

No. WPH – SET 009/2021

12 November 2021

Subject : Management Discussion and Analysis for Quarter 3 of 2021 ending on 30 September 2021.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.4/2021 of Wattanapat Hospital Trang Public Company Limited (“the Company”) held on 11 November 2021, approving the audited consolidated financial statements for Quarter 3 of 2021 ending on 30 September 2021 . The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 3 of 2021 ending on 30 September, 2021 as follows;

Summary of Consolidated Financial Statements
Unit : Thousand Baht

	3Q64	2Q64	3Q63	QoQ	% QoQ	YoY	% YoY
Revenues from medical treatment	299,896	165,887	176,957	134,009	81%	122,939	69%
Cost of medical treatment	195,029	152,469	148,675	42,560	28%	46,354	31%
Gross Profit	104,867	13,418	28,282	91,449	682%	76,585	271%
Gross Profit Margin	35%	8%	16%		27%		19%
Selling and Administrative expenses	32,931	30,292	33,195	2,639	9%	(264)	-1%
Profit from operating activities	71,936	(16,874)	(4,913)	88,810	526%	76,849	1564%
Other incomes	1,187	1,744	1,044	(557)	-32%	143	14%
Financial costs	3,933	3,229	2,283	704	22%	1,650	72%
Profit (loss) before (income) tax expenses	69,190	(18,359)	(6,152)	87,549	477%	75,342	1225%
(Income) tax expenses	(8,092)	562	(2,600)	(8,654)	-1540%	(5,492)	211%
Net Profit	77,282	(18,921)	(3,552)	96,203	508%	80,834	2276%
Net Profit Margin	26%	-11%	-2%		37%		28%
EBITDA	92,152	18,548	11,678	73,604	-397%	80,474	-689%
% EBITDA	31%	11%	7%		20%		24%

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the 3rd quarter of Year 2021 and 2020 were in amounts of Baht 299.9 million and Baht 176.96 million, respectively, which increased by Baht 122.94 million. This was caused by an increase in revenue from hospital operation of 22.7% YoY mainly from COVID-19 testing and treatment, including specialized medical clinic as well as Wellness Center.

By the way, revenue from both Out-patients department and In-patients department were inclined by 42.9%, and 86.7% respectively. The revenue proportion between Thai and international patients were inclined by 69.5% and 69.5 % respectively.

Cost of medical treatments

The Cost of medical treatments for the 3rd quarter of Year 2021 and 2020 were in amounts of Baht 195.03 millions and Baht 148.68 million, respectively, which increased by 31.2%. The proportion of cost of medical treatments compared to total revenue from medical treatment in the 3rd quarter of Year 2021 equaled to 65.0%, and in the 3rd quarter of Year 2020 equaled to 84.0%. 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, energy saving measure (Solar Roof Top) 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 3rd quarter of Year 2021 and 2020 were in amounts of Baht 3.71 million and Baht 3.1 million, increasing by 19.9%, mainly from promotional campaign of the Company. The proportion of selling expenses incurred compared to total revenues for the 3rd quarter of Year 2021 and 2020 were 1.2% and 1.8%, respectively.

Administrative Expenses

The selling expenses for the 3rd quarter of Year 2021 and 2020 were in amounts of Baht 29.22 million and 30.1 million, decreasing by 2.9%. The proportion of administrative expenses incurred compared to total revenues for the 3rd quarter of Year 2021 equaled to 9.7% and in the 3rd quarter of Year 2020 equaled to 17.0%, which was in the downward trend. Caused by the decreasing in the staff expenses, bad debt expenses other administrative expenses.

Financing Costs

The financing costs of financial institutions for the 3rd quarter of Year 2021 and 2020 were in amounts of 3.93 million and 2.28 million respectively, increasing by 72.3%. The proportion of financing costs incurred compared to the 2nd quarter of 2021 and 2020 were 1.3% and 1.3% respectively. The main reason was interest expense from construction financing.

Tax Revenue

For the 3rd quarter of Year 2021 and 2020, tax revenues were in amounts of Baht 8.09 million and Baht 2.60 million respectively, increasing by 5.5 million. This derived from the recording in deferred tax income from its subsidiaries (WattanaPAT Aonang Hospital Company Limited, Krabi), since the company can be fully applied deferred tax against capital gains. WattanaPAT Aonang Hospital was fully operational in March 2019.

Net Profits (Loss)

There was net loss in the 3rd quarter of Year 2021 and 2020 in amount of Baht 77.28 million and (3.55) million respectively, which was increased by 80.83 million in amounts or equaled to 2,275.7%. The proportion of net profit incurred compared to the total revenue for the 3rd quarter of Year 2021 and 2020 accounted for 25.7% and (2.0)%, respectively. The increasing in net profit 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