

# **Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended October 31, 2021*

## **Chairman's Report**

### **Doctors Hospital Health System Limited**

Dear Shareholder,

On behalf of the Board of Directors of Doctors Hospital Health System, I report on your company's financial results for the nine months ended October 31, 2021.

Consolidated net profit for the nine months was \$23,619,706 compared to a profit of \$9,488,747 for the comparable period in 2020. Consolidated net patient services revenue increased \$36,442,718 or 65.11% over the 3<sup>rd</sup> quarter last year. The increase in revenue is in part a result of stronger activity and inpatient admissions at Bahamas Medical Center and outpatient laboratory services attributable to COVID-19, combined with an improvement in activity at Doctors Hospital (Bahamas) Limited compared to last year.

Doctors Hospital (Bahamas) Limited's profit was \$8,077,135 compared with \$3,979,139, representing an increase of 112.64%, driven by noteworthy increases in inpatient admissions, emergency room activity as well as elective cases at the main hospital during the period. Total inpatient days for the nine months ended October 31, 2020 at Doctors Hospital (Bahamas) Limited were 8,623 compared to 7,474 the year prior, an increase of 1,149 days or 15.37%.

Bahamas Medical Center's profit was \$15,542,571 compared with \$5,509,608 for the comparable period in 2020, driven by the use of the facility as a national center for the care of critically ill COVID-19 positive patients throughout the period. Accordingly, patient days were 3,456 compared to 1,613 in the prior year, an increase of 1,843 days or 114.26%.

Consolidated expenses increased \$23,882,846 or 48.83%, over the comparable period last year. The increase was driven primarily by a rise in personnel cost, medical supplies and medical services as delineated below:

- Higher salaries and benefits: Increased \$9,559,514 or 41.91% over the 3<sup>rd</sup> quarter last year. Management continued its hazard premium short-term benefit to normalize wage levels considering the enhanced risk related to the care of critically ill COVID-19 positive patients. Additional drivers include hero and extraordinary bonuses paid to front line staff, as well as an increase in overtime and double time paid to Associates as a result of higher activity attributable to COVID-19 particularly during peaks in the levels of COVID-19 cases in the country.
- Higher medical supplies: Increased \$7,734,497 or 104.90% compared to the same period in 2020 as a result of an increase in activity in the health system combined with increased pricing of supplies due to limited supply of items in the market.
- Higher medical services: Increased \$2,791,899 or 54.20% in comparison to the 3<sup>rd</sup> quarter last year. As activity increased so did the medical services costs.

On a consolidated basis, return on sales (net income margin) improved to 25.3% for the nine months ended October 31, 2021, an improvement of +149.3% compared to the same period last year of 16.5%, demonstrating improved efficiency. These efficiencies were driven in part by management actions to align its cost structure to the changes in activity at Doctors Hospital (Bahamas) Limited in particular, as well as to cut non-patient care related expenses to preserve cash and the Hospital's profit structure.

The Board and Management team thanks you, our valued shareholders, Physicians, and all Associates for your continued support and loyalty to the Hospital. We look forward to continuing to provide an excellent customer experience to our patients and visitors whose loyalty we also appreciate and value.

Felix Stubbs  
Chairman  
December 15, 2021

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Financial Position

October 31, 2021 with comparative figures at January 31, 2021

(Expressed in thousands of Bahamian dollars)

	October 31, 2021	January 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,044	6,517
Accounts receivable—patients, net (note 2)	5,399	4,629
Accounts receivable—third party payors, net (note 2)	47,353	15,401
Inventories	5,097	4,407
Prepaid expenses & other assets	5,327	4,437
	<b>78,220</b>	<b>35,391</b>
Non-current assets:		
Investments –fixed income	6,211	6,457
Investments	30	30
Goodwill, net	431	431
Other intangible assets	253	234
Property, plant and equipment	26,322	23,583
Right of use assets	2,953	1,701
	<b>36,200</b>	<b>32,436</b>
Total assets	\$ <b>114,420</b>	<b>67,827</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 20,879	9,670
Lease liabilities, current portion	404	322
Long-term debt, current portion	235	227
	<b>21,518</b>	<b>10,219</b>
Long-term liabilities:		
Lease liabilities	1,410	1,522
Long-term debt	3,265	3,443
	<b>4,675</b>	<b>4,965</b>
Total liabilities	<b>26,193</b>	<b>15,184</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2021 – 12,500,000 shares)		
Issued and fully paid 11,971,634 shares (January 31, 2021 – 9,971,634 shares)	479	399
Contributed surplus	25,778	12,358
Retained earnings	61,970	39,886
	<b>88,227</b>	<b>52,643</b>
Total liabilities and shareholders' equity	\$ <b>114,420</b>	<b>67,827</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Comprehensive Income

Three months ended October 31, 2021 with comparative figures for the three months ended October 31, 2020  
(Expressed in thousands of Bahamian dollars)

	October 31, 2021	October 31, 2020
<b>Revenues</b>		
Patient service revenue, net	\$ 37,776	24,830
Other	1,529	1,175
<b>Total revenues</b>	<b>39,305</b>	<b>26,005</b>
<b>Expenses</b>		
Salaries and benefits	12,772	8,518
Medical supplies	5,609	3,602
Medical services	2,924	1,771
Bad debt expense, net of recoveries	651	2,214
Depreciation and amortization	906	801
Other operating	1,708	819
Utilities	487	419
Government taxes and fees	494	468
Outside services	874	430
Insurance	214	210
Repairs and maintenance	448	337
Rent	78	72
Dietary expenses	216	113
Legal expenses	79	122
Interest expense	67	51
<b>Total expenses</b>	<b>27,527</b>	<b>19,947</b>
<b>Net income &amp; total comprehensive income for the period</b>	<b>\$ 11,778</b>	<b>6,058</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.98	0.61

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Comprehensive Income

Nine months ended October 31, 2021 with comparative figures for the nine months ended October 31, 2020  
(Expressed in thousands of Bahamian dollars)

	October 31, 2021	October 31, 2020
<b>Revenues</b>		
Patient service revenue, net	\$ 92,416	55,973
Other	3,998	2,427
<b>Total revenues</b>	<b>96,414</b>	<b>58,400</b>
<b>Expenses</b>		
Salaries and benefits	32,368	22,809
Medical supplies	15,108	7,373
Medical services	7,943	5,151
Bad debt expense, net of recoveries	2,782	3,019
Depreciation and amortization	2,650	2,435
Other operating	3,805	1,986
Utilities	1,319	1,247
Government taxes and fees	1,513	1,392
Outside services	2,089	1,304
Insurance	680	669
Repairs and maintenance	1,476	752
Rent	121	67
Dietary expenses	592	360
Legal expenses	144	145
Interest expense	204	202
<b>Total expenses</b>	<b>72,794</b>	<b>48,911</b>
<b>Net income &amp; total comprehensive income for the period</b>	<b>\$ 23,620</b>	<b>9,489</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 1.97	0.95

(Unaudited)

## DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

### Consolidated Statement of Changes in Equity

Nine months ended October 31, 2021

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total
Balance at January 31, 2021	9,971,634	\$ 399	\$ 12,358	\$ 39,886	\$ 52,643
Shares issued	2,000,000	80	13,420	–	13,500
Net income for the period	–	–	–	23,620	23,620
Dividends paid	–	–	–	(1,536)	(1,536)
Balance at October 31, 2021	11,971,634	\$ 479	\$ 25,778	\$ 61,970	\$ 88,227

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Nine months ended October 31, 2021 with comparative figures for the nine months ended October 31, 2020  
(Expressed in thousands of Bahamian dollars)

	October 31, 2021	October 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 23,620	9,489
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,650	2,435
Provision for doubtful accounts	2,782	3,019
Operating income before working capital changes	29,052	14,943
Increase in accounts receivable	(35,504)	(11,478)
Increase in inventories	(690)	(2,393)
Increase in prepaid expenses and other assets	(890)	(1,556)
Increase in accounts payable and other liabilities	11,209	2,659
Net cash from operating activities	3,177	2,175
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment, net	(6,570)	(2,220)
Purchase of intangible assets, net	(91)	(74)
Redemption/(purchase) of investments, net	247	(1,500)
Disposal of investment in associate	–	240
Net cash used in investing activities	(6,414)	(3,554)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(170)	(161)
Payment of lease liabilities	(30)	(842)
Issuance of shares	13,500	–
Dividends paid to shareholders	(1,536)	–
Net cash from/(used in) financing activities	11,764	(1,003)
Increase/(decrease) in cash and cash equivalents	8,527	(2,382)
Cash and cash equivalents at beginning of period	6,517	7,915
Cash and cash equivalents at end of period	\$ 15,044	5,533

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

(Unaudited)



# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

## Notes to Interim Consolidated Financial Statements

Nine months ended October 31, 2021

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### **1. Significant accounting policies**

These interim financial statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting; using the same accounting policies applied in the January 31, 2021 audited consolidated financial statements.

### **2. Accounts receivable**

Accounts receivable are stated net of provisions for doubtful accounts of \$6.6 million.