

February 24, 2023

Subject: Management's Discussion and Analysis of the consolidated financial statements for the fourth quarter ("4Q22") and year ended 31 December 2022 ("2022")

To: Directors and Managers
The Stock Exchange of Thailand

Y2022 Summary

The overall operating result for this year was in line with the COVID-19 outbreak since the beginning of year, where the government still provided the free medical treatment support to the COVID-19 patients. Then, the COVID-19 situation began to unravel and improved. As a result, the government announced the COVID-19 endemic and cancelled the medical treatment support by the beginning of 3Q22, leading to a significant decrease in this revenue compared to that of 2021.

Meanwhile, with overall situation returning to normal, general patients (both Thai and International patients) returned to receive the medical treatments and services. As a result, the revenue from general patients increased and expect to grow continuously.

Management's discussion and analysis of financial statement for 4Q22 ended 31 December 2022

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 4Q22 as follows:

| Statement of comprehensive income Unit : Million Baht | 4Q22 | 4Q21 | Increase (Decrease) | Change (%) |
|--|-----------------|-----------------|------------------------|---------------|
| Revenues from hospital operations | 1,720.91 | 3,866.00 | (2,145) | (55%) |
| Other revenues | 95.30 | 68.00 | 27 | 40% |
| Total revenues | 1,816.21 | 3,934.00 | (2,118) | (54%) |
| Cost of hospital operations | 1,228.69 | 1,523.00 | (294) | (19%) |
| Administrative expenses | 254.48 | 117.00 | 137 | 118% |
| Net profit of the Company | 216.95 | 1,813.00 | (1,596) | (88%) |
| <i>Earnings per share (Baht/share)</i> | <i>0.0197</i> | <i>0.1648</i> | | |
| <i>Gross Profit Margin (%)</i> | <i>28.60%</i> | <i>60.61%</i> | | |
| <i>Net Profit Margin (%)</i> | <i>13%</i> | <i>46%</i> | | |

The Company's net profit was Baht 216.95 million for 4Q22, decreasing by Baht 1,596 million, or 88% compared to 4Q21. Overview of operating results was discussed as below.

Revenues from Hospital Operations

In 4Q22, the Company has revenues from hospital operations of Baht 1,720.91 million, decreasing by Baht 2,145 million, or 55% YoY.

Revenue from General Patients in 4Q22 decreased by 15% YoY. The revenue from outpatients (OPD) decreased by Baht 316.40 million and inpatients (IPD) increased by Baht 127.41 million mainly driven by the return to full service of the hospital operation, the return of both Thais and International Patients as well as the return to full service of various Excellence Centers such as Heart Center and Gastric Sleeve Center and these continue to grow, whereas the COVID-19 related revenues significantly dropped.

Revenue from Social Security Scheme in 4Q22 decreased by 7% YoY driven by the increased number of the registered member and the return of inpatients with High Cost Care (Adj.RW_≥2).

Revenue from other Governmental Scheme in 4Q22 decreased by 100% YoY mainly from the cancellation of government policy on the medical support for COVID-19 patient care.

Other revenue in 4Q22 increased by Baht 27 million from management services providing to government hospitals.

| Unit: Million Baht | 4Q22 | 4Q21 | Increase (Decrease) | Change (%) |
|---|-----------------|-----------------|------------------------|---------------|
| Revenue from general patients | 1,088.30 | 1,277.29 | (188.99) | (15%) |
| Revenue from outpatients (OPD) | 518.66 | 835.06 | (316.40) | (38%) |
| Revenue from inpatients (IPD) | 569.64 | 442.23 | 127.41 | 29% |
| Revenue from government welfare programs | 632.62 | 2,588.58 | (1,955.96) | (76%) |
| Social security schemes | 625.98 | 672.51 | (46.53) | (7%) |
| Other governmental schemes | 6.64 | 1,916.07 | (1,909.43) | (100%) |
| Total revenue from hospital operations | 1,720.92 | 3,865.87 | (2,144.95) | (55%) |

Operation costs

In 4Q22, the Company's gross profit margin decreased from 60.61% to 28.60%, resulting in net profit margin decreased from 46% to 13% YoY from a significant decrease in COVID-19 related revenue, leading to normal gross profit margin and net profit margin level. Still, the Company has continued to have an effective cost management and cost control measures.

The Company's net profit in 4Q22 was Baht 216.95 million, decreasing by Baht 1,596 million, or 88% YoY, in accordance with the decreasing operating results and aforementioned reasons.

Management's discussion and analysis of financial statement for year ended 31 December 2023

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for year ended 2022 as follows:

| Statement of comprehensive income | 2022 | 2021 | Increase (Decrease) | Change (%) |
|--|---------------|---------------|------------------------|----------------|
| Unit : Million Baht | | | | |
| Revenues from hospital operations | 10,103 | 11,742 | (1,639) | (14.0%) |
| Other revenues | 305 | 257 | 48 | 18.5% |
| Total revenues | 10,408 | 11,999 | (1,591) | (13.3%) |
| Cost of hospital operations | 5,908 | 5,882 | 26 | 0.4% |
| Administrative expenses | 935 | 821 | 114 | 13.9% |
| Net profit of the Company | 2,778 | 4,204 | (1,426) | (33.9%) |
| <i>Earnings per share (Baht/share)</i> | <i>0.2526</i> | <i>0.3822</i> | | |
| <i>Gross Profit Margin (%)</i> | <i>41.52%</i> | <i>49.91%</i> | | |
| <i>Net Profit Margin (%)</i> | <i>27%</i> | <i>35%</i> | | |

The Company's net profit for 2022 was Baht 2,778 million, decreasing by Baht 1,426 million, or 33.9% compared to 2021. Overview of operating results was discussed as below.

Revenues from Hospital Operations

In 2022, the Company has revenues from hospital operations of Baht 10,103 million, decreasing by Baht 1,639 million, or 14% YoY.

Revenue from General Patients in 2022 increased by 22% YoY. The revenue from outpatients (OPD) increased by Baht 311.11 million and inpatients (IPD) increased by Baht 626.65 million mainly driven by the return to full service of the hospital operation, the return of both Thais and International

Patients as well as the return to full service of various Excellence Centers such as Heart Center and Gastric Sleeve Center and these continue to grow, whereas the COVID-19 related revenues significantly dropped.

Revenue from Social Security scheme in 2022 increased by 11% YoY driven by the increased number of the registered member and the return of inpatients with High Cost Care (Adj.RW_≥2).

Revenue from other Governmental Scheme in 2022 decreased by 50% YoY mainly due to the decreased revenue from the COVID-19 related services and the changes in government policy (Amendment and Cancellation on the medical treatment support for COVID-19 patient care.)

Other revenue in 2022 increased by Baht 48 million from management services providing to government hospitals.

| Unit: Million Baht | 2022 | 2021 | Increase (Decrease) | Change (%) |
|---|------------------|------------------|------------------------|---------------|
| Revenue from general patients | 5,160.13 | 4,222.37 | 937.76 | 22% |
| Revenue from outpatients (OPD) | 2,769.35 | 2,458.24 | 311.11 | 13% |
| Revenue from inpatients (IPD) | 2,390.78 | 1,764.13 | 626.65 | 36% |
| Revenue from government welfare programs | 4,942.98 | 7,519.79 | (2,576.81) | (34%) |
| Social security schemes | 2,148.62 | 1,928.10 | 220.52 | 11% |
| Other governmental schemes | 2,794.36 | 5,591.69 | (2,797.33) | (50%) |
| Total revenue from hospital operations | 10,103.11 | 11,742.16 | (1,639.05) | (14%) |

Operation costs

In 2022, the Company's gross profit margin decreased from 49.91% to 41.52%, resulting in net profit margin decreased from 35% to 27% YoY. Expenses in hospital operations (doctor fee, medicines, medical supplies, etc.) increased in line with an increased revenue. However, the reason for the decrease in gross profit margin and net profit margin is due to the decreased revenue for COVID-19 patient care and the return of normalcy. However, The Company has continued to have an effective cost management and cost control measures.

The Company's net profit for 2022 was Baht 2,778 million, decreasing by Baht 1,426 million, or 33.9% YoY, in accordance with the increasing operating results and aforementioned reasons.

| Statement of financial position | 31 December | 31 December | Increase | Change |
|---------------------------------|-------------|-------------|------------|----------|
| Unit : Million Baht | 2022 | 2021 | (Decrease) | (%) |
| Total assets | 10,280 | 10,550 | (270) | (2.56%) |
| Total liabilities | 2,416 | 2,709 | (293) | (10.81%) |
| Shareholders' equity | 7,864 | 7,841 | 23 | 0.29% |
| Debt to equity ratio (x) | 0.31 | 0.35 | | |

As of December 31, 2022, the Company has **total assets** of Baht 10,280 million, decreased by Baht 270 million from December 31, 2021, primarily due to

- Cash and cash equivalent decreased by Baht 790 million from the Company's operation, as reported in the cash flow statement.
- Trade and other receivables increased by Baht 140 million; accrued medical treatment income increased by Baht 188 million from the increased revenue and the payment schedule.
- Other current assets decreased by Baht 350 million from the receipt of alternative vaccine and the recognized revenue for the expired portion in accordance with the terms of service.
- Property, plant and equipment increased by Baht 388 million from the hospital expansion projects.

Total liabilities amounting to Baht 2,416 million as of December 31, 2022, decreasing by Baht 293 million from December 31, 2021, as described below.

- Short-term loans from financial institutions increased by Baht 366 million for liquidity purpose.
- Trade and other payables increased by Baht 8 million.
- Income Tax Payable decreased by Baht 586 million from the corporate tax payment of Y2021 and half year tax payment.
- Long-term loans from financial institutions decreased by Baht 12 million from loan repayment and additional loan.

Total shareholders' equity amounting to Baht 7,864 million as of December 31, 2022, increasing by Baht 23 million from December 31, 2021 is in line with the net profit and dividend policy of the Company.

Debt to equity ratio (DE Ratio) is 0.31, which reflects the ability to loan from financial institution for business expansion and in line with the Company's strategy.

| Cash flow statement | | | |
|---|--------------|--------------|----------------|
| Unit : Million Baht | 2022 | 2021 | Change |
| Net cash from operating activities | 2,629 | 4,005 | (1,376) |
| Net cash used in investing activities | (958) | (447) | (511) |
| Net cash used in financing activities | (2,460) | (1,316) | (1,144) |
| Net increase in cash and cash equivalents | (789) | 2,242 | (3,031) |
| Cash and cash equivalents at beginning of period | 2,790 | 548 | 2,242 |
| Cash and cash equivalents at end of period | 2,001 | 2,790 | (789) |

In 2022, the Company's Net cash from operating activities amounting to Baht 2,629 million, decreased by Baht 1,376 million YoY, mainly due to the operating profit from the Company's operation. Net cash used in investing activities increased by Baht 511 million from the construction expenses according to the expansion plan. Net cash used in financing activities amounting to Baht 2,460 million YoY, from the dividend payment.

Please be informed accordingly.

Yours faithfully,
 (Mr.Kumpol Plussind)
 Chief Executive Officer