

11 November 2021

Subject Management's Discussion and Analysis of Financial Performance and Results of Operations for the Three Months and Nine Months Periods Ended 30 September 2021

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 Months and Nine Months periods Ended 30 September 2021 as follows:

Summary

The Thai economy in the third quarter of 2021 is due to the COVID-19 outbreak situation. In the latest wave of violence, the number of daily infections is high. The number of deaths is increasing rapidly. As a result, the lockdown measures were enforced in 29 provinces in the dark red. This caused the momentum from the gradual recovery of the Thai economy to lack continuity which also would affect the recovery in many industries, including private hospital business, which the Company was partially affected. Although Praram 9 Hospital has treatment for COVID-19 infection, but the company's main income is still the treatment of high intensity and complex disease.

In 3Q/2021, the Company reported total revenue of 759.5 million baht, an increase of 8.5% as compared to 3Q/2020 which reported total revenue of 700.1 million baht and reported profit for the period in 3Q/2021 was 83.0 million baht, an increase of 14.9% as compared to 3Q/2020 which reported profit for the period of 72.2 million baht.

For nine months period ended 30 September 2021, the Company reported total revenue of 2,080.0 million baht, an increase of 10.2% as compared to the same period of last year which reported total revenue of 1,886.9 million baht and reported profit for nine months period ended 30 September 2021 was 133.3 million baht, an increase of 10.2% as compared to the same period of last year which reported profit of 120.9 million baht.

Statement of comprehensive Income

1. Quarterly Operational Results

| Yearly Operational Results Revenue (Millions of Baht) | Three Months Period Ended 30 Sep | | Change (%) |
|--|----------------------------------|--------------|---------------|
| | 2021 | 2020 | |
| Medical revenue from Out-Patient (OPD) | 346.9 | 385.6 | -10.0 |
| Medical revenue from In-Patient (IPD) | 403.7 | 306.5 | +31.7 |
| Total Medical Revenue | 750.6 | 692.1 | +8.4 |
| Rental and Other Revenue | 8.9 | 8.0 | +11.3 |
| Total Revenue | 759.5 | 700.1 | +8.5 |

Medical Revenue by Type

| | Three Months Period Ended 30 Sep | | Change (%) | Proportion | |
|--------------------------------|----------------------------------|-------|---------------|------------|------|
| (Millions of Baht) | 2021 | 2020 | | 2021 | 2020 |
| Medical Revenue by Nationality | | | | | |
| Thai | 696.5 | 644.2 | +8.1 | 93% | 93% |
| International | 54.1 | 47.9 | +12.8 | 7% | 7% |
| Total Medical Revenue | 750.6 | 692.1 | +8.4 | 100% | 100% |
| Medical Revenue by Payment | | | | | |
| Method | | | | | |
| Self-Pay | 542.9 | 486.5 | +11.6 | 72% | 70% |
| Insurance | 176.6 | 159.7 | +10.6 | 24% | 23% |
| Corporate Contract | 31.1 | 45.9 | -32.2 | 4% | 7% |
| Total Medical Revenue | 750.6 | 692.1 | +8.4 | 100% | 100% |

In 3Q/2021 the Company reported total medical revenue of 750.6 million baht, an increase of 8.4% from 3Q/2020 which reported medical revenue of 692.1 million baht.

The out-patient department (OPD) revenue decrease 10.0% as compared to the same period of last year due mainly to the 3Q/2020 revenue was significantly lower than normal level from the impact of COVID-19 outbreak, the income at the Check Up Center decreased when compared to the same period last year.

Although the hospital has not opened surgery procedures in many medical center to follow infection prevention measures, however the revenue from inpatient customers (IPD revenue) was still able to grow 31.7% compared to the same period last year, which grew both in terms of the average of utilized-IPD ward bed per day (IPD Average Daily Census) increased 74.7% from the increasing of revenue from the treatment of additional infected patients from requesting permission to expand the bed to accommodate for COVID-19 infection, using a new medical center building and nursing dormitory building since the end of the second quarter while IPD revenue per patient day slightly decrease.

For the third quarter of 2021, revenue from Thai patients increased by 8.1% compared to the same period of the previous year. Meanwhile, revenue from international patients also increased by 12.8% from the same period of last year. As a result of significantly increased in international patient revenue. This was partly due to the adjustment to acquire more foreign customers who still live in the country (expat), that could be prove from the higher growth of Japanese and American customers, bringing the proportion of such customers to be the second and third rank after Chinese customers.

In term of the revenue breakdown by payment method, revenue from payment customer groups of Insurance increased because of total medical revenue increased, and since the company's strategy has been adjusted to focus on increasing the customer base in the insurance group through cooperation with many insurance company alliances and focus on increasing the customer base of the corporate contract continuously.

| Cost of Hospital Operations and Expenses (Millions of Baht) | Three Months Period Ended 30 Sep | | Change (%) |
|--|----------------------------------|-------|---------------|
| | 2021 | 2020 | |
| Cost of Hospital Operations | 526.0 | 485.3 | +8.4 |
| As % of medical revenue | 70.1 | 70.1 | |
| Selling and Administrative Expenses | 133.9 | 132.2 | +1.3 |
| As % of total revenue | 17.6 | 18.9 | |

For the third quarter of 2021, the Company reported the cost of hospital operations (including depreciation and amortization) 526.0 million baht or equal to 70.1% of total medical revenue, comparing to the third quarter of 2020, the Company reported the cost of hospital operations (including depreciation and amortization) 485.3 million baht or equal to 70.1% of total medical revenue. Since the higher of depreciation and amortization amounting of 9.9 million baht from the gradual opening the new medical center building opening in July 2020.

For the third quarter of 2021, the Company reported the selling and administrative expenses (including depreciation and amortization) 133.9 million baht or equal to 17.6% of total revenue. Comparing to the third quarter of 2020, the Company reported the selling and administrative expenses (including depreciation and amortization) 132.2 million baht or equal to 18.9% of total revenue. The reduction of those proportion reflected excellent management efficiency although there were some higher expenses including the higher depreciation and amortization amounting of 7.4 million baht from opening of new medical center building, but the company could save many expense items, especially in terms of Utility expenses and Marketing expenses using resources to the maximum benefit etc.

| (Millions of Baht) | Three Months Period Ended 30 Sep | | Change |
|--|----------------------------------|--------------|--------------|
| | 2021 | 2020 | (%) |
| Operating profit | 99.6 | 82.6 | +20.6 |
| Depreciation and amortization | 73.4 | 60.0 | +22.2 |
| EBITDA | 173.0 | 142.6 | +21.3 |
| <i>EBITDA Margin (%)</i> | <i>22.8</i> | <i>20.4</i> | |
| Finance income | 1.0 | 1.1 | -10.2 |
| Finance cost | (0.1) | (0.1) | -31.5 |
| Income tax expenses | (17.6) | (11.4) | +54.0 |
| Profit for the period | 82.9 | 72.2 | +14.9 |
| <i>Net profit margin (%)</i> | <i>10.9</i> | <i>10.3</i> | |
| Total comprehensive income for the period | 82.9 | 72.2 | |
| Weighted average number of ordinary shares (Share) | 786,300,000 | 786,300,000 | |
| Basic earnings per share (Baht) | 0.11 | 0.09 | |

For the third quarter of 2021, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) 173.0 million baht, the EBITDA margin at 22.8%, an increase of 21.3% from the third quarter of 2020 that the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) 142.6 million baht, with the EBITDA margin at 20.4%.

For the third quarter of 2021, the Company reported depreciation and amortization of 73.4 million baht, compared to the third quarter of 2020 of 60.0 million baht. The higher proportion of depreciation and amortization amount due mainly to the gradual opening the new medical center building opening and some medical equipment related to new building partially since in July 2020.

For the third quarter of 2021, the Company reported finance cost of 0.1 million baht almost the same as the third quarter of 2020 and reported income tax expenses for the third quarter of 2021 of 17.6 million baht, while the third quarter of 2020, the Company reported income tax revenue of Baht 11.4 million

For the third quarter of 2021, the Company reported profit for the period of 82.9 million baht, representing the net profit margin for the year of 10.9%. While the Company reported net profit for the third quarter of 2020 of 72.2 million baht, representing the net profit margin for the period of 10.3%. Basic earnings per share of 0.11 baht per share and 0.09 baht per share in the third quarter of 2021 and the third quarter of 2020, respectively.

2. Nine Months Operational Results

| Yearly Operational Results Revenue (Millions of Baht) | Nine Months Period Ended 30 Sep | | Change |
|--|---------------------------------|----------------|--------------|
| | 2021 | 2020 | (%) |
| Medical revenue from Out-Patient (OPD) | 1,052.1 | 1,029.1 | +2.2 |
| Medical revenue from In-Patient (IPD) | 999.2 | 837.4 | +19.3 |
| Total Medical Revenue | 2,051.3 | 1,866.5 | +9.9 |
| Rental and Other Revenue | 28.7 | 20.4 | +40.7 |
| Total Revenue | 2,080.0 | 1,886.9 | +10.2 |

Medical Revenue by Type

| (Millions of Baht) | Nine Months Period Ended 30 Sep | | Change | Proportion | |
|--|---------------------------------|----------------|-------------|-------------|-------------|
| | 2021 | 2020 | (%) | 2021 | 2020 |
| Medical Revenue by Nationality | | | | | |
| Thai | 1,879.6 | 1,680.8 | +11.8 | 92% | 90% |
| International | 171.8 | 185.7 | -7.5 | 8% | 10% |
| Total Medical Revenue | 2,051.3 | 1,866.5 | +9.9 | 100% | 100% |
| Medical Revenue by Payment Method | | | | | |
| Self-Pay | 1,497.2 | 1,373.5 | +9.0 | 73% | 73% |
| Insurance | 457.5 | 401.8 | +13.9 | 22% | 22% |
| Corporate Contract | 96.6 | 91.2 | +5.9 | 5% | 5% |
| Total Medical Revenue | 2,051.3 | 1,866.5 | +9.9 | 100% | 100% |

For the nine months period ended 30 September 2021, the Company reported total medical revenue of 2,051.3 million baht, an increase of 9.9% from the same period of last year which reported total medical revenue of 1,866.5 million baht.

The out-patient revenue increased 2.2% as compared to the same period of last year due mainly to an increase in OPD revenue per visit, which increased by more than 7.6%, while the number of outpatients slightly decreased because of the positive feedback from the opening of a new LASIK center since the end of the first quarter.

Meanwhile, revenue from the in-patient revenue increased by 19.3% compared to the same period last year. Although the number of inpatients was dropped since the hospital has not opened surgery procedures in many medical centers to follow infection prevention measures, but COVID-19 patient highly increases during in this quarter due to the Hospital request the permission to expand the accommodate for COVID-19 infection patient by using a new medical center building and nursing dormitory building while IPD revenue per patient day slightly decrease.

For the nine-month period of 2021, the trend of revenue from Thai patients has improved, revenue from Thai patients increased by 11.8% compared to the same period last year and could compensate the reduced income from international customers where income from international patients was decreased by 7.5% compared to the same period last year. Because of the impact of the measures to restrict entry into the country, therefore most of foreign customers were expat who still live in the country. As a result, the proportion of revenue from international patients to total medical revenue for the nine-month period of 2021 decreased to 8% from 10% of the same period last year. Revenue from Chinese customers, mostly be the expat who live within the country, became the first rank among the international patients.

In term of the revenue breakdown by payment method, revenue from all payment customer groups increased because of total medical revenue increased and since the company's strategy has been adjusted to focus on increasing the customer

base in the insurance group through cooperation with many insurance company alliances and focus on increasing the customer base of the corporate contract continuously received satisfactory feedback from both groups.

| Cost of Hospital Operations and Expenses (Millions of Baht) | Nine Months Period Ended 30 Sep | | Change (%) |
|--|---------------------------------|---------|---------------|
| | 2021 | 2020 | |
| Cost of Hospital Operations | 1,528.2 | 1,370.1 | +11.5 |
| As % of medical revenue | 74.5 | 73.4 | |
| Selling and Administrative Expenses | 396.0 | 386.6 | +2.4 |
| As % of total revenue | 19.0 | 20.5 | |

For the nine months period in 2021, the Company reported the cost of hospital operations (including depreciation and amortization) 1,528.2 million baht or equal to 74.5% of total medical revenue, comparing to the nine months period in 2020, the Company reported the cost of hospital operations (including depreciation and amortization) 1,370.1 million baht or equal to 73.4% of total medical revenue. The proportion of cost of hospital operations to medical revenue increased since the higher of depreciation and amortization amounting of 69.1 million baht from the gradual opening the new medical center building opening in July 2020.

For the nine months period in 2021, the Company reported the selling and administrative expenses (including depreciation and amortization) 396.0 million baht or equal to 19.0% of total revenue. Comparing to the same period of 2020, the Company reported the selling and administrative expenses (including depreciation and amortization) 386.6 million baht or equal to 20.5% of total revenue. The reduction of those proportion reflected excellent management efficiency although there were some higher expenses including the higher depreciation and amortization amounting of 18.1 million baht from opening of new medical center building, but the company could save many expense items, especially in terms of personnel expenses which were improved by managing working hours and human resource allocations and Marketing expenses etc.

| (Millions of Baht) | Nine Months Period Ended 30 Sep | | Change (%) |
|--|---------------------------------|--------------|---------------|
| | 2021 | 2020 | |
| Operating profit | 155.8 | 130.2 | +19.6 |
| Depreciation and amortization | 217.0 | 148.0 | +46.7 |
| EBITDA | 372.8 | 278.2 | +34.0 |
| <i>EBITDA Margin (%)</i> | <i>17.9</i> | <i>14.7</i> | |
| Finance income | 3.1 | 4.8 | -35.4 |
| Finance cost | (0.3) | (0.3) | +4.7 |
| Income tax expenses | (25.3) | (13.8) | +83.2 |
| Profit for the period | 133.3 | 120.9 | +10.2 |
| <i>Net profit margin (%)</i> | <i>6.4</i> | <i>6.4</i> | |
| Total comprehensive income for the period | 133.3 | 120.9 | |
| Weighted average number of ordinary shares (Share) | 786,300,000 | 786,300,000 | |
| Basic earnings per share (Baht) | 0.17 | 0.15 | |

For the nine-month period of 2021, the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) 372.8 million baht, the EBITDA margin at 17.9%, an increase of 34.0% from the same period of 2020 that the Company reported earnings before interest, tax, depreciation and amortization (EBITDA) reported 278.2 million baht, with the EBITDA margin at 14.7%.

For the nine-month period of 2021, the Company reported depreciation and amortization of 217.0 million baht, compared to the same period of 2020 of 148.0 million baht. The higher proportion of depreciation and amortization amount due mainly to the gradual opening the new medical center building opening and some medical equipment related to new building partially since in July 2020.

For the nine-month period of 2021, the Company reported finance cost of 0.3 million baht almost the same as the same period of 2020 and reported income tax expenses for the nine-month period of 2021 of 25.3 million baht, increased from the same period of 2020 which reported income tax expenses of 13.8 million baht.

For the nine-month period of 2021, the Company reported profit for the period of 133.3 million baht, representing the net profit margin of 6.4%. While the Company reported profit for the nine-month period of 2020 of 120.9 million baht, representing the net profit margin of 6.4%. Basic earnings per share of 0.17 baht per share and 0.15 baht per share for the nine-month period of 2021 and the nine-month period of 2020, respectively.

Statement of Financial Position

| Statement of Financial Position (Million Baht) | As of 30 Sep 2021 | As of 31 Dec 2020 | Change (%) |
|---|-------------------|-------------------|-------------|
| Current assets | 1,486.2 | 1,208.5 | +23.0 |
| Non-current assets | 3,519.0 | 3,588.5 | -1.9 |
| Total assets | 5,005.2 | 4,797.0 | +4.3 |
| Current liabilities | 649.6 | 496.5 | +30.8 |
| Non-current liabilities | 193.6 | 185.3 | +4.5 |
| Total liabilities | 843.2 | 681.8 | +23.7 |
| Total shareholders' equity | 4,162.0 | 4,115.2 | +1.1 |
| Total liabilities and shareholders' equity | 5,005.2 | 4,797.0 | +4.3 |

1. Assets

As of 30 September 2021, the Company reported current assets of 1,486.2 million baht, slightly increase by 23.0% as compared to 1,208.5 million baht as of 31 December 2020.

As of 30 September 2021, the Company reported non-current assets of 3,519.0 million baht, slightly decrease by 1.9% as compared to 3,588.5 million baht as of 31 December 2020. This was due mainly to decrease from depreciation offset the increase in assets during the period.

2. Liabilities

As of 30 September 2021, the Company reported current liabilities of 649.6 million baht, increase by 30.8% as compared to 496.5 million baht as of 31 December 2020. This was due mainly to increase from Moderna vaccine and income from Advance purchase.

As of 30 September 2021, the Company reported non-current liabilities of 193.6 million baht, slightly increased as compared to 185.3 million baht as of 31 December 2020.

3. Shareholders' equity

As of 30 September 2021, the Company reported shareholders' equity of 4,162.0 million baht, increase by 1.1% as compared to 4,115.2 million baht as of 31 December 2020. This was due mainly to total comprehensive income for the nine months period ended 30 September of 2021 of 82.9 million baht.

Cash flow statement

| Cash flow statement (Millions of Baht) | Nine Months Period Ended 30 Sep | |
|---|--|--------------|
| | 2021 | 2020 |
| Cash flows from (used in) operating activities | 373.2 | 300.6 |
| Cash flows from (used in) investing activities | (284.0) | 160.6 |
| Cash flows from (used in) financing activities | (89.7) | (112.1) |
| Net increase (decrease) in cash and cash equivalents | (0.5) | 349.1 |

For nine months period ended 30 September 2021, the Company reported cash flows from operating activities of 373.2 million baht, an increase of 72.6 million baht as compared to the same period of 2020 which generated cash flows from operating activities of 300.6 million baht, mainly came from an increase in hospital operation results.

For nine months period ended 30 September 2021, the Company reported cash flows used in investing activities of 284.0 million baht, arising from the purchase of investment in debt instruments and cash paid for payable of fixed assets. Meanwhile, during the same period of 2020, the Company reported cash flows from investing activities of 160.6 million baht, mainly due to the cash flows from sales of equity and debt instruments of 995.5 million baht and net with cash flows used in debts instruments 200.0 million baht, cash flows used in acquisition of fixed assets for the amount of 504.4 million baht and cash paid for payable of fixed assets of 111.4 million baht.

For nine months period ended 30 Sep 2021, the Company reported cash flows used in financing activities of 89.7 million baht from the dividend payment and payment of principal portion of lease liabilities, compared to the same period of 2020 which reported cash flows used in financing activities of 112.1 million baht.

| Key Financial Ratio | Nine Months Period Ended 30 Sep | |
|--|--|-------------|
| | 2021 | 2020 |
| Liquidity Ratio | | |
| Current ratio | 2.3 | 2.3 |
| Average collection period | 23.9 | 21.6 |
| Average days sales of inventory | 8.6 | 8.4 |
| Average account payables days | 19.8 | 22.6 |
| Cash cycle | 12.7 | 7.5 |
| Profitability Ratio* | | |
| Gross profit margin | 26.5 | 28.0 |
| Net profit margin | 6.4 | 6.4 |
| Return on average shareholders' equity | 5.2 | 4.9 |
| Return on average assets | 4.4 | 4.2 |
| Financial Policy Ratio | | |
| Debt to equity ratio | 0.20 | 0.16 |
| Interest bearing debt to equity ratio | - | - |

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