

No. BIZ 026/2020

12 November 2020

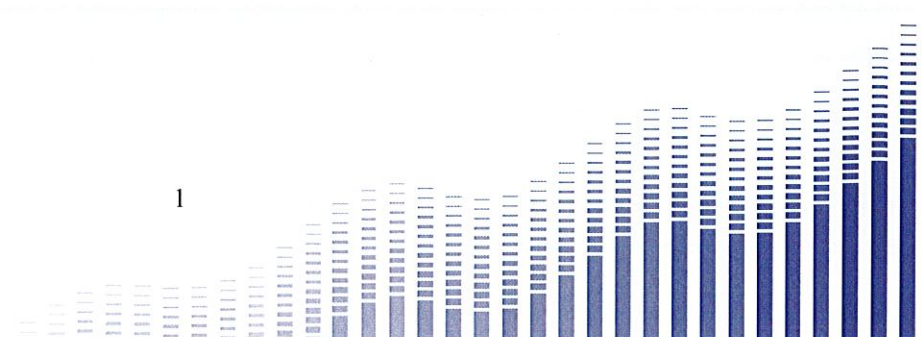
Subject: Management Discussion and Analysis for the three-month period ended 30 September 2020

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiary would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 30 September 2020, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 September 2020

Statement of Comprehensive Income	ended 30 September 2020	ended 30 September 2019	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales of goods	16.95	192.84	(175.89)	(91.21%)
Revenue from rendering of services	50.08	38.10	11.98	31.44%
Revenue from construction	0.79	4.96	(4.17)	(84.14%)
Revenue from hospital operations	9.57	0.00	9.57	100.00%
<b>Revenue from business operation</b>	<b>77.39</b>	<b>235.90</b>	<b>(158.51)</b>	<b>(67.19%)</b>
Gain on exchange rate	10.06	5.50	4.56	82.89%
Other income	0.17	0.47	(0.30)	(62.63%)
<b>Total Revenue</b>	<b>87.62</b>	<b>241.87</b>	<b>(154.25)</b>	<b>(63.77%)</b>
Cost of sales of goods	10.49	142.18	(131.69)	(92.62%)
Cost of rendering of services	40.66	31.71	8.95	28.23%
Cost of construction	0.74	0.96	(0.22)	(22.92%)
Cost of hospital operations	11.62	0.00	11.62	100.00%
<b>Gross Profit</b>	<b>13.88</b>	<b>61.05</b>	<b>(47.17)</b>	<b>(77.27%)</b>
Distribution costs	3.09	2.92	0.17	5.99%
Administrative expenses	9.67	14.54	(4.87)	(33.51%)
<b>Earnings Before Interest &amp; Tax</b>	<b>11.35</b>	<b>49.56</b>	<b>(38.21)</b>	<b>(77.10%)</b>
Interest Expenses	5.59	1.68	3.91	232.80%
<b>Earnings Before Tax</b>	<b>5.76</b>	<b>47.88</b>	<b>(42.12)</b>	<b>(87.98%)</b>
Tax Expenses	2.86	11.33	(8.47)	(74.82%)
<b>Net Profit (Loss)</b>	<b>2.90</b>	<b>36.55</b>	<b>(33.65)</b>	<b>(92.06%)</b>
Profit attributable to:				
<b>Equity holders of the parent</b>	<b>5.83</b>	<b>39.68</b>	(33.85)	(85.30%)
Non-controlling interest	(2.93)	(3.13)		



The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 30 September 2020, the Company generated revenue of 87.62 million Baht and net profit attributable to equity holder of the parent of 5.83 million Baht. The changes can be explained as follows;

### **Revenue from business operation**

For the three-month period ended 30 September 2020, the Company and its subsidiary generated revenue from sales, services and construction of 77.39 million Baht, decreasing by 158.51 million Baht or 67.19%, when compared to the previous year, with details as follows:

1. **Revenue from sales of goods**

For the three-month period ended 30 September 2020, the Company and its subsidiary generated revenue from sales of 16.95 million Baht, decreasing by 175.89 million Baht or 91.21%, when compared to the previous year. This decrease was due to the Company did not delivers large project. the Company recognized revenue only from sales of other medical equipment.

2. **Revenue from rendering of services**

For the three-month period ended 30 September 2020, the Company and its subsidiary generated a revenue from rendering of services of 50.08 million Baht, increasing by 11.98 million Baht or 31.44%, when compared to the previous year. This increase was due to the company generate additional revenue from Genetic Diagnosis service of 0.49 million Baht. This increase the product warranty under the purchase contract after the delivery has expired many projects. Therefore, there are many renew maintenance service contracts is increased during this period.

3. **Revenue from Construction**

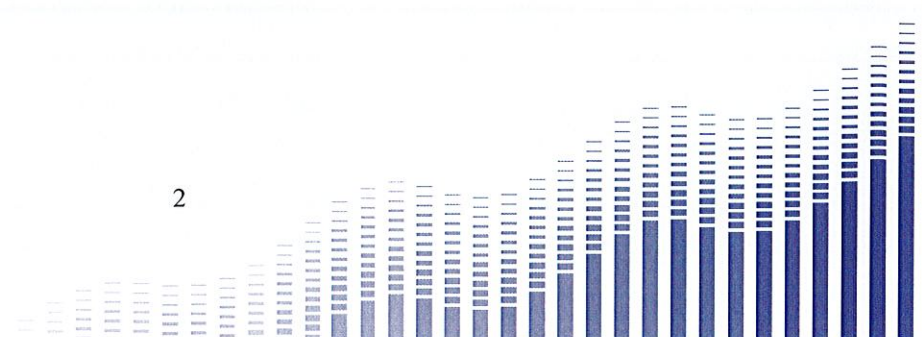
For the three-month period ended 30 September 2020, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 0.79 million Baht. Therefore, as of 30 September 2020, the Company has recognized revenue from construction of the project of 100%.

4. **Revenue from hospital operations**

Revenue from hospital operations investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment. The subsidiary started its operations in 1 October 2019. For the three-month period ended 30 September 2020, the Company and its subsidiary generated a revenue from hospital operations of 9.57 million Baht.

### **Other Revenue**

For the three-month period ended 30 September 2020, the Company and its subsidiary generated other revenue of 10.23 million Baht, increasing by 4.26 million Baht or 71.41%, when compared to the previous year. The increase was because the Company received additional revenue from gain on exchange rate.



**Cost of sales of goods and Gross Profit Margin from sales of goods**

For the three-month period ended 30 September 2020, the Company and its subsidiary had a gross profit from sales of 6.46 million Baht or equivalent to gross profit margin of 38.12%, which was higher than the gross profit margin from sales in the previous year at 26.27%. The increase in gross profit margin was due to the company recognized revenue from miscellaneous medical equipment, which this increase is normal for other medical equipment gross profit margin.

**Cost of rendering of services and Gross Profit Margin from rendering of services**

For the three-month period ended 30 September 2020, the Company and its subsidiary had a gross profit from services of 9.42 million Baht or equivalent to gross profit margin of 18.80%, of the same period of previous year at 16.77%.

**Cost of Construction and Gross Profit Margin from Construction**

For the three-month period ended 30 September 2020, the Company and its subsidiary generated gross profit margin from construction of 0.05 million Baht or equivalent to gross profit margin of 5.85% according to total construction budget.

**Cost of hospital operations and Gross Loss from hospital operations**

For the three-month period ended 30 September 2020, the Company and its subsidiary had a gross loss from hospital operations of 2.05 million Baht or equivalent to gross loss of 21.36%, The subsidiary started its operations in 1 October 2019, the Company subsidiary had fixed costs such as human resource cost and medical equipment depreciation cost.

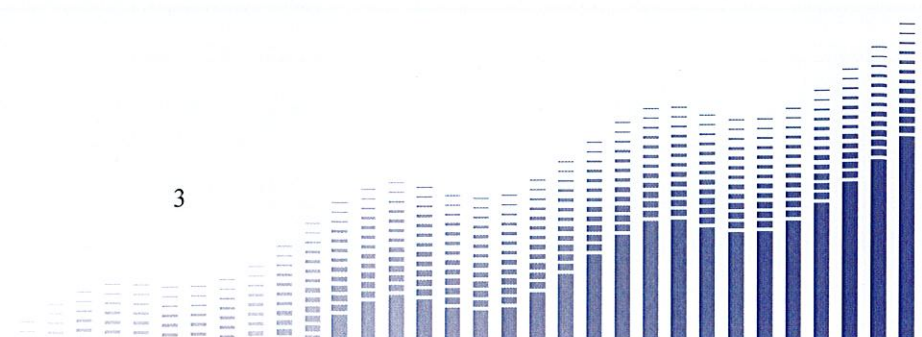
**Distribution costs and Administrative Expenses**

For the three-month period ended 30 September 2020, the Company and its subsidiary had a distribution cost of 3.09 million Baht, of the same period of previous year at 2.92 million Baht.

For the three-month period ended 30 September 2020, the Company had administrative expenses of 9.67 million Baht, decreasing by 4.87 million Baht or 33.51% compared to the previous year. The decrease its subsidiary was separation of administrative expenses and cost of hospital operations. When compared with the same period of the previous year expenses were recognized before start hospital operations as administrative expenses.

**Finance Costs**

For the three-month period ended 30 September 2020, the Company and its subsidiary had financial costs of 5.59 million Baht, increasing by 3.91 million Baht or 232.80%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 2.97 million Baht and The company subsidiary had interest expenses for construction hospital 2.44 million Baht.



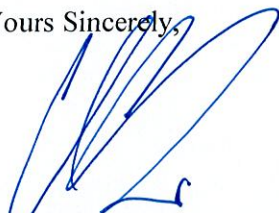
**Net Profit and Net Profit Margin**

For the three-month period ended 30 September 2020, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 5.83 million Baht, or equivalent to net profit margin of 6.66% compared to the previous year, which had the net profit attributable to equity holder of the parent of 39.68 million Baht or net profit margin of 16.40% The company had a lower net profit margin. Because the company did not deliver large project. the income from sales decreased, the net profit and net profit margin decreased when compared to the previous year.

The Company recognized a loss incurred from its investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment of 5.44 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)  
Chief Executive Officer  
Business Alignment Public Company Limited

