

No. WPH – SET 009/2022

11 August 2022

Subject : Management Discussion and Analysis for the Quarter 2 of 2022 ending on 30 June 2022.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.3/2022 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 11 August 2022, approving the audited consolidated financial statements for the fiscal year ended on 30 June 2022. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 2 of 2022 ending on 30 June 2022 as follows;

**Summary of Consolidated Financial Statements**

	2Q22	1Q22	1Q21	Movement		1H22	1H21	Movement
				% QoQ	% YoY			
<i>Unit : Million Baht</i>								
<b>Total revenues</b>	257.3	328.7	167.6	-21.7%	53.5%	585.9	334.5	75.2%
<b>Revenues from medical treatment</b>	255.7	326.5	165.9	-21.7%	54.1%	582.2	331.5	75.6%
Cost of medical treatment	191.7	217.1	152.5	-11.7%	25.7%	408.8	299.7	36.4%
<b>Gross Profit</b>	64.0	109.3	13.4	-41.5%	377.0%	173.3	31.7	446.1%
<b>Gross Profit Margin</b>	25.0%	33.5%	8.1%	-8.5%	16.9%	29.8%	9.6%	20.2%
Selling and Administrative expenses	37.8	38.5	30.3	-2.0%	24.7%	76.3	61.7	23.6%
<b>Profit from operating activities</b>	26.2	70.8	(16.9)	-62.9%	255.5%	97.0	(30.0)	423.7%
Other incomes	1.6	2.2	1.7	-27.9%	-8.8%	3.8	3.1	24.0%
Financial costs	3.5	3.4	3.2	3.6%	7.8%	6.8	6.2	10.0%
<b>Profit (loss) before (income) tax expense</b>	24.3	69.6	(18.4)	-65.0%	232.6%	94.0	(33.1)	383.6%
(Income) tax expenses	3.9	13.0	0.6	-69.8%	599.3%	16.9	0.5	3540.9%
<b>Net Profit</b>	20.4	56.6	(18.9)	-64.0%	207.9%	77.1	(33.6)	329.3%
<b>Net Profit Margin</b>	7.9%	17.2%	-11.3%	-9.3%	19.2%	13.2%	-10.0%	23.2%
<b>EBITDA</b>	47.3	91.8	3.2	-48.5%	1397.5%	139.1	8.4	1563.9%
<b>% EBITDA</b>	18.5%	28.1%	1.9%	-9.6%	16.6%	23.9%	2.5%	21.4%

**Statements of Comprehensive Income**
**Revenue from medical treatment**

The Company generated the revenue from medical treatment for the 2nd quarter of Year 2022 and 2021 were in amounts of Baht 255.7 million and Baht 165.9 million, respectively, which increased by Baht 89.8 million or 54.1%. This was caused by an increase in revenue from hospital operation, for instance, a COVID-19 testing and treatment. By the way, the revenue from COVID-19 was in downward trend since the first quarter of 2022 and it had significantly

improved in the second quarter of 2022. The main reason was the change in government policy on COVID-19 by removing COVID-19 from the list of conditions covered by the Universal Coverage for Emergency Patients (UCEP) scheme. Besides, revenue from hospital operations was slightly increased by 15.9 especially revenue generating from Wellness Center which really lives up to its expectations and non COVID-19.

By the way, revenue from both Out-patients department and In-Patients department were inclined by 43.7% and 62.2% respectively. The revenue from medical treatment for the 2nd quarter of Year 2022 revealed that the number of patient both Thai and foreigners were inclined by 49.3% and 350.3% respectively. This indicates that the foreigner slightly increase continuously. By the way, during the second quarter in every year is not the high season, as a result, the number of foreign patients was decreased by 56% comparing to the first quarter of 2022. In addition, high seasonal in the southern part of Thailand normally in the first and fourth quarter of the year.

### **Cost of medical treatments**

The cost of medical treatments for the 2nd quarter of Year 2022 and 2021 were in amounts of Baht 191.7 millions and Baht 152.5 million, respectively, which increased by 25.7%. By the way, cost of medical treatments compared to total revenue from medical treatment for the 2nd quarter of Year 2022 and 2021 equaled to 75.0% and 91.9% 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 measurement (Solar Roof Top) and opening or closing hour management of the special clinic to be in the line with actual traffic while maintaining 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 2022 and 2021 were in amounts of Baht 3.7 million and Baht 2.7 million, increasing by 37.2% which mainly caused by the promotional costs. The proportion of selling expenses incurred compared to total revenues for the 2nd quarter of Year 2022 and 2021 were 1.5% and 1.6%, which did not likely to fluctuate greatly in amount.

### **Administrative Expenses**

The administrative expenses for the 2nd quarter of Year 2022 and 2021 were in amounts of Baht 34.0 million and 27.6 million, increasing by 23.4%. By the way the proportion of administrative expenses incurred compared to total revenues for the 2nd quarter of Year 2022 and 2021 were 13.3% and 16.6%, 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 2nd quarter of Year 2022 and 2021 were in amounts of 3.5 million and 3.2 million respectively, increasing by 7.8%. The proportion of financing costs incurred compared to the 2nd quarter of Year 2022 and 2021 were 1.4% and 1.9% respectively. The main reasons were interest expenses from financial institution which was utilized for the construction financing.

**Tax Expense (Revenue)**

For the 2nd quarter of Year 2022 and 2021, tax expense was in amounts of Baht 3.9 million and 0.6 million respectively, increasing by Baht 3.3 million, due mainly to increase in pre-tax profit.

**Net Profit**

For the 2nd quarter of Year 2022 and 2021, the net profit was in amounts of Baht 20.4 million and net loss Baht 18.9 million, respectively or increased for Baht 39.3 million or 207.9%. The proportion of net profit(loss) incurred compared to the total revenue for the 2nd quarter of Year 2022 and 2021 were 7.9% and (11.3%), respectively.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director