

SET ESG Ratings 2023 AA



ESG100 2023 Environmental-Social-Governance



# Management Discussion and Analysis

## For the operating results

### ended 31 December 2023



## Overview of the situation of 2023

In 2023, an overview of the epidemic situation in Thailand reveals the spread of COVID-19 following festive seasons such as the New Year and Songkran festival. However, the severity of the spread has decreased, and treatment has been adjusted based on symptoms. Nevertheless, the spread of other seasonal diseases has noticeably increased during the latter half of the year. The cumulative cases of influenza reached 472,222, which showed 5.9 times higher than 2022. Additionally, cases of dengue fever have accumulated to 158,705, represented 3.5 times compared to 2022<sup>1</sup>.

The opening of the country and the borders between Thailand and neighboring countries, including economic stimulus plans through visa-free policies for international tourists, have resulted in a total of 28.2 million foreign tourists in 2023, represented 2.5 times compared to 2022. Particularly, there were 600,500 accumulative tourists from Middle East and 2,930,900 tourists from CLMV countries, significantly increased from 2022<sup>2</sup>. A portion of these tourists are wellness tourism, leading to an increase in the number of foreign patients seeking medical treatment in Thai hospitals.

Moreover, the Social Security Office launched policy to elevate healthcare services for insured individuals in 2023 in various aspects. This includes proactive health check-ups for insured individuals at workplaces, collaborative projects aimed at enhancing the efficiency of surgical treatments for five complex diseases, and adjusting the capitation fee, which has yielded positive results for hospitals serving insured individuals.

## Analysis of the Consolidated Financial Performance

**For the overall performance of the company and affiliated hospitals in 2023, the company's total revenue amounted to 11,829.9 million baht, a decrease of (37.4) percent yoy. Nevertheless, it showed an increase of 31.6 percent compared to 2019. The growth of the expansion of revenue bases from new hospitals and the increased number of Thai and international patients at specialized medical centers and seasonal infectious diseases. Including factors contributing to revenue growth from the treatment of patients under the social security scheme. Revenue breakdown by patient type, as follows:**

**In 2023, the revenue from general patients amounted to 7,975.9 million baht, a decrease of (14.9) percent yoy.** This decline is attributed to the high base revenue from COVID-19-related activities, but it increased by 37.7 percent compared to 2019. The increase is mainly due to the expanded revenue base from three new hospitals which consistently performed well, the return of Thai and international patients for medical care at specialized medical centers, and the project of health check-up services in collaboration with external organizations. Statistics of international patients significantly grew after country reopening and the reopening of borders between Thailand and neighboring countries. Notably, the growth in patients from

Note: <sup>1</sup> Cumulative cases of influenza and dengue fever, Ministry of Public Health

<sup>2</sup> Tourist statistics, Ministry of Tourism & Sports

## Analysis of the Consolidated Financial Performance

CLMV countries, seeking treatment at affiliated hospitals near the border and in Lao PDR, and patients from Middle East returning for medical care at specialized medical centers, approached levels similar to those before the outbreak of the COVID-19 pandemic.

The revenue from outpatient services amounted to 4,027.0 million baht, a decrease of (26.2) percent yoy. In addition, the number of outpatient visits declined to 1,098,000 patients, a decrease of (44.8) percent yoy due to high base patient volume from COVID-19-related activities and Moderna alternative vaccines. Meanwhile, the revenue from inpatient services equaled 3,948.9 million baht, an increase of 0.8 percent yoy and the number of inpatient visits increased to 48,500 patients, an increase of 6.9 percent yoy.

**The revenue from patients under the social security scheme** amounted to 3,849.8 million baht, an increase of 14.2 percent yoy. This increase is caused by the adjustment in the capitation fee rate by the Social Security Office, which is set at 1,808 baht/insured person/year, effective from May 2023. Additionally, there were other contributions of revenue growth from the follow-up of patients with complex diseases ( $RW \geq 2$ ), the health check-ups program, annual vaccinations, and collaborative projects aimed at enhancing the efficiency of surgical treatments for five complex diseases, which was initiated in 2023 as the first year. The hospitals will receive an increased treatment rate from 12,000 baht per RW, up to 15,000 baht per RW.

**The revenue related to the treatment of COVID-19 from government projects** amounted to (96.7) million baht. Following the announcement of adjusting the level of COVID-19 to communicable disease under surveillance since Q3/2022, the government canceled projects related to the medical treatment of COVID-19 patients and transitioned to providing treatment based on their basic rights. In 2023, the mentioned revenue is derived from the difference between the actual payments received and the recorded revenue in the system.

**The cost and expenses** amounted to 9,870.4 million baht, a decrease of (32.9) percent yoy. This reduction is attributed to the decline in cost of hospital operations by (36.5) percent yoy, including costs related to providing treatment for COVID-19 patients and losses on decline in value on inventories relating to Moderna alternative vaccines, while the distribution costs and administrative expenses (SG&A) has decreased by (9.8) percent yoy. This reduction is due to a decrease in losses from exchange rates caused by the depreciation of LAK/THB, as well as allowance for bad debt and expected credit losses.

The company reported profit from operating activities of 1,959.5 million baht, which decreased by (53.3) percent yoy but increased by 14.7 percent compared to 2019. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 2,903.4 million baht, with a decrease of (43.5) percent yoy and an increase of 22.4 percent compared to 2019. The EBITDA margin stood at 24.5 percent. Net profit attributable to owners of the company in 2023 was 1,406.4 million baht, a decrease of (53.7) percent yoy and an increase of 23.9 percent compared to 2019. However, the profitability ratio in 2023 adjusted downwards, as year 2022 had a high base income related to providing services for COVID-19 patients.

## Analysis of the Consolidated Financial Performance

### Consolidated statements of comprehensive income of 2023

Consolidated statements of comprehensive income (Unit : Million Baht)	2023		2022		Change (%)
	Revenue	Proportion	Revenue	Proportion	
Revenue from hospital operations	11,729.0		18,826.7		(37.7%)
Other income	100.9		83.6		20.7%
<b>Total Revenue</b>	<b>11,829.9</b>		<b>18,910.3</b>		<b>(37.4%)</b>
Cost of hospital operations	(8,115.5)		(12,771.5)		(36.5%)
Distribution costs and Administrative expenses	(1,754.9)		(1,945.9)		(9.8%)
<b>Total Expenses</b>	<b>(9,870.4)</b>		<b>(14,717.4)</b>		<b>(32.9%)</b>
<b>Profit from operating activities</b>	<b>1,959.5</b>		<b>4,192.9</b>		<b>(53.3%)</b>
Interest income	18.2		8.2		123.1%
Finance costs	(95.3)		(155.7)		(38.8%)
Share of profit of associate	1.1		0.3		208.8%
Tax expense	(404.6)		(888.3)		(54.5%)
<b>Profit for the year</b>	<b>1,478.9</b>		<b>3,157.4</b>		<b>(53.2%)</b>
Owners of the Company	1,406.4		3,038.9		(53.7%)
Non-controlling interests	72.5		118.5		(38.8%)
<i>Gross Profit Margin</i>	<i>30.8%</i>		<i>32.2%</i>		
<i>Operating Profit Margin</i>	<i>16.6%</i>		<i>22.2%</i>		
<i>EBITDA Margin</i>	<i>24.5%</i>		<i>27.2%</i>		
<i>Net Profit Margin</i>	<i>11.9%</i>		<i>16.1%</i>		

### Revenue breakdown by patient type of 2023

Revenue breakdown by patient type (Unit : Million Baht)	2023		2022		Change (%)
	Revenue	Proportion	Revenue	Proportion	
<b>From general patients</b>	<b>7,975.9</b>	<b>68.0%</b>	<b>9,372.0</b>	<b>49.8%</b>	(14.9%)
General OPD patients	4,027.0	34.3%	5,453.9	29.0%	(26.2%)
General IPD patients	3,948.9	33.7%	3,918.1	20.8%	0.8%
<b>From social security patients</b>	<b>3,849.8</b>	<b>32.8%</b>	<b>3,370.9</b>	<b>17.9%</b>	14.2%
<b>From the government related to COVID-19</b>	<b>(96.7)</b>	<b>(0.8%)</b>	<b>6,083.8</b>	<b>32.3%</b>	(101.6%)
<b>Revenue from hospital operations</b>	<b>11,729.0</b>	<b>100.0%</b>	<b>18,826.7</b>	<b>100.0%</b>	<b>(37.7%)</b>

## Analysis of the Consolidated Financial Performance

**In Q4/2023, the company had a total revenue of 3,066.0 million baht, an increase by 9.6 percent yoy and experiencing a slight decrease of (4.1) percent qoq. Moreover, there was an increase of 38.0 percent when compared to the same period of 2019.**

This growth is attributed to the notable increase in the number of patients returning for medical care at specialized medical centers and the increase of seasonal infectious diseases. Additionally, there was a substantial growth in revenue and volume from international patients compared to the same period of the previous year. Furthermore, there are factors contributing to revenue growth from treating insured individuals under collaborative projects aimed at enhancing the efficiency of surgical treatments for five complex diseases, including adjustments in the capitation fee rate for insured individuals by the Social Security Office. The revenue categorized by patient type, as detailed below:

**In Q4/2023, the revenue from general patients amounted to 2,085.5 million baht, increased by 8.5 percent yoy,** although it decreased by (5.3) percent qoq. Regarding the increase income is attributed to the number of patients returning for medical treatment at specialized medical centers and seasonal epidemic diseases, including severe influenza and Dengue fever, which significantly spread in the third quarter and continued to impact the fourth quarter. This also includes services provided through the mobile health check-up project in collaboration with the Federation of Thai Industries, Police officers in central region, electricity and waterworks authority employees, including the promoting of health check-up packages to people and also corporate agreement.

**Revenue from outpatient services amounted to 1,072.6 million baht, increased by 8.0 percent yoy.** This aligns with the number of outpatient visits, 286,000 people which increased by 7.6 percent yoy. The revenue and the number of patients are relatively close to the previous quarter, with a slight decrease in revenue by (1.8) percent qoq. The number of patients also saw a slight decrease by (1.9) percent qoq. This is due to the return of patients for medical treatment at medical centers, such as the specialized medicine center, respiratory medicine center, pediatric center, and services provided through the mobile health check-up.

**Revenue from inpatient services amounted to 1,012.9 million baht, increased by 9.0 percent yoy.** This aligns with the number of inpatients is 12,000 people, representing an increase of 14.8 percent yoy. This is attributed to the seasonal outbreak of diseases, particularly influenza and dengue fever in both children and adults. Additionally, revenue from international patients returning for medical treatment, including improvements in patient rooms in the Kasemrad Hospital group, completed in 2023. However, the revenue decreased by (8.7) percent qoq, and the number of patients decreased by (17.0) percent qoq due to a decline in the prevalence of diseases towards the end of the fourth quarter.



## Analysis of the Consolidated Financial Performance

**In Q4/2023, the revenue from patients under the social security scheme amounted to 1,018.3 million baht, increased by 12.2 percent yoy.** Additionally, there was an increase of 2.6 percent qoq. The average number of insured individuals in Q4/2023 was 1,014,474 people, showed a growth of 0.3 percent yoy. The increased revenue is attributed to the adjustment of the capitation rate of the Social Security Office, monitoring patients with complex diseases ( $RW \geq 2$ ), proactive health check-ups, and revenue from the collaborative project to enhance treatment efficiency of surgical treatments for five complex diseases.

**The revenue related to the treatment of COVID-19 from government projects in Q4/2023 amounted to (71.9) million baht.** The mentioned revenue is derived from the difference between the actual payments received and the recorded revenue in the system.

**The cost and operating expenses for Q4/2023 amounted to 2,485.2 million baht, an increase of 4.1 percent yoy. However, it decreased by (3.2) percent qoq.**

This is caused by the increasing in cost of hospital operations by 11.6 percent yoy and a decrease of (0.2) percent qoq. Aligned with the reduction in the number of seasonal epidemic patients from the third quarter. While SG&A decreased by (23.3) percent yoy, and a decrease of (16.7) percent qoq. Due to the loss from the exchange rate, which decreased from 53.7 million baht in Q3/2023 to 18.4 million baht in Q4/2023, following the financial restructuring of Bangkok Chain International (Lao) Company Limited, which operates Kasemrad International Hospital Vientiane. This transaction improved financial flexibility and was utilized in the repayment of Thai Baht loan since September 2023.

The company reported profit from operating activities of 580.9 million baht, which increased by 41.7 percent yoy and decreased by (7.5) percent qoq. EBITDA amounted to 816.5 million baht, with an increase of 25.6 percent yoy and a decrease of (5.6) percent qoq. By which the EBITDA margin stood at 26.6 percent. Net profit attributable to owners of the company in Q4/2023 was 427.5 million baht, showing an increase of 58.5 percent yoy and a decrease of (3.0) percent qoq.



## Analysis of the Consolidated Financial Performance

### Consolidated statements of comprehensive income of Q4/2023

Consolidated statements of comprehensive income (Unit : Million Baht)	Q4/2023		Q4/2022		Change (%)
	Revenue	Proportion	Revenue	Proportion	
Revenue from hospital operations	3,031.9		2,787.7		8.8%
Other income	34.1		9.0		280.9%
<b>Total Revenue</b>	<b>3,066.0</b>		<b>2,796.7</b>		<b>9.6%</b>
Cost of hospital operations	(2,093.6)		(1,876.2)		11.6%
Distribution costs and Administrative expenses	(391.6)		(510.6)		(23.3%)
<b>Total Expenses</b>	<b>(2,485.2)</b>		<b>(2,386.8)</b>		<b>4.1%</b>
<b>Profit from operating activities</b>	<b>580.9</b>		<b>409.9</b>		<b>41.7%</b>
Interest income	6.1		3.8		63.5%
Finance costs	(12.9)		(34.1)		(62.1%)
Share of loss of associate	(0.3)		(1.1)		(71.2%)
Tax expense	(113.9)		(101.2)		12.5%
<b>Profit for the period</b>	<b>459.9</b>		<b>277.3</b>		<b>65.9%</b>
Owners of the Company	427.5		269.7		58.5%
Non-controlling interests	32.4		7.6		328.4%
<i>Gross Profit Margin</i>	<i>30.9%</i>		<i>32.7%</i>		
<i>Operating Profit Margin</i>	<i>18.9%</i>		<i>14.7%</i>		
<i>EBITDA Margin</i>	<i>26.6%</i>		<i>23.2%</i>		
<i>Net Profit Margin</i>	<i>13.9%</i>		<i>9.6%</i>		

### Revenue breakdown by patient type of Q4/2023

Revenue breakdown by patient type (Unit : Million Baht)	Q4/2023		Q4/2022		Change (%)
	Revenue	Proportion	Revenue	Proportion	
<b>From general patients</b>	<b>2,085.5</b>	<b>68.8%</b>	<b>1,922.6</b>	<b>69.0%</b>	8.5%
General OPD patients	1,072.6	35.4%	993.5	35.7%	8.0%
General IPD patients	1,012.9	33.4%	929.1	33.3%	9.0%
<b>From social security patients</b>	<b>1,018.3</b>	<b>33.6%</b>	<b>907.7</b>	<b>32.5%</b>	12.2%
<b>From the government related to COVID-19</b>	<b>(71.9)</b>	<b>(2.4%)</b>	<b>(42.6)</b>	<b>(1.5%)</b>	68.8%
<b>Revenue from hospital operations</b>	<b>3,031.9</b>	<b>100.0%</b>	<b>2,787.7</b>	<b>100.0%</b>	<b>8.8%</b>

## Analysis of the Consolidated Statement of Financial Position

Consolidated statements of financial position (Unit : Million Baht)	As of		Change (%)
	31 December 2023	31 December 2022	
<b>Total Assets</b>	<b>17,730.7</b>	<b>19,796.5</b>	(10.4%)
Current assets	4,842.8	6,834.7	(29.1%)
Non-current assets	12,887.9	12,961.8	(0.6%)
<b>Total Liabilities</b>	<b>4,026.2</b>	<b>6,286.7</b>	(36.0%)
Current liabilities	3,505.2	3,510.2	(0.1%)
Non-current liabilities	521.0	2,776.5	(81.2%)
<b>Total Shareholders' Equity</b>	<b>13,704.5</b>	<b>13,509.8</b>	1.4%
Equity attributable to the Company	12,594.0	12,444.9	1.2%
Non-controlling interests	1,110.5	1,064.9	4.3%

As of 31 December 2023, the company's total assets amounted to 17,730.7 million baht, a decrease of (10.4) percent compared to the end of previous year. This reduction is primarily attributed to a decrease in account receivable and accrued revenue due to the company receiving payments for healthcare services from the government related to the COVID-19 pandemic. It includes cash and cash equivalents used for dividend payments in the fiscal year 2022, interim dividend payments in 2023, and the repayment of debentures and financial institution loans.

The total liabilities amounted to 4,026.2 million baht, a decrease of (36.0) percent compared to the end of previous year. This is resulted in the final repayment of debentures totaling 1,000 million baht in March 2023 and the repayment of loans from financial institutions by two subsidiary companies in Q3/2023. These subsidiaries include Sothorn Vejchakit Company Limited, operating Kasemrad Hospital Chachoengsao and Kasemrad Hospital Prachinburi, with an amount of 632.7 million baht, and Bangkok Chain International (Lao) Company Limited, operating Kasemrad International Hospital Vientiane, with an amount of 481.9 million baht.

The total shareholder's equity amounted to 13,704.5 million baht, an increase of 1.4 percent compared to the end of previous year. This rise is attributed to the accrued profit of the company based on its overall operation.



## Analysis of the Consolidated Statement of Financial Position

Financial ratio highlights	For the period ended	
	31 December 2023	31 December 2022
Current Ratio (times)	1.4	1.9
Average Collection Period (days)	93.3	91.3
Average Inventory Period (days)	15.0	11.4
Average Payables Period (days)	35.4	24.2
Debt to Equity Ratio (times)	0.3	0.5
Financial Debt to Equity Ratio (times)	0.1	0.3
Return on Assets Ratio (%)	10.4%	18.2%
Return on Equity Ratio (%)	11.2%	23.9%



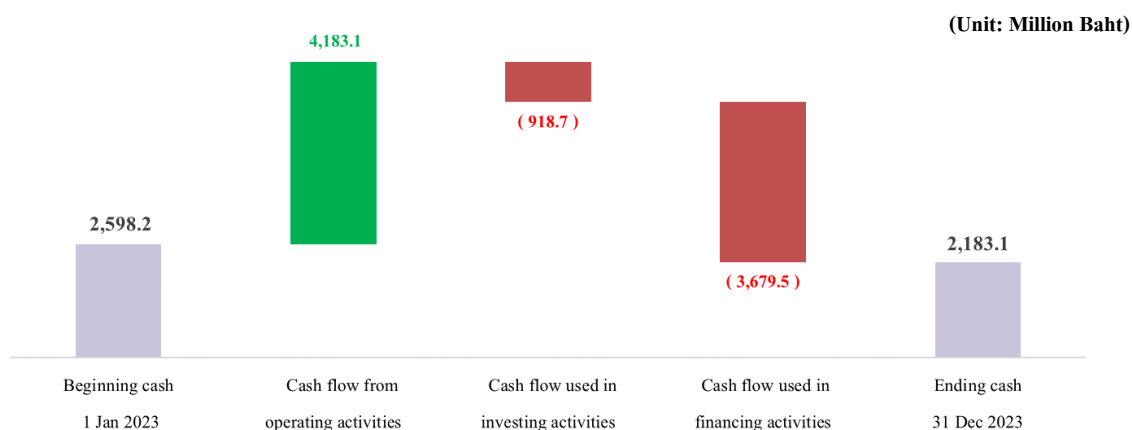
## Analysis of Cash Flow Statement

Consolidated cash flow statements (Unit : Million Baht)	For the period ended 31 December	
	2023	2022
Cash flow from operating activities	4,183.1	5,714.6
Cash flow used in investing activities	(918.7)	(758.8)
Cash flow used in financing activities	(3,679.5)	(6,877.7)
<b>Net decrease in cash and cash equivalents</b>	<b>(415.1)</b>	<b>(1,921.9)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,598.2</b>	<b>4,520.1</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2,183.1</b>	<b>2,598.2</b>

### Cash and cash equivalents

As of 31 December 2023, there was a net decrease of (415.1) million baht.

The net cash at the beginning of the period on 1 January 2023, was 2,598.2 million baht. The operational activities contributed to the net cash at the end of the period on 31 December 2023, amounted to 2,183.1 million baht. For detailed information on the cash flows for each activity are as follows:



**The net cash flow from operating activities amounted to 4,183.1 million baht**, derived from the operating profit and the receipts of payments for healthcare services from the government related to COVID-19.

**The net cash flow used in investment activities amounted to (918.7) million baht**, due to the renovation of hospital buildings, including the expansion of outpatient service areas at Kasemrad Hospital Prachachuen, patient rooms at Kasemrad Hospital Saraburi, Kasemrad Hospital Chachoengsao and Kasemrad Hospital Bangkhae. Additionally, this covered the investment of medical equipment for newly opened specialized centers.

**The net cash flow used in financing activities amounted to (3,679.5) million baht**, derived from the payment of dividends for the fiscal year 2022 and interim dividends from overall operation in the first half of 2023. This also included the repayment of debentures and bank loans, as well as the payment of financial costs.

## Forward Outlook

For the fiscal year 2024, the company is dedicated to achieving continuous growth in both the Thai and international patients, as well as patients under the social security scheme. This will be accomplished through creating awareness and expanding the patient base, coupled with maintaining high quality and standards of service. Additionally, enhancing the capabilities of specialized medical centers to access treatment for complex diseases in various areas. This aims to boost both revenue and cost-effective management. Moreover, three new hospitals' performance shall have demonstrated consistently improved operational outcomes and it is anticipated that the completion of several hospital renovations in 2023 will contribute significantly to an increased number of patients. This is served as a supporting factor for the growth of the company's revenue.

In 2024, the Social Security Office places significant emphasis on promoting good health and elevating medical services for insured persons. This includes increasing the quota for insured persons at potential private hospitals, extending the duration of collaborative projects aimed at enhancing the efficiency of surgical treatments for five complex diseases, approving reimbursements for the medical treatment of insured persons with Obstructive Sleep Apnea, and expanding mobile dental services. These are anticipated to positively impact the company by expanding the insured population, concurrently contributing to revenue generation and improved cost management. However, Q1/2024 coincides with the long New Year holiday season and is characterized by a lower seasonal disease prevalence compared to the fourth quarter. This may have an effect on the number of patients seeking medical treatment. Moreover, the Ramadan in the beginning of March 2024, there may be a decrease in the number of patients from the Middle East compared to the previous quarter.

The company remains steadfast in executing plans to expand its new hospitals and places significant importance on conducting business based on sustainable organizational development principles in the areas of environment, society, and good corporate governance. This is aimed at ensuring stable and enduring long-term growth. The operational details in line with the strategic plan are as follows:

### **1. Continuous improvement in the overall operation of all three new hospitals.**

1) **Kasemrad International Hospital Aranyaprathet**, with a capacity of 51 beds, is located near the Rong Kluea Market in Aranyaprathet District, Sa Kaeo Province. The target groups for this hospital are the Cambodian and the local community in the area. For the operational results in Q4/2023, the revenue from hospital operations was 53.6 million baht, a decrease of (5.1) percent qoq. This decline is attributed to a seasonal decrease in disease prevalence from Q3/2023. The EBITDA amounted to 4.4 million baht, a decrease of (48.8) qoq. The hospital has outlined the following operational strategies:

- Emphasis is placed on promoting awareness of the hospital's medical centers, including specialized units such as the obstetrics and gynecology center, pediatric center, general surgery center, medicine center,

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and gastrointestinal and hepatobiliary center. Additionally, there is an accelerated effort in publicizing the recently opened aesthetic center in January 2024. Furthermore, services from the dental center are expanded to cater to insured person in the area.

- The expansion of the network among the parties between the company and the insurance companies and consistently organizing collaborative activities with insurance agents. Additionally, there is a dedicated effort to establish a patient referral network within the local area and enhance the referral network for international patients across borders.

- Utilizing online channels for public relations and organizing awareness-enhancing activities in health such as mother and child events, health knowledge seminars, health check-up packages, and preventive vaccine packages, both within the hospital and through off-site services. These efforts are aimed at increasing the hospital's recognition among the target group.

**2) Kasemrad Hospital Prachinburi**, with a capacity of 115 beds, is situated in the vicinity of the 304 Industrial Estate in Sri Maha Phot District, Prachinburi Province. The target groups for this hospital are general patients and those covered under the social security scheme. For the overall operation in Q4/2023, the revenue from hospital operations was 56.9 million baht, an increase of 2.0 percent qoq. However, the EBITDA amounted to (0.3) million baht, a decrease of (91.8) percent qoq. In Q4/2023, the average number of insured persons registered was 28,800 people, showing an increase of 2.4 percent yoy. The hospital has outlined the following operational strategies:

- Focusing on increasing the number of insured persons by proactively conducting health check-ups for insured persons under the social security scheme at their workplaces. This is achieved through collaborations with various organizations such as providing on-site mobile health check-up services within industrial estates along with offering medical services to the individuals. For instance, the occupational hygiene packages for employees and assisting foreign nationals in obtaining work permits.

- Public relations to the treatment of complex diseases, catering to both local and international patients through the general medical center and specialized medical centers of the hospital. These include the obstetrics and gynecology center, pediatric center, general surgery center, gastrointestinal and hepatobiliary center, medicine center, and anti-aging medical center.

**3) Kasemrad International Hospital Vientiane**, with a capacity of 110 beds, is located in the capital city of Vientiane, Lao PDR. The target groups are general patients and international patients. For the overall operation in Q4/2023, the revenue from hospital operations was 88.0 million baht, an increase of 4.2 percent qoq. The EBITDA amounted to 9.5 million baht, a decrease of (35.7) percent qoq. The hospital has outlined the following operational strategies:

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- Focusing on publicizing both general medical center and specialized medical centers, including the heart center, neurology center, hemodialysis center, health checkup center, obstetrics and gynecology center, pediatric center, general surgery center, medicine center, emergency medicine center, and comprehensive dental center.
- Organizing consistently the public activities both online and offline. This includes health check-up events conducted in collaboration with various organizations, such as receptions hosted by the Thai Embassy in Vientiane, the International Marathon, and other events. These activities aim to raise awareness through health check-ups and vaccination services, both within and outside the hospital premises such as private/international schools and private companies within Laos.
- The hospital has entered into contracts with more than 40 insurance companies, both domestic and international. It remains committed to continuously expanding its insurance network and enhancing the patient referral network with clinics and emergency rescue units in nearby vicinity for better and more efficient services.

### 2. Improving the capacity and standards of the hospital to meet the needs of all patient groups.

The company is dedicated to continuously developing the capacity and standards of hospitals within its network. Kasemrad Hospital Prachachuen is the fourth hospital within the group that was recently achieved international accreditation by the Joint Commission International (JCI) on 14 January 2024. This reflects advancements in providing patient care at all levels, as well as effective organizational management. Additionally, the company and affiliated hospitals have strategized to offer medical services tailored to each patient group, prioritizing quality, safety, and service standards for the benefit of the patients.

#### 1) General patients

- **Emphasizing personalized marketing and offers packages that cater to preventive healthcare needs.** This includes specialized health check-up packages for specific diseases and preventive vaccination packages. Moreover, preparations are underway to open a Genomics Center, providing genetic analysis services to reduce costs for affiliated hospitals. The company plans to expand services to deep genetic analysis, assessing the risk of future diseases to facilitate preventive care.
- **Expanding the base of international patients** is being achieved through network expansion with embassies, such as patients from Saudi Arabia and Libya. Additionally, the company is extending its network with private clinics/hospitals near the borders where its hospitals are located. This aims to broaden the patient base and facilitate the transfer of patients, especially from the CLMV countries.
- **Opening the specialized centers to address complex medical conditions** in various areas. For instance, the New Frontier Cancer Center at World Medical Hospital aims to provide additional treatment options for cancer by integrating conventional medicine with alternative medical approaches. This includes the use of Hyperthermia machines or radiofrequency wave technology for cancer treatment, as well as the utilization of medical cannabis oil extracts. Furthermore, the company plan to open two plastic surgery and aesthetic centers



## Forward Outlook

to meet the growing demand for beauty care by specialized physicians in a hospital with safe and standardized equipment. One of these aesthetic centers has already commenced operations at Kasemrad International Hospital Aranyaprathet in January 2024.

2) **Patients under the social security scheme** have experienced an elevated level of healthcare services provided by the company. The company has expanded its coverage to increase the number of insured persons from 1 million. Key strategies for the operation include:

- **Accelerating awareness and expanding the registration of insured persons.** In 2024, the company received an increased quota of insured individuals, reaching a total of 1,856,100 people, reflecting a 20.4 percent increase from the 1,542,150 quota in 2023. This increase was particularly significant for hospitals with high demand for registrations, such as Kasemrad Hospital Prachachuen and Kasemrad Hospital Bangkai. It is estimated that the number of insured persons registering with hospitals in the network will gradually increase during the year 2024.

- **Collaborating to provide medical treatments for 5 complex diseases through 10 hospitals for an additional 6 months,** from January to June 2024. This initiative covers surgeries for heart and Cardiovascular treatment, Stroke, Breast Cancer treatment, Myomectomy treatment, and Kidney and Gall Bladder stone treatment for patients entitled to social security scheme.

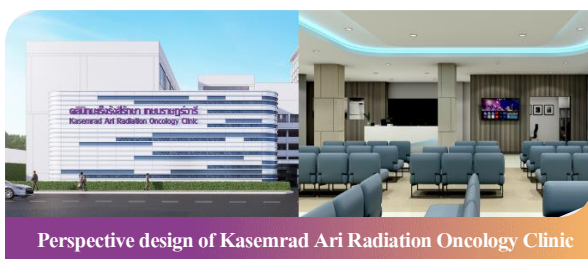
- **Preparing to support mobile dental services,** which will enhance convenience for insured individuals to receive services without having to travel to the hospital, simultaneously contributing to revenue generation for the company.

- **Enhancing the efficiency of disease treatment for insured persons while optimizing cost management.** This includes the approval from the Social Security Office to cover expenses for treating insured persons with sleep apnea, encompassing the costs of sleep tests and respiratory equipment. Additionally, the opening of Kasemrad Ari Radiation Oncology Clinic, in Q3/2024 shall reduce costs of referring patients for radiation treatment at other hospitals as well.

### 3. **Hospitals currently under construction or renovation are proceeding according to the plan.**

- **Kasemrad Ari Radiation Oncology Clinic,** in Nonthaburi province, with the investment of approximately 300 million baht. This clinic serves as a medical facility for the outpatient radiation treatment of cancer patients. The current renovations focus on upgrading the building structure to accommodate the installation of radiation equipment, with an expected service commencement in Q3/2024.

## Forward Outlook



- **Kasemrad Hospital Suvarnabhumi**, in Samut Prakan province, has a registered bed capacity of 268 beds, with an estimated investment of approximately 1.6 billion baht, which included land cost amounted to 350 million baht. Currently, the hospital is in the process of submitting an Environmental Impact Assessment (EIA). It is anticipated that construction will commence in 2024, with the expected opening of services in early 2027.



The improvement of both external and internal spaces within the affiliated hospitals continue to progress according to the established plans. It is anticipated to be completed by 2024 as follows:

- **Kasemrad Hospital Bangkae**, the renovations are to enhance the facilities for outpatient services, inpatient rooms, intensive care units, laboratories, and hemodialysis center. These improvements aim to increase the efficiency of providing services to both general patients and those covered under the social security scheme.





- **Karunvej Hospital Pathumthani**, the renovations are to improve the facilities for outpatient services and inpatient rooms, for elevating to be Kasemrad Hospital Pathumthani in 2025. This enhancement will provide the hospital with better-equipped spaces to serve both general patients and those under the social security scheme.







The company is committed to conducting its business under the principles of ethics, morality, and transparency in management, aiming for trustworthiness and emphasizing creating inclusivity with all stakeholders throughout the value chain. Additionally, the company has a robust monitoring system, considering the impact on environmental, social, and governance aspects comprehensively. In 2023, the company underwent assessments and rankings related to ESG issues by regulatory bodies. It received an enduring stock rating of “AA” in SET ESG Ratings, being recognized as a registered company with excellent governance, earning a 5-star rating. The company renewed its participation in the Thai Private Sector Collective Action against Corruption (CAC) Project for the second time. BCH has been listed in the ESG100 by Thaipat Institute for six consecutive years and also received an honor of Sustainability Disclosure Recognition 2023 from Thaipat Institute. Additionally, the company was assessed the quality of the Annual General Meeting of Shareholders, with evaluation score at 100 percent.

For 2024, the company remains committed to consistently executing various projects with a continuous focus on ESG issues. This commitment aims to mitigate risks and potential impacts that may arise from the company's and hospitals' operations within the community, society, and the environment. The company is dedicated to maintaining satisfaction among all stakeholders. Examples of key activities in this regard include:



## Environmental aspect, covers electricity, water, and waste management

-  Promoting the reduction of electricity consumption through the installation of solar cells across all 9 branches.
-  Emphasizing on waste management, including the proper disposal of non-infectious fabric waste within the hospitals.

## Social aspect, covers patients, employees, business partners, and community

-  Maintaining good relationships through continuous engagement activities with patients, such as Mother Class, Kasemrad Privilege Group, and promotions of various health packages.
-  Elevating of the knowledge and skills of its personnel has conducted through training programs in medical practices, nursing, financial management, and debt management
-  Expanding the network and maintaining good relationships with insurance agents.
-  Providing medical knowledge to patients and the general public through various channels, including emergency units.

## Corporate Governance aspect

-  Elevating of the service standards by expanding hospitals certified with international standards (JCI) and national standards (HA: Hospital Accreditation) to cover newly established hospitals.
-  Promoting innovation in operations through the Innovation Contest.





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