

No. WPH – SET 011/2022

14 November 2022

Subject : Management Discussion and Analysis for the Quarter 3 of 2022 ending on 30 September 2022.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.4/2022 of WattanaPat Hospital Trang Public Company Limited (“the Company”) held on 11 November 2022, approving the audited consolidated financial statements for the 3Q2022, ended on 30 September 2022. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for Quarter 3 of 2022 ending on 30 September 2022 as follows;

Summary of Consolidated Financial Statements

<i>Unit : Million Baht</i>	3Q22	2Q22	3Q21	Movement		9M22	9M21	Movement
				% QoQ	% YoY			
Total revenues	308.7	257.3	301.1	20.0%	2.5%	894.6	635.6	40.7%
Revenues from medical treatment	307.0	255.7	299.9	20.1%	2.4%	889.1	631.4	40.8%
Cost of medical treatment	203.8	191.7	195.0	6.3%	4.5%	612.6	494.8	23.8%
Gross Profit	103.2	64.0	104.9	61.2%	-1.6%	276.5	136.6	102.4%
Gross Profit Margin	33.6%	25.0%	35.0%	8.6%	-1.4%	31.1%	21.6%	9.5%
Selling and Administrative expenses	40.3	37.8	32.9	6.7%	22.3%	116.6	94.6	23.2%
Profit from operating activities	62.9	26.2	71.9	139.7%	-12.6%	159.9	42.0	281.1%
Other incomes	1.7	1.6	1.2	5.6%	41.5%	5.5	4.2	28.9%
Financial costs	4.2	3.5	3.9	19.2%	5.5%	11.0	10.2	8.2%
Profit (loss) before (income) tax expense	60.4	24.3	69.2	148.2%	-12.7%	154.4	36.1	-328.3%
(Income) tax expenses	11.9	3.9	(8.1)	202.8%	247.1%	28.8	(7.6)	478.0%
Net Profit	48.5	20.4	77.3	137.7%	-37.2%	125.6	43.7	187.5%
Net Profit Margin	15.7%	7.9%	25.7%	7.8%	-9.9%	14.0%	6.9%	7.2%
EBITDA	84.8	47.3	92.0	79.3%	-7.8%	224.0	100.4	123.2%
% EBITDA	27.6%	18.5%	30.7%	9.1%	-3.0%	25.2%	15.9%	9.3%

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the 3rd quarter of Year 2022 and 2021 were in amounts of Baht 307.0 million and Baht 299.9 million, respectively, which increased by Baht 7.1 million or 2.4%. In 3rd quarter of year 2022, the situation of epidemic of COVID-19 was continued to improve. In July 2022, the Ministry of Public Health announced the situation of the epidemic of COVID-19 labelled an endemic disease in Thailand. As a

result, the revenue from medical treatment of all hospitals in this quarter was lower than the same period last quarter. While the revenue from medical treatments from various services related to COVID-19 has decreased due to the severity of the disease, the normal patient's trend began to recover. The rainy season caused seasonal symptom of gastrointestinal tract disease, respiratory disease such as Respiratory Syncytial Virus (RSV), Hand Foot and Mouth Disease, and Influenza. Also, the number of cases in Accident-Emergency Center and Dengue fever was increased.

By the way, revenue from Out-patients department was declined by 2.3% and In-Patients department was inclined by 4.7% respectively. The revenue generated from Thai patients was slightly increased, since the 3rd quarter of 2021, COVID-19 played an important role. On the contrary, the revenue generated from foreigners was increased by 262.5%. This meant that foreign tourists started to visit Thailand consistently. However, during the third quarter in every year is not the high season (Low Season), as a result, the number of foreign patients was grown slowly. By the way, high seasonal in the southern part of Thailand normally in the first and fourth quarter of the year.

The number of COVID-19 for 3rd quarter of Year 2022 and 2021 were 36.7% and 15.2% respectively. By the way, revenue generated from COVID-19 was decreased by 57.5%, the patient with general symptoms were increased by 37.1%.

Cost of medical treatments

The cost of medical treatments for the 3rd quarter of Year 2022 and 2021 were in amounts of Baht 203.8 millions and Baht 195.0 million, respectively, which increased by 4.5%. By the way, cost of medical treatments compared to total revenue from medical treatment for the 3rd quarter of Year 2022 and 2021 equaled to 66.4% and 65.0% respectively. This variance was mostly due to the increasing in doctor's fee, salary and overtime pay from nursing department. The cost of medical treatment from normal cases was higher rate than Covid-19 cases.

Selling Expenses

The selling expenses for the 3rd quarter of Year 2022 and 2021 were in the same amount at Baht 3.7 million which mainly caused by the promotional costs. The proportion of selling expenses incurred compared to total revenues for the 3rd quarter of Year 2022 and 2021 were 1.2%, which did not likely to fluctuate greatly in amount.

Administrative Expenses

The administrative expenses for the 3rd quarter of Year 2022 and 2021 were in amounts of Baht 36.5 million and 29.2 million, increasing by 25.1%. By the way, the proportion of administrative expenses incurred compared to total revenues for the 3rd quarter of Year 2022 and 2021 were 11.9% and 9.7%, respectively. The incremental of administrative expenses derived mainly from cost incurred from the pre-operational and planning activities of new hospital (WattanaPAT Samui Hospital) such as salary, travelling cost, infrastructure cost, and landscape improvements.

Financing Costs

The financing costs from financial institutions for the 3rd quarter of Year 2022 and 2021 were in amounts of 4.2 million and 3.9 million respectively, increasing by 5.5%. The proportion of financing costs incurred compared to the

3rd quarter of Year 2022 and 2021 was in the same proportion at 1.3%. 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 11.9 million and deferred tax was in amounts of Baht 8.1 million respectively, increasing by Baht 20.0 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 48.5 million and Baht 77.3 million, respectively or decreased for Baht 28.8 million or 37.2%. The proportion of net profit incurred compared to the total revenue for the 3rd quarter of Year 2022 and 2021 were 15.7% and 25.7% respectively. Net profit proportion in the 3rd quarter of 2022 was decreased since the increasing in tax expenses, depreciation, cost of medical treatments, and landscape improvements.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director