

15 May 2023

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations For the three-month period ended 31 March 2023

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 period ended 31 March 2023 as follows:

Summary

The Thai economy in the first quarter of 2023, will see growth in the medical service industry due to the recovery of both Thai and foreign patients, as travel restrictions imposed by the COVID-19 situation have gradually been lifted globally. Most COVID-19 patients who have been vaccinated and have mild symptoms can be treated as OPD. In terms of health tourism, Thailand has international accredited hospitals, which will provide a sustainable growth for the medical service industry, as the elderly population and health-conscious individuals increase. Digital healthcare and health insurance in Thailand are also expanding.

In the first quarter of 2023 the Company reported total revenues of Baht 967.9 million, a decrease of 1.2% from Baht 979.1 million in the first quarter of 2022 and reported profit for the first quarter of 2023 of Baht 108.8 million, a decrease of 30.7% comparing to the profit for the first quarter of 2022 of Baht 157.1 million.

Statement of comprehensive income

Quarterly Operational results

Revenues (Million Baht)	Three-month period ended 31 March		Change (%)
	2023	2022	
Medical revenues from Out-Patient (OPD)	566.0	533.5	+6.1
Medical revenues from In-Patient (IPD)	390.7	436.8	-10.6
Total Medical revenues	956.7	970.3	-1.4
Rental and other income	11.2	8.8	+25.9
Total Revenues	967.9	979.1	-1.2

Medical revenues by Type

<i>(Million Baht)</i>	Three-month period ended			Proportion	
	31 March		Change (%)	2023	2022
	2023	2022			
Medical revenues by Nationality					
Thai	827.0	870.1	-4.9	86%	90%
International	129.7	100.2	+29.4	14%	10%
Total Medical revenues	956.7	970.3	-1.4	100%	100%
Medical revenues by Payment method					
Self-Pay	681.4	667.4	+2.1	71%	68%
Insurance	225.6	229.5	-1.7	24%	24%
Corporate Contract	49.7	73.4	-32.3	5%	8%
Total Medical revenues	956.7	970.3	-1.4	100%	100%

The Company reported total medical revenues in the first quarter of 2023 of Baht 956.7 million, a decrease of 1.4% from the same period last year which reported medical revenues of Baht 970.3 million. This was due to a decrease in revenues related to COVID-19 (including Moderna vaccine). the first quarter of 2023, equal to 1.8% from the first quarter of 2022, equal to 22.6%, in line with the improved situation of COVID-19. Regarding COVID-19 (including Moderna Vaccine), hospital operations revenues grew 25.1% from the same period last year.

The out-patient department (OPD) revenues increase 6.1% as compared to the same period of last year. This was due mainly to the number of OPD visits.

Meanwhile, revenues from inpatient customers (IPD) revenues decrease of 10.6% compared to the same period last year, Due to the decrease in Thai patients hospitalized with COVID-19, the overall bed occupancy rate the first quarter of 2023 was 44.2%, from the same period last year was 51.1%.

For the first quarter of 2023, revenues from Thai patients a decrease by 4.9% compared to the same period last year from revenues related to COVID-19 that has been steadily declining since the second quarter of 2022, revenues from International patients an increase by 29.4% compared to the same period last year, driven by the recovery of Fly-in Patient and Expatriate from various countries Relaxation of travel restrictions related to COVID-19. As a result, the revenues proportion from international patients increase to 14% of medical revenues in the first quarter of 2023 from 10% of medical revenues in the same period of last year. With revenues from Myanmar customers, Chinese customers, mostly Chinese customers be the Expatriate.

The revenues breakdown by payment method, revenues from Self-Pay increase by 2.1% compared to the same period last year, revenues from Insurance decrease by 1.7% compared to the same period last year, revenues from Corporate Contract decrease by 32.3% compared to the same period last year due to a decrease in UCEP patients.

Cost of Hospital Operations and Expenses <i>(Million Baht)</i>	Three-month period ended 31 March		Change (%)
	2023	2022	
Cost of hospital operations	656.5	627.5	+4.6
<i>As % of medical revenues</i>	<i>68.6</i>	<i>64.7</i>	
Selling and administrative expenses	182.3	158.7	+14.9
<i>As % of total revenues</i>	<i>18.8</i>	<i>16.2</i>	

For the first quarter of 2023, the Company reported the cost of hospital operations (including depreciation and amortization) Baht 656.5 million or equal to 68.6% of total medical revenues, compared to 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 revenues. Increased due to expenses related to both medical personnel and support staff.

For the first quarter of 2023, the Company reported the selling and administrative expenses (including depreciation and amortization) Baht 182.3 million or equal to 18.8% of total revenues. 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 revenues. Increased from Employee expenses, Selling expenses, and Utilities expenses.

<i>(Million Baht)</i>	Three-month period ended 31 March		Change
	2023	2022	(%)
Operating profit	129.0	193.0	-33.2
Depreciation and amortization	73.0	74.0	-1.3
EBITDA	202.0	268.0	-24.6
<i>EBITDA Margin (%)</i>	20.9	27.4	
Finance income	4.9	1.1	+330.5
Finance cost	(0.2)	(0.1)	+73.3
Income tax expenses	(24.9)	(37.0)	-32.6
Profit for the period	108.8	157.1	-30.7
<i>Net profit margin (%)</i>	11.2	16.0	
Total comprehensive income for the year	108.8	157.1	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.14	0.20	

For the first quarter of 2023, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 202.0 million, the EBITDA margin at 20.9%, a decrease by 24.6% from the first quarter of 2022, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) reported Baht 268.0 million, the EBITDA with the EBITDA margin at 27.4%.

For the first quarter of 2023, the Company reported depreciation and amortization of Baht 73.0 million, compared to the first quarter of 2022 of Baht 74.0 million. Depreciation and amortization decreased slightly due to the equipment reaching the end of useful life.

For the first quarter of 2023, the Company reported finance cost of Baht 0.2 million compared to the first quarter of 2022 of Baht 0.1 million. Reported income tax expenses for the first quarter of 2023 of Baht 24.9 million, a decrease by 32.6% from the first quarter of 2022 which reported income tax expenses of Baht 37.0 million.

For the first quarter of 2023, the Company reported profit for the period of Baht 108.8 million, representing the net profit margin for the year of 11.2%. While the Company reported net profit for the first quarter of 2022 of Baht 157.1 million, representing the net profit margin for the period of 16.0%. Basic earnings per share of 0.14 baht per share and 0.20 baht per share in the first quarter of 2023 and the first quarter of 2022, respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 31 Mar 2023	As of 31 Dec 2022	Change (%)
Current assets	2,025.3	2,023.4	+0.1%
Non-current assets	3,594.7	3,534.4	+1.7%
Total assets	5,619.9	5,557.8	+1.1%
Current liabilities	557.1	609.5	-8.6%
Non-current liabilities	218.6	212.9	+2.7%
Total liabilities	775.7	822.4	-5.7%
Total shareholders' equity	4,844.2	4,735.4	+2.3%
Total liabilities and shareholders' equity	5,619.9	5,557.8	+1.1%

1. Assets

As of 31 March 2023, the Company reported current assets of Baht 2,025.3 million, increase by 0.1% as compared to Baht 2,023.4 million as of 31 December 2022. The Company reported cash and cash equivalents of Baht 1,205.6 million decrease from Baht 1,565.1 million as of 31 December 2022.

As of 31 March 2023, the Company reported non-current assets of Baht 3,594.7 million, increase by 1.7% as compared to Baht 3,534.1 million as of 31 December 2022, Investment Bond Baht 100 million.

2. Liabilities

As of 31 March 2023, the Company reported current liabilities of Baht 557.1 million, decrease by 8.6% as compared to Baht 609.5 million as of 31 December 2022. This was due that are recognized revenues from packages.

As of 31 March 2023, the Company reported non-current liabilities of Baht 218.6 million, increase by 2.7% as compared to Baht 212.9 million as of 31 December 2022.

3. Shareholders' equity

As of 31 March 2023, the Company reported shareholders' equity of Baht 4,844.2 million, increase by 2.3% as compared to Baht 4,735.4 million as of 31 December 2022. This was due mainly to total comprehensive income for the first quarter of 2023 of Baht 108.8 million.

Cash flow statement

Cash flow statement <i>(Million Baht)</i>	Three-month period ended 31 March	
	2023	2022
Cash flows from operating activities	190.4	238.1
Cash flows used in investing activities	(548.7)	(46.5)
Cash flows used in financing activities	(1.1)	(1.5)
Net increase (decrease) in cash and cash equivalents	(359.5)	190.1

For the three-month period ended 31 March 2023, the Company reported cash flows from operating activities of Baht 190.4 million, a decrease of Baht 47.7 million from Baht 238.1 million as compared to the same period of 2022. The main reason for the increase is due to the results of operations before deducting the increased depreciation and amortization.

For the three-month period ended 31 March 2023, the Company reported cash flows used in investing activities of Baht 548.7 million, Fixed deposits at banks, Debt instruments and Interest received an increase Baht 494.3 million, arising from cash paid for payable of fixed assets of Baht 54.4 million. For the three-month period ended 31 March 2022, the Company reported cash from investing activities of Baht 46.5 million, from cash paid for payable of fixed assets.

For the three-month period ended 31 March 2023, the Company reported cash flows used in financing activities of Baht 1.1 million, slightly changed from the same period of 2022 which reported cash flows used in financing activities of Baht 1.5 million.

Key Financial Ratio	Three-month period ended 31 March	
	2023	2022
Liquidity Ratio		
Current ratio (Time)	3.6	2.8
Average collection period (Day)	24.0	23.9
Average days sales of inventory (Day)	7.2	8.7
Average account payables days (Day)	19.9	21.0
Cash cycle (Day)	11.3	11.6
Profitability Ratio		
Gross profit margin (%)	31.4	35.3
Net profit margin (%)	11.2	16.0
Return on average shareholders' equity * (%)	11.2	8.6
Return on average assets* (%)	9.5	7.3
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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Satian Pooprasert, M.D.

Chief Executive Officer