

EKH/CS/2022/040

11 August 2022

Subject: Management Discussion and Analysis for the Second Quarter 2022 results

To Directors and Manager
The Stock Exchange of Thailand

Ekachai Medical Care Public Company Limited (the "Company") would like to clarify on the operating results for the second quarter of 2022 at the end of 30th June 2022 as follows.

Summary

Consolidated Financial Statements

Ekachai Medical Care Public Company Limited and its subsidiaries reported total revenues in 2Q22 of THB 246.91 million, a 0.54 percent decrease from 2Q21 revenues of THB 248.26 million. Profit attributable to equity holders of the company of THB 48.75 million compared to the same period of the previous year, which had profit attributable to equity holders of the company amounting to THB 65.98 million or equivalent to an decrease of 26.11 percent.

For 1H22, the Company's total revenue was THB 524.78 million, a 13.22 percent increase compared to the same period of the previous year, which was THB 463.50 million, with a 23.88 percent increase in profit attributable to the Company's shareholders or THB 123.19 million compared to the same period of the previous year which was THB 99.44 million and net profit margin for 1H22 to 23.47 percent, an increase from 21.45 percent compared to the same period of the previous year.

Separate Financial Statements

Ekachai Medical Care Public Company Limited reported total revenues in 2Q22 of THB 222.53 million, a 6.63 percent decrease from 2Q21 revenues of THB 238.32 million, due to the situation of the COVID-19 outbreak continued to decline. Profit attributable to equity holders of the Company of THB 48.48 million compared to the same period of the previous year, which had profit attributable to equity holders of the Company amounting to THB 68.89 million or equivalent to a decrease of 29.63 percent.

For 1H22, the Company's total revenue was THB 487.02 million, a 9.59 percent increase compared to the same period of the previous year, which was THB 444.40 million, with a 18.62 percent increase in profit attributable to the Company's shareholders THB 123.96 million compared to the same period last year which was THB 104.50 million and net profit margin for 1H22 to 25.45 percent, an increase from 23.51 percent compared to the same period of the previous year.

The details of the explanation and analysis of the financial position and operating results are as follows :

Income Statements

Second Quarterly Operational Performance

The Company reported Revenues from Hospital Operations of THB 241.67 million, a 1.57 percent decrease from THB 245.53 million compared to the same period of the previous year. The factor that contributed to the decline in income was a decrease in the number of patients who received COVID-19 testing services and hospital stays due to COVID-19 infections decreased.

Cost of Hospital Operations (including Depreciation and Amortization) of THB 144.56 million or increase 9.27 percent from THB 132.30 million compared to the same period of the previous year, most of them were the result to the increase in medicines and medical supplies, doctor fee and overtime and lab service to accommodate the increasing number of patients.

Administrative expenses (including Depreciation and amortization) amounted to THB 41.51 million, an increase of 18.50 percent compared to the same period of the previous year which was THB 35.03 million. This is mainly due to an increase in marketing expenses, staff expenses and other expenses.

Profit attributable to equity holders of the company was THB 48.75 million, a decrease of 26.11 percent from the same period of the previous year which profit THB 65.98 million.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	2Q22	2Q21	Change	2Q22	2Q21	Change
Revenues from hospital operations	241.67	245.53	-1.57%	217.47	235.62	-7.70%
Cost of hospital operations	144.56	132.30	9.27%	127.83	123.30	3.67%
Administrative expenses	41.51	35.03	18.50%	34.92	29.20	19.59%
Gross Profit	97.11	113.23	-14.24%	89.64	112.32	-20.19%
Profit to equity holders of the company	48.75	65.98	-26.11%	48.48	68.89	-29.63%

First Half Operational Performance

1H22, the Company and its subsidiaries had hospital operations of THB 517.19 million, a 12.94 percent increase from THB 457.93 million compared to the same period of the previous year. The main factor is the result of the spread of COVID-19 during the first quarter, it resulted in the patients receiving COVID-19 testing services and hospitalization due to COVID-19 infection both inpatients and outpatients increased a lot.

Cost of Hospital Operations (Including depreciation and amortization) THB 291.48 million, an increase of 5.51 percent compared to the same period of last year which was THB 276.27 million, most of them were the result to the increase in medicines and medical supplies, doctor fee and Nursing overtime and lab service to accommodate the increasing number of patients.

Administrative expenses (Including depreciation and amortization) amounted to THB 80.15 million, an increase of 21.77 percent compared to the same period of the previous year which was THB 65.82 million. This is mainly due to an increase in marketing expenses, staff expenses and other expenses.

Profit attributable to equity holders of the Company was THB 123.19 million, an increase of 23.88 percent from the same period of the previous year which was THB 99.44 million.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	1H22	1H21	Change	1H22	1H21	Change
Revenues from hospital operations	517.19	457.93	12.94%	479.71	439.07	9.26%
Cost of hospital operations	291.48	276.27	5.51%	264.55	258.78	2.23%
Administrative expenses	80.15	65.82	21.77%	68.78	55.75	23.37%
Gross Profit	225.71	181.66	24.25%	215.16	180.29	19.34%
Profit to equity holders of the company	123.19	99.44	23.88%	123.96	104.50	18.62%

Statements of financial position

As of 30 June 2022, the Company reported Total Current Assets of THB 440.71 million, a decrease from THB 447.31 million as of 31 December 2021. Most of them were the result of a decrease in trade and other receivables and other current financial assets.

Non-current assets increased to THB 898.31 million, compared to December 31, 2021, which was THB 884.94 million, this was mainly an increase in the construction of the subsidiary.

The company has current liabilities of THB 146.82 million, a decrease from as of December 31, 2021, which is THB 183.57 million, mainly due to a decrease in trade payables and other payables and there were non-current liabilities of THB 43.84 million, a decrease from December 31, 2021, which was THB 45.36 million.

The shareholders' equity increased to THB 1,148.37 million from THB 1,103.32 million as of December 31, 2021 as a result of capital increase to pay stock dividends to shareholders and have unallocated retained earnings. The company had a debt to equity ratio was 0.17 times.

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	30 June 22	31 DEC 21	Change	30 June 22	31 DEC 21	Change
Total assets	1,339.02	1,332.24	0.51%	1,291.36	1,278.95	0.97%
Total liabilities	190.65	228.92	-16.72%	140.47	174.02	-19.28%
Total shareholder's equity	1,148.37	1,103.32	4.08%	1,150.89	1,104.93	4.16%
Debt to equity (times)	0.17	0.21		0.12	0.16	

Please be informed accordingly.

Yours faithfully,
 Ekachai Medical Care PCL.

(Dr. Amnaj Eur-Areemitr)
 Director