

No. WPH – SET 008/2021

13 August 2021

Subject : Management Discussion and Analysis for Quarter 2 of 2021 ending on 30 June 2021.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.3/2021 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 11 August 2021, approving the audited consolidated financial statements for Quarter 2 of 2021 ending on 30 June 2021. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 2 of 2021 ending on 30 June, 2021 as follows;

### **Statements of Comprehensive Income**

#### **Revenue from medical treatment**

The Company generated the revenue from medical treatment for the 2nd quarter of Year 2021 and 2020 were in amounts of Baht 165.89 million and Baht 134.59 million, respectively, which increased by Baht 31.30 million. This was caused by an increase in revenue from hospital operation of 23.3% yoy mainly from COVID-19 testing and treatment as a result of the third wave of COVID-19.

By the way, revenue from both Out-patients department and In-patients department were inclined by 39.2%, and 13.2% respectively. The revenue proportion between Thai and international patients were inclined by 22.7% and 72.1 % respectively.

#### **Cost of medical treatments**

The Cost of medical treatments for the 2nd quarter of Year 2021 and 2020 were in amounts of Baht 152.47 millions and Baht 136.08 million, respectively, which increased by 12.0%. The proportion of cost of medical treatments compared to total revenue from medical treatment in the 2nd quarter of Year 2021 equaled to 91.9%, and in the 2nd quarter of Year 2020 equaled to 101.1%. The proportion of cost of medical treatments and cost of goods sold were declined since the Company generated higher revenue from medical treatment and also deliberately implemented cost saving measures such as decreasing staff expenses, minimum doctor fee reduction, and opening or closing hour management of the special clinic to be in line with actual traffic while maintaining the standard of care. In summary, these increasing in cost of medical treatment was in the lower rate comparing to the increasing in the revenue from medical treatments.

**Selling Expenses**

The selling expenses for the 2nd quarter of Year 2021 and 2020 were in amounts of Baht 2.71 million and Baht 2.49 million, increasing by 8.5%, mainly from promotional campaign of the Company. The proportion of selling expenses incurred compared to total revenues for the 2nd quarter of Year 2021 and 2020 were 1.6% and 1.9% , respectively.

**Administrative Expenses**

The selling expenses for the 2nd quarter of Year 2021 and 2020 were in amounts of Baht 27.59 million and 27.15 million, increasing by 1.6%. The proportion of administrative expenses incurred compared to total revenues for the 2nd quarter of Year 2021 equaled to 16.6% and in the 2nd quarter of Year 2020 equaled to 20.2%. Caused by the increasing in the staff expenses, other administrative expenses and also depreciation from the new Building which was fully completed in late 2020.

**Financing Costs**

The financing costs of financial institutions for the 2nd quarter of Year 2021 and 2020 were in amounts of 3.23 million and 2.34 million respectively, increasing by 38.2%. The proportion of financing costs incurred compared to the 2nd quarter of 2021 and 2020 were 1.9% and 1.7% respectively. The main reason was interest expense from construction financing.

**Tax Expense (Revenue)**

For the 2nd quarter of Year 2021 and 2020, tax revenues were in amounts of Baht 0.56 million and Baht (7.78) million respectively, decreasing by 107.2%. This derived from the recording in deferred tax income from its subsidiaries and the reversal of tax expenses on behalf of the Company during the 2nd quarter of Year 2020. Moreover, this derived from the recording in deferred tax income from its subsidiaries in amount of 1.49 million.

**Net Profits**

There was net loss in the 2nd quarter of Year 2021 and 2020 in amount of Baht 18.92 million and 24.69 million respectively, which was decreased by 5.77 million in amounts or equaled to 23.4%. The proportion of net loss incurred compared to the total revenue for the 2nd quarter of Year 2021 and 2020 accounted for 11.3% and 18.2%, respectively. The decreasing in net loss compared to the same period last year were the increasing in the Company and its subsidiaries' performance. Also, the Company was deliberately implemented cost saving measurement.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director