

No. WPH – SET 003/2022

25 February 2022

Subject : Management Discussion and Analysis for the fiscal year ended on 31 December 2021.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2022 of WattanaPat Hospital Trang Public Company Limited (“the Company”) held on 24 February 2022, approving the audited consolidated financial statements for the fiscal year ended on 31 December 2021. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the fiscal year ended on 31 December 2021 as follows;

Summary of Consolidated Financial Statements

| <i>Unit : Thousand Baht</i> | 2564 | 2563 | In(De)Crease | % In(De)Crease |
|--|-----------------|----------------|---------------|-----------------|
| Revenues from medical treatment | 1,226.29 | 705.47 | 520.82 | 73.8% |
| Cost of medical treatment | 793.99 | 602.21 | 191.78 | 31.8% |
| Gross Profit | 432.30 | 103.26 | 329.05 | 318.7% |
| Gross Profit Margin | 35.3% | 14.6% | | 20.6% |
| Selling and Administrative expenses | 143.00 | 134.73 | 8.27 | 6.1% |
| Profit from operating activities | 289.31 | (31.47) | 320.78 | -1019.3% |
| Other incomes | 7.08 | 4.95 | 2.13 | 42.9% |
| Financial costs | 13.92 | 9.54 | 4.38 | 45.9% |
| Profit (loss) before (income) tax expense | 282.47 | (36.06) | 318.53 | -883.4% |
| (Income) tax expenses | 40.68 | (2.37) | 43.05 | -1816.3% |
| Net Profit | 241.79 | (33.69) | 275.48 | -817.8% |
| Net Profit Margin | 19.6% | -4.7% | | 24.3% |
| EBITDA | 370.41 | 34.06 | 336.35 | 987.4% |
| % EBITDA | 30.2% | 4.8% | | 25.4% |

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the fiscal year 2021 and 2020 were in amounts of Baht 1,226.29 million and Baht 705.47 million, respectively, which increased by Baht 520.82 million. This was caused by an increase in revenue from hospital operation, for instance, a COVID-19 testing and treatment, opening several of hospital treatment together with an increasing in a number of non COVID-19 patients mainly from specialized medical clinic as well as Wellness Center. Wellness Center really lives up to its expectations. Besides, revenue from hospital

operations especially international patients were slightly increased, since Thai Government adopting a relaxation policy on COVID-19, also, its subsidiaries was located in the vibrant tourist centre in Krabi.

By the way, revenue from both Out-patients department and In-Patients department were inclined by 35% and 97% respectively

Cost of medical treatments

The cost of medical treatments for the fiscal year 2021 and 2020 were in amounts of Baht 793.22 millions and Baht 602.21 million, respectively, which increased by 31.8%. By the way, cost of medical treatments compared to total revenue from medical treatment for the fiscal year 2021 and 2020 equaled to 64.7% and 85.4% respectively. 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 fiscal year 2021 and 2020 were in amounts of Baht 16.55 million and Baht 16.10 million, increasing by 2.8% which mainly caused by operational costs. The proportion of selling expenses incurred compared to total revenues for the fiscal year 2021 and 2020 were 1.3% and 2.3% , which did not likely to fluctuate greatly in amount.

Administrative Expenses

The fiscal year 2021 and 2020 were in amounts of Baht 126.45 million and 118.63 million, increasing by 6.6%. By the way the proportion of administrative expenses incurred compared to total revenues for the fiscal year 2021 and 2020 were 10.3% and 16.8%, respectively. This assumed that the Company could handle more effective at controlling employee's remuneration, traveling expenses, and infrastructure expenses.

Financing Costs

The financing costs from financial institutions for the fiscal year 2021 and 2020 were in amounts of 13.92 million and 9.54 million respectively, increasing by 45.9%. The proportion of financing costs incurred compared to the fiscal year 2021 and 2020 were 1.1% and 1.3% respectively. The main reasons were interest expenses from financial institution which was utilized for the construction financing.

Tax Expense (Revenue)

For the fiscal year 2021, tax expense was in amounts of Baht 40.68 million and tax revenue for the fiscal year 2020 was in amount of 2.37 million, increasing by Baht 43.05 million This derived from the recording in deferred tax income from its subsidiaries and the reversal of tax expenses of the Company.

Net Profit

For the fiscal year 2021 and 2020, the net profit was in amounts of Baht 241.79 million and net loss Baht 33.69 million, respectively or increased for Baht 275.48 million or 817.8%. The proportion of net profit(loss) incurred compared to the total revenue for the fiscal year 2021 and 2020 accounted for 19.6% and (4.7%), respectively.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director