

11 August 2023

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations For the three-month and six-month periods ended 30 June 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 and six-month periods ended 30 June 2023 as follows:

Summary

The Economic Situation of Thailand in the second quarter of 2023 After the Songkran Festival in 2023, COVID-19 Resurfaces, but Mostly Mild Cases Due to Vaccination and Prior Infections. COVID-19 patients can be treated as outpatients (OPD). Normally, the second quarter is a period of low disease prevalence and has many holidays, resulting in a lower number of Thai patients seeking treatment at hospitals compared to other quarters. Consequently, the Company has adjusted its strategy to open medical centers that offer popular services on holidays, such as LASIK, and has improved both the interior and exterior of the building to be modern and attractive, accommodating Thai and International patients, as well as handling other epidemic situations accordingly.

In the second quarter of 2023, the Company reported total revenues of Baht 1,015.6 million, an increase of 3.6% as compared to the second quarter of 2022, which reported total revenues of Baht 980.0 million. The reported profit for the period in the second quarter of 2023 was Baht 121.0 million, a decrease of 3.1% as compared to second quarter of 2022, which reported profit for the period of Baht 124.8 million.

For the six-month period ended 30 June 2023, the Company reported total revenues of Baht 1,983.5 million, an increase of 1.2% as compared to the same period of last year, which reported total revenues of Baht 1,959.2 million. The reported profit for the six-month period ended 30 June 2023 was Baht 229.8 million, a decrease of 18.5% as compared to the same period of last year, which reported profit of Baht 281.8 million.

Statement of comprehensive income

1. Quarterly Operational results

Revenues (Million Baht)	Three-month period ended 30 June		Changed (%)
	2023	2022	
Medical revenues from Out-Patient (OPD)	593.0	563.6	+5.2
Medical revenues from In-Patient (IPD)	411.6	406.2	+1.3
Total Medical revenues	1,004.8	969.9	+3.6
Rental and other income	10.8	10.1	+6.4
Total revenues	1,015.6	980.0	+3.6

Medical revenues by Type

<i>(Million Baht)</i>	Three-month period ended 30 June		Changed (%)	Proportion	
	2023	2022		2023	2022
Medical revenues by Nationality					
Thai	872.7	839.1	+4.0	87%	87%
International	132.1	130.7	+1.1	13%	13%
Total Medical revenues	1,004.8	969.9	+3.6	100%	100%
Medical revenues by Payment method					
Self-Pay	705.9	703.2	+0.4	70%	73%
Insurance	243.1	205.3	+18.4	24%	21%
Corporate Contract	55.8	61.4	-9.1	6%	6%
Total Medical revenues	1,004.8	969.9	+3.6	100%	100%

In the second quarter of 2023, the Company reported total medical revenues of Baht 1,004.8 million, an increase of 3.6% from the second quarter of 2022, which reported medical revenues of Baht 969.9 million. In line with the improved situation of COVID-19. Regarding COVID-19, hospital operations revenues grew 9.0% from the same period last year.

Medical revenues from Out-Patient (OPD) increased by 5.2% as compared to the same period of last year. This was due mainly to the number of OPD visits and OPD revenues per visit from LASIK Center, Mind Center and Pediatric Center. In line with the improved situation of COVID-19. Regarding COVID-19, Medical revenues from Out-Patient (OPD) grew 9.4% from the same period last year.

Medical revenues from In-Patient (IPD) increased by 1.3% as compared to the same period last year. This was due mainly to the low IPD average daily census but IPD revenues per discharge from complex medicine and COVID-19 decrease. In line with the improved situation of COVID-19. Regarding COVID-19, Medical revenues from In-Patient (IPD) grew 8.2% from the same period last year.

In the second quarter of 2023, medical revenues from Thai patients increased by 4.0% compared to the same period of the previous year. Medical revenues from international patients also increased by 1.1% from the same period last year. As a result, the proportion of medical revenues from international patients remains at 13%, the same as the same period last year. The increase in revenue from international patients is mainly attributed to Fly-in patients, from Myanmar, and Expat.

The revenues breakdown by payment method, revenues from Self-Pay increased by 0.4% compared to the same period last year, and revenues from Insurance increased by 18.4% compared to the same period last year, revenues from Corporate Contract decreased by 9.1% compared to the same period last year due to a decrease in UCEP patients.

Cost and Expenses <i>(Million Baht)</i>	Three-month period ended 30 June		Changed (%)
	2023	2022	
Cost of hospital operations	688.4	663.8	+3.7
As % of medical revenues	68.5	68.4	
Selling and administrative expenses	184.7	163.9	+12.7
As % of total revenues	18.2	16.7	

In the second quarter of 2023, the Company reported the cost of hospital operations (including depreciation and amortization) at Baht 688.4 million, or 68.5% of total medical revenues, compared to the second quarter of 2022, which was at Baht 663.8 million, or 68.4% of total medical revenues. Although primarily driven to increase expenses related to both medical personnel and support staff, overall cost management in several areas has been well-handled. Additionally, the increase in revenues has led to a slight improvement in the cost of hospital operations of medical revenues.

For the second quarter of 2023, the Company reported the selling and administrative expenses (including depreciation and amortization) at Baht 184.7 million, or 18.2% of total revenues. Compared to the second quarter of 2022, which was at Baht 163.9 million, or 16.7% of total revenues. Primarily, the increase in expenses is attributed to Employee expenses, Selling expenses, and Utilities expenses. The reduction of those proportions increases, although there were some higher expenses, such as utilities expenses, However, the Company has implemented continuous measures to control expenditure.

(Million Baht)	Three-month period ended 30 June		Changed
	2023	2022	(%)
Operating profit	142.5	152.3	-6.5
Depreciation and amortization	74.8	75.4	-0.8
EBITDA	217.3	227.7	-4.6
<i>EBITDA Margin (%)</i>	21.4	23.2	
Finance income	6.6	1.4	+379.7
Finance cost	(0.1)	(0.1)	-0.7
Income tax expenses	(28.0)	(28.8)	-2.8
Profit for the period	121.0	124.8	-3.1
<i>Net profit margin (%)</i>	11.9	12.7	
Total comprehensive income for the period	121.0	124.8	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.15	0.16	

For the second quarter of 2023, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 217.3 million, the EBITDA margin at 21.4%, decrease by 4.6% from the second quarter of 2022 that the Company reported amount Baht 227.7 million, which the EBITDA margin at 23.2%.

For the second quarter of 2023, the Company reported depreciation and amortization of Baht 74.8 million, compared to the second quarter of 2022 of Baht 75.4 million. Depreciation and amortization decrease slightly due to the equipment reaching the end of useful life.

For the second quarter of 2023, the Company reported finance cost of Baht 0.1 million almost the same as the second quarter of 2022. The Company reported income tax expenses for the second quarter of 2023 of Baht 28.0 million, while the second quarter of 2022, the Company reported income tax revenues of Baht 28.8 million.

For the second quarter of 2023, the Company reported profit for the period of Baht 121.0 million, representing the net profit margin for the year of 11.9%. While the Company reported net profit for the second quarter of 2022 of Baht 124.8 million, representing the net profit margin for the period of 12.7%. Basic earnings per share of 0.15 baht per share and 0.16 baht per share in the second quarter of 2023 and the second quarter of 2022, respectively.

2. Six-month Operational results

Revenues (Million Baht)	Six-month period ended 30 June		Changed
	2023	2022	(%)
Medical revenues from Out-Patient (OPD)	1,159.2	1,097.1	+5.7
Medical revenues from In-Patient (IPD)	802.3	843.0	-4.8
Total Medical revenues	1,961.5	1,940.1	+1.1
Rental and other income	22.0	19.1	+15.5
Total revenues	1,983.5	1,959.2	+1.2

Medical revenues by Type

(Million Baht)	Six-month period ended 30 June		Changed	Proportion	
	2023	2022	(%)	2023	2022
Medical revenues by Nationality					
Thai	1,699.4	1,709.4	-0.6	87%	88%
International	262.1	230.7	+13.5	13%	12%
Total Medical revenues	1,961.5	1,940.1	+1.1	100%	100%

Medical revenues by Payment method

Self-Pay	1,387.3	1,370.6	+1.2	71%	71%
Insurance	468.7	434.6	+7.8	24%	22%
Corporate Contract	105.5	134.8	-21.7	5%	7%
Total Medical revenues	1,961.5	1,940.1	+1.1	100%	100%

For the six-month period ended 30 June 2023, the Company reported total medical revenues of Baht 1,961.5 million, an increase of 1.1% from the same period last year, which reported total medical revenues of Baht 1,940.1 million. In line with the improved situation of COVID-19. Regarding COVID-19, hospital operations revenues grew 16.5% from the same period last year.

Medical revenues from Out-Patient (OPD) increased by 5.7% as compared to the same period last year. This was due mainly to the number of OPD visits. In line with the improved situation of COVID-19. Regarding COVID-19, Medical revenues from Out-Patient (OPD) grew 15.2% from the same period last year.

Medical revenues from In-Patient (IPD) decreased by 4.8% compared to the same period last year due to a decrease in the number of inpatients caused by the COVID-19 situation, while outpatient services (OPD) saw growth of 18.4% from the corresponding period of the previous year, excluding COVID-19-related revenues from inpatients (IPD).

For the six-month period of 2023, the trend of revenues from Thai patients has improved, revenues from Thai patients decreased by 0.6% compared to the same period last year. Meanwhile, revenues from international patients also increased by 13.5% from the same period last year. As a result, the proportion of medical revenues by International of total medical revenues for the second quarter of 2023 increased by 13% in 12% from the same period last year. The increase came from fly-in Patients, from Cambodia, Laos and Myanmar and from the adjustment to acquire more expat.

The revenues breakdown by payment method, revenues from Self-Pay increased by 1.2% compared to the same period last year, revenues from Insurance increased by 7.8% compared to the same period last year, and revenues from Corporate Contract decreased by 21.7% compared to the same period last year due to a decrease in UCEP patients.

Cost and Expenses <i>(Million Baht)</i>	Six-month period ended 30 June		Changed
	2023	2022	(%)
Cost of hospital operations	1,344.9	1,291.2	+4.2
As % of medical revenues	68.6	66.6	
Selling and administrative expenses	367.1	322.6	+13.8
As % of total revenues	18.5	16.5	

For the six-month period in 2023, the Company reported the cost of hospital operations (including depreciation and amortization) at Baht 1,344.9 million, or 68.6% of total medical revenues, comparing to the six-month period in 2022, the Company reported which was at Baht 1,291.2 million, or 66.6% of total medical revenues. Increase at a lower rate than the increase in revenues from hospital operations due to continuous cost control.

For the six-month period in 2023, the Company reported the selling and administrative expenses (including depreciation and amortization) at Baht 367.1 million, or 18.5% of total revenues. Compared to the same period in 2022, the Company reported which was at Baht 322.6 million, or 16.5% of total revenues. The reduction of those proportions increases, although there were some higher expenses, such as utilities expenses, However, the Company has implemented continuous measures to control expenditure.

<i>(Million Baht)</i>	Six-month period ended 30 June		Changed
	2023	2022	(%)
Operating profit	271.5	345.4	-21.4
Depreciation and amortization	147.8	149.4	-1.0
EBITDA	419.3	494.7	-15.2
<i>EBITDA Margin (%)</i>	21.1	25.3	
Finance income	11.5	2.5	+357.5
Finance cost	(0.3)	(0.2)	+27.7
Income tax expenses	(52.9)	(65.8)	-19.6
Profit for the period	229.8	281.8	-18.5
<i>Net profit margin (%)</i>	11.6	14.4	
Total comprehensive income for the period	229.8	281.8	
Weighted average number of ordinary shares (Share)	786,300,000	786,300,000	
Basic earnings per share (Baht)	0.29	0.36	

For the six-month period of 2023, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) Baht 419.3 million, the EBITDA margin at 21.1%, decrease by 15.2% from the same period of 2022 that the Company reported which amount Baht 494.7 million, with the EBITDA margin at 25.3%.

For the six-month period of 2023, the Company reported depreciation and amortization of Baht 147.8 million, compared to the same period of 2022 of Baht 149.4 million. Depreciation and amortization decrease slightly due to the equipment reaching the end of useful life.

For the six-month period of 2023, the Company reported finance cost of Baht 0.3 million compared to the same period of 2022 of Baht 0.2 million. Reported income tax expenses for the six-month of 2023 of Baht 52.9 million, a decrease from the same period of 2022 which reported income tax expenses of Baht 65.8 million.

For the six-month period of 2023, the Company reported profit for the period of Baht 229.8 million, representing the net profit margin of 11.6%. While the Company reported profit for the six-month period of 2022 of Baht 281.8 million, representing the net profit margin of 14.4%. Basic earnings per share of 0.29 baht per share and 0.36 baht per share for the six-month period of 2023 and the six-month period of 2022, respectively.

Statement of Financial Position

Statement of Financial Position (Million Baht)	As of 30 Jun 2023	As of 31 Dec 2022	Changed (%)
Current assets	1,859.4	2,023.4	-8.1%
Non-current assets	3,663.5	3,534.4	+30.7%
Total assets	5,522.9	5,557.8	-0.6%
Current liabilities	563.6	609.5	-7.5%
Non-current liabilities	222.1	212.9	+4.3%
Total liabilities	785.7	822.4	-4.5%
Total shareholders' equity	4,737.2	4,735.4	+0.04%
Total liabilities and shareholders' equity	5,522.9	5,557.8	-0.6%

1. Assets

As of 30 June 2023, the Company reported current assets of Baht 1,859.4 million, a slight decrease of 8.1% as compared to Baht 2,023.4 million as of 31 December 2022. As of 31 December 2022, the Company reported cash and cash equivalents of Baht 1,044.8 million which decrease by Baht 1,565.1 million, fixed deposits at banks and unit trust in open-end mutual funds of Baht 400.0 million.

As of 30 June 2023, the Company reported non-current assets of Baht 3,663.5 million, a slight decrease of 30.7% as compared to Baht 3,534.4 million as of 31 December 2022, Investment Bond Baht 100 million. Acquisition Land of Baht 104.2 million, Property, plant and equipment, Depreciation and amortization resulted in a net increase of Baht 32.1 million.

2. Liabilities

As of 30 June 2023, the Company reported current liabilities of Baht 563.6 million, a decrease of 7.5% as compared to Baht 609.5 million as of 31 December 2022. This was due to the recognized revenues from Checkup packages.

As of 30 June 2023, the Company reported non-current liabilities of Baht 222.1 million, a slight increase of 4.3% as compared to Baht 212.9 million as of 31 December 2022.

3. Shareholders' equity

As of 30 June 2023, the Company reported shareholders' equity of Baht 4,737.2 million, an increase of 0.04% as compared to Baht 4,735.4 million as of 31 December 2022. This was due mainly to total comprehensive income for the six-month period ended 30 June of 2023 of Baht 229.8 million net, with dividend payment of Baht 228.0 million.

Cash flow statement

Cash flow statement <i>(Million Baht)</i>	Six-month period ended 30 June	
	2023	2022
Cash flows from operating activities	373.6	484.5
Cash flows from (used in) investing activities	(665.0)	28.1
Cash flows used in financing activities	(228.9)	(112.2)
Net increase (decrease) in cash and cash equivalents	(520.3)	400.4

For the six-month period ended 30 June 2023, the Company reported cash flows from operating activities of Baht 373.6 million, a decrease of Baht 111.0 million from Baht 484.5 million as compared to the same period in 2022. 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 2023, the Company reported cash flows used in investing activities of Baht 665.0 million. Fixed deposits at banks, Debt instruments and Interest received Baht 489.7 million, arising from cash paid for payable of fixed assets of Baht 175.3 million. For the six-month period ended 30 June 2022, the Company reported cash flows from investing activities of Baht 28.1 million. This was mainly due to deposit in fixed account at 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.

For the six-month period ended 30 June 2023, the Company reported cash flows used in financing activities of Baht 228.9 million from the dividend payment and payment of principal portion of lease liabilities, compared to the same period in 2022 which reported cash flows used in financing activities of Baht 112.2 million.

Key Financial Ratio	Six-month period ended 30 June	
	2023	2022
Liquidity Ratio		
Current ratio (Time)	3.3	2.9
Average collection period (Day)	22.9	22.5
Average days sales of inventory (Day)	6.7	8.3
Average account payables days (Day)	20.4	21.2
Cash cycle (Day)	9.2	9.5
Profitability Ratio		
Gross profit margin (%)	31.4	33.4
Net profit margin (%)	11.6	14.4
Return on average shareholders' equity * (%)	11.2	7.0
Return on average assets* (%)	9.5	5.9
Financial Policy Ratio		
Debt to equity ratio (Time)	0.2	0.2
Interest bearing debt to equity ratio (Time)	-	-

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

Satian Pooprasert, M.D.

Chief Executive Officer