

Doctors Hospital Health System Limited

Interim report

Quarter ended April 30, 2023

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 three months ended April 30, 2023.

Consolidated net profit for the three months was \$4,249,992 compared to a profit of \$1,962,01 for the comparable period in the prior fiscal year. Doctors Hospital (Bahamas) Limited's profit was \$2,433,624 compared with \$1,788,860, and Bahamas Medical Center's profit was \$1,816,368 compared with \$173,152 for the comparable period in the prior fiscal year.

Consolidated net patient revenue increased \$6,663,276 or 28.42% over the 1st quarter last year. Total inpatient days also increased (53.32%) compared to the same period last year, with 4,270 patient days for the 1st quarter this year compared to 2,785 in the 1st quarter last year. The impact of the agreement with the Government of The Bahamas to treat patients at Doctors Hospital West increased patient days to 1,455 for the 1st quarter this year compared to 67 patient days in the 1st quarter last year. Net patient service revenue for Doctors Hospital West was \$3,080,593 in the 1st quarter this year compared to \$843,312 in the 1st quarter last year.

Consolidated expenses increased \$4,570,191 or 112.04%, over the comparable period last year, which was driven predominantly by variable costs incurred in delivering increased services during the period, such as outside services, salaries & benefits and bad debt expense. Outside services increased as a result of IT consultants being utilized by the Group during the period associated with an upgrade to the Group's electronic health record system. Salaries & benefits grew as a result of additions to the employee headcount relating to the expansions to our operations in FY 2023. Bad debt expense increased due to an increase in loss rates during the expected credit loss assessment for the accounts receivable portfolio.

The Board joins me in thanking our valued shareholders, for your continued support and loyalty to the Hospital. We extend an invitation for you to join us at our Company's hybrid Annual General Meeting on October 5, 2023 virtually and in person at Doctors Hospital's Conference Center on Dowdeswell Street.

Felix Stubbs
Chairman
September 4, 2023

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2023 with comparative figures at January 31, 2023

(Expressed in thousands of Bahamian dollars)

	April 30, 2023	January 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,184	18,172
Accounts receivable—patients, net (note 2)	13,032	13,653
Accounts receivable—third party payors, net (note 2)	32,267	23,793
Inventories	7,389	5,405
Prepaid expenses & other assets	8,816	6,732
	69,688	67,755
Non-current assets:		
Investments –Fixed Income	6,946	6,878
Investments	30	30
Goodwill, net	431	431
Other intangible assets	259	266
Property, plant and equipment	51,641	43,353
Right of use assets	3,160	3,469
	62,467	54,427
Total assets	\$ 132,155	122,182
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 28,482	22,444
Lease liabilities, current portion	1,060	1,173
Long-term debt, current portion	251	249
	29,793	23,866
Long-term liabilities:		
Lease liabilities	2,321	2,503
Long-term debt	2,933	2,955
	5,254	5,458
Total liabilities	35,047	29,324
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2023 – 12,500,000 shares)		
Issued and fully paid 11,971,634 shares (January 31, 2023 – 11,971,634 shares)	479	479
Contributed surplus	25,778	25,778
Retained earnings	70,851	66,601
	97,108	92,858
Total liabilities and shareholders' equity	\$ 132,155	122,182

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2023 with comparative figures for the three months ended April 30, 2022
(Expressed in thousands of Bahamian dollars)

	April 30, 2023	April 30, 2022
Revenues		
Patient service revenue, net	\$ 30,108	23,445
Other	1,469	1,274
Total revenues	31,577	24,719
Expenses		
Salaries and benefits	11,372	9,744
Medical supplies	1,064	3,322
Medical services	3,179	2,469
Bad debt expense, net of recoveries	2,539	575
Depreciation and amortization	1,120	996
Other operating	1,380	1,605
Utilities	695	430
Government taxes and fees	860	836
Outside services	3,686	1,447
Insurance	515	375
Repairs and maintenance	412	543
Rent	101	47
Dietary expenses	216	147
Legal expenses	103	139
Interest expense	85	82
Total expenses	27,327	22,757
Net income & total comprehensive income for the period	\$ 4,250	1,962
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.36	0.16

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Three months ended April 30, 2023

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total
Balance at January 31, 2023	11,971,634	\$ 479	\$ 25,778	\$ 66,601	\$ 92,858
Net income for the period	–	–	–	4,250	4,250
Dividends paid	–	–	–	–	–
Balance at April 30, 2023	11,971,634	\$ 479	\$ 25,778	\$ 70,851	\$ 97,108

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2023 with comparative figures for the three months ended April 30, 2022
(Expressed in thousands of Bahamian dollars)

	April 30, 2023	April 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 4,250	1,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,120	996
Provision for doubtful accounts	2,539	575
Interest expense	85	82
Operating income before working capital changes	7,994	3,615
Increase in accounts receivable	(9,834)	(225)
(Increase)/decrease in inventories	(1,984)	3,245
Increase in prepaid expenses and other assets	(2,084)	(6,614)
Increase/(decrease) in accounts payable and other liabilities	5,480	673
Net cash used in operating activities	(428)	(1,746)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(9,137)	(3,084)
(Purchase)/maturity of investments	(68)	13,163
Net cash (used in)/provided by investing activities	(9,205)	10,079
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(19)	(58)
Payment of lease liabilities	(295)	(861)
Interest paid	(41)	(55)
Net cash used in financing activities	(355)	(974)
(Decrease)/increase in cash and cash equivalents	(9,988)	7,359
Cash and cash equivalents at beginning of period	18,172	6,760
Cash and cash equivalents at end of period	\$ 8,184	14,119

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

Three months ended April 30, 2023

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, 2023 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$6.2 million.