase in provision for long-term employee benefits amounting increase Baht 19.4 million.

3. Shareholders' equity

As of 31 December 2022, the Company reported shareholders' equity of Baht 4,735.4 million, an increase by 10.7% as compared to Baht 4,277.9 million as of 31 December 2021. This was due mainly to net profit for the year of Baht 567.6 million offset with a dividend payment of Baht 110.1 million.

Cash flow statement

Cash flow statement (Million Baht)	For year ended 31 December	
	2022	2021
Cash flows from operating activities	892.5	588.0
Cash flows from (used in) investing activities	97.4	(398.9)
Cash flows used in financing activities	(115.2)	(91.3)
Net increase in cash and cash equivalents	874.7	97.9

For the year 2022, the Company reported cash flows from operating activities of Baht 892.5 million, an increase of Baht 304.5 million as compared to the year 2021 which generated cash flows from operating activities of Baht 588.0 million, From the increase in hospital operation results.

For the year 2022, the Company reported cash flows used in investing activities of Baht 97.4 million. Fixed deposits at banks decreased, acquisition of debt instruments increase and interest received Baht 257.8 million. Acquisition of fixed assets Baht 160.4 million. For the year 2021, cash flows used in investing activities from fixed deposits at banks and acquisition of debt instruments increase and interest received Baht 148.1 million. Acquisition of fixed assets Baht 250.8 million.

For the year 2022, the Company reported cash flows used in financing activities of Baht 115.2 million, from the dividend payment as compared to the year 2021 which reported cash flows used in financing activities of Baht 91.3 million.

Key Financial Ratio	For the Year Ended 31 December	
	2022	2021
Liquidity Ratio		
Current ratio	3.3	2.4
Average collection period	24.9	27.4
Average days sales of inventory	7.2	8.9
Average account payables days	22.4	23.7
Cash cycle	9.7	12.5
Profitability Ratio		
Gross profit margin	33.7	27.3
Net profit margin	13.7	8.2
Return on average shareholders' equity	12.6	5.9
Return on average assets	10.6	5.0
Financial Policy Ratio		
Debt to equity ratio	0.17	0.20
Interest bearing debt to equity ratio	-	-



Praram 9
Hospital

Please be informed accordingly,

Yours sincerely,

Praram 9 Hospital Public Company Limited

Satian Pooprasert, M.D.

Chief Executive Officer