

No. BIZ 003/2021

24 February 2021

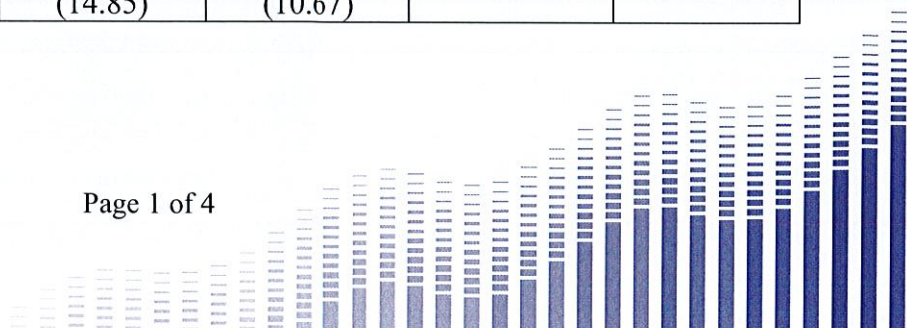
Subject: Management Discussion and Analysis for the year ended 31 December 2020

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiaries would like to submit this Management Discussion and Analysis of the Company’s operation for the year ended 31 December 2020, with details as follows

Statement of Comprehensive Income for the year ended 31 December 2020

Statement of Comprehensive Income	The year ended 31 December 2020	The year ended 31 December 2019	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	527.04	520.90	6.14	1.18%
Income from rendering of services	196.50	165.51	30.99	18.72%
Income from construction	0.82	35.82	(35.00)	(97.71%)
Income from hospital operations	30.98	2.28	28.70	1,225.40%
<b>Income from business operation</b>	<b>755.34</b>	<b>724.51</b>	<b>30.83</b>	<b>4.25%</b>
Gain on exchange rate	0.00	1.00	(1.00)	(100.00%)
Other income	9.79	8.49	1.30	15.40%
<b>Total Other Income</b>	<b>9.79</b>	<b>9.49</b>	<b>0.30</b>	<b>3.20%</b>
<b>Total Revenue</b>	<b>765.13</b>	<b>734.00</b>	<b>31.13</b>	<b>4.24%</b>
Cost of sales of goods	416.07	362.54	53.53	14.77%
Cost of rendering of services	157.21	138.25	18.96	13.71%
Cost of construction	0.77	28.93	(28.16)	(97.34%)
Cost of hospital operations	47.85	10.53	37.32	354.68%
<b>Gross Profit</b>	<b>133.44</b>	<b>184.27</b>	<b>(50.83)</b>	<b>(27.58%)</b>
Distribution costs	14.07	21.89	(7.82)	(35.71%)
Administrative expenses	42.65	55.69	(13.04)	(23.42%)
Loss on exchange rate	16.48	0.00	16.48	100.00%
<b>Earnings Before Interest &amp; Tax</b>	<b>70.03</b>	<b>116.17</b>	<b>(46.14)</b>	<b>(39.72%)</b>
Interest Expenses	22.45	7.53	14.92	198.06%
<b>Earnings Before Tax</b>	<b>47.58</b>	<b>108.64</b>	<b>(61.06)</b>	<b>(56.21%)</b>
Tax Expenses	18.03	27.85	(9.82)	(35.27%)
<b>Net Profit (Loss)</b>	<b>29.55</b>	<b>80.79</b>	<b>(51.24)</b>	<b>(63.42%)</b>
Profit attributable to:				
<b>Equity holders of the parent</b>	<b>44.40</b>	<b>91.46</b>	<b>(47.06)</b>	<b>(51.45%)</b>
Non-controlling interest	(14.85)	(10.67)		



### **Revenue from business operation**

For the year ended 31 December 2020, the Company and its subsidiary generated revenue from sales, services and construction of 755.34 million Baht, increasing by 30.83 million Baht or 4.25%, when compared to the previous year, with details as follows:

1. **Revenue from sales of goods**

For the year ended 31 December 2020, the Company and its subsidiary generated revenue from sales of 527.04 million Baht, increasing by 6.14 million Baht or 1.18%, of the same period of previous year of 520.90 million Baht.

2. **Revenue from rendering of services**

For the year ended 31 December 2020, the Company and its subsidiary generated a revenue from rendering of services of 196.50 million Baht, increasing by 30.99 million Baht or 18.72%, when compared to the previous year of 165.51 million Baht. This increase was due to the company generate additional revenue from Genetic Diagnosis service of 2.30 million Baht. Revenue from special service of 15.16 million Baht and the product warranty under the purchase contract after the delivery has expired many projects. Therefore, there are many service contracts is increased during this period.

3. **Revenue from Construction**

For the year ended 31 December 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 0.82 million Baht which the Company recorded cost of construction according to percentage of completion. Therefore, as of 31 December 2020, the Company has recognized revenue from construction of the project of 100.00%

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 year ended 31 December 2020, the Company and its subsidiary generated a revenue from hospital operations of 30.98 million Baht.

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

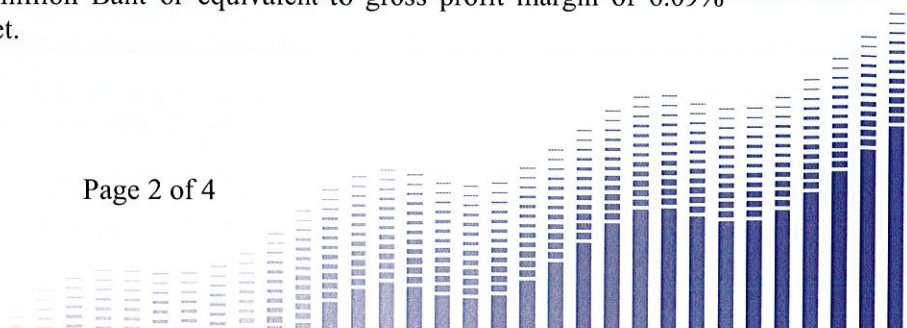
For the year ended 31 December 2020, the Company and its subsidiary had a gross profit from sales of 110.97 million Baht or equivalent to gross profit margin of 21.06%, when compared to the previous year at 30.40%. The decrease in gross profit margin was due to the company delivers large project of the normal gross profit margin for projects.

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

For the year ended 31 December 2020, the Company and its subsidiary had a gross profit from services of 39.29 million Baht or equivalent to gross profit margin of 20.00%, of the same period of previous year at 16.47%.

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

For the year ended 31 December 2020, the Company and its subsidiary generated gross profit margin from construction of 0.05 million Baht or equivalent to gross profit margin of 6.09% according to total construction budget.



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

For the year ended 31 December 2020, the Company and its subsidiary had a gross loss from hospital operations of 16.87 million Baht or equivalent to gross loss of 54.47%, 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 year ended 31 December 2020, the Company and its subsidiary had a distribution cost of 14.07 million Baht, decreasing by 7.82 million Baht or 35.71% compared to the previous year. This decrease can be attributed to the decrease of travel expenses for sales, further advertisement and promotional expenses as well as additional expenses for product exhibition.

For the year ended 31 December 2020, the Company had administrative expenses of 42.65 million Baht, decreasing by 13.04 million Baht or 23.42% 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 year ended 31 December 2020, the Company and its subsidiary had financial costs of 22.45 million Baht, increasing by 14.92 million Baht or 198.06%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 11.27 million Baht and The company subsidiary had interest expenses for construction hospital and purchase medical equipment totally 9.94 million Baht.

**Net Profit and Net Profit Margin**

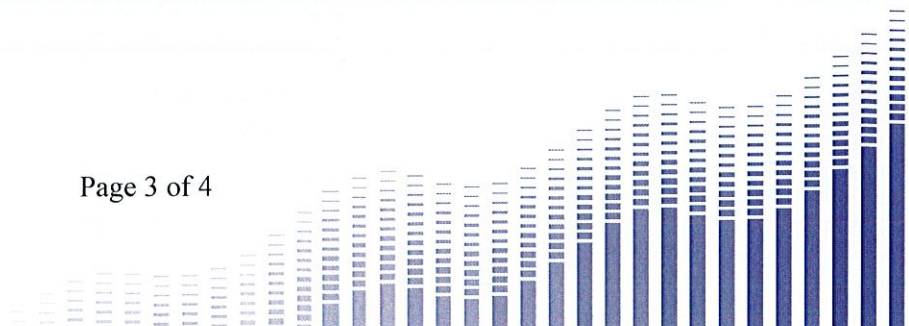
For the year ended 31 December 2020, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 44.40 million Baht, or equivalent to net profit margin of 5.80% compared to the previous year, which had the net profit attributable to equity holder of the parent of 91.46 million Baht or equivalent to net profit margin of 12.46% The company had lower net profit margin. Because the company gross profit margin decreases and loss on exchange rate.

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 27.58 million Baht proportional to 65%.

**Other additional information**

From the situation of the outbreak of the Coronavirus Disease 2019 (“COVID-19”). The company would like to inform that the current overall operations of the company were partly affected. The company would like to provide additional information as follows;

1. Project installation plan that requires foreign experts at some stage in the installation process. The impact of restriction of international travel resulting in foreign experts to delay the start of the installation in the relevant steps which causes an impact on the time of delivery
2. Importing medical devices or equipment for installation of certain items that must be imported from abroad. The impact of the international shipping system, change of flight in transportation, flight cancellation resulting in medical devices and/or that equipment has the import deadline delay from the specified period which causes an impact on the time of delivery



However, the effect in items 1 and 2 is a force majeure condition that the company can proceed with requesting an extension of the working period under the contract including the reserve the right to refrain from fines to the parties.

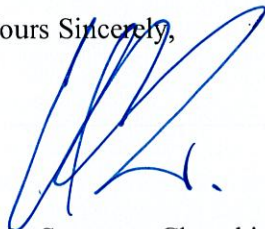
3. Impact on interest expenses as in undertaking large projects in each project, the company will mainly use bank funding. Therefore, when the period of delivery is extended. The company will also be affected by the increased interest payments.
4. Sources of funds and liquidity used in operations, the company was not affected by such factors. Moreover, the company has not suffer from bad debt problems. Due to the majority of the company's debtors are government agencies.

**Impact on hospital operations of a subsidiary (Cancer Alliance Company Limited)**

1. From the situation of the outbreak of the COVID-19, the hospital business is often affected by the number of patients. Because during the outbreak in each area, traveling to high risky areas as Chonburi Province. It is one of the primary decisions made by patients who are still able to wait for treatment. In the decision to refrain from traveling to the hospital even when the patients admitted to treatment according to their appointments or the decision of the new patient in the consultation for treatment.
2. Current economic conditions affect decision-making to receive treatment. Even those admitted to government-based treatment that may still incur personal expenses, such as travel expenses. In case of self-pay treatment, it is an important issue in deciding to receive treatment with a private hospital, etc.

Please be informed accordingly.

Yours Sincerely,



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

