

No. WPH – SET 002/2023

27 February 2023

Subject : Management Discussion and Analysis for the fiscal year ended on 31 December 2022.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2023 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 24 February 2023, approving the audited consolidated financial statements for the fiscal year ended on 31 December 2022. The Company would like to report factors that affect the financial performance of the Company and its subsidiary the fiscal year ended on 31 December 2022 as follows;

**Summary of Consolidated Financial Statements**

	4Q22	3Q22	4Q21	Movement		2022	2021	Movement
				% QoQ	% YoY			
<i>Unit : Million Baht</i>								
<b>Total revenues</b>	<b>258.5</b>	<b>308.7</b>	<b>597.8</b>	<b>(16.3%)</b>	<b>(56.8%)</b>	<b>1,153.1</b>	<b>1,233.4</b>	<b>(6.5%)</b>
<b>Revenues from medical treatment</b>	<b>256.4</b>	<b>307.0</b>	<b>594.9</b>	<b>(16.5%)</b>	<b>(56.9%)</b>	<b>1,145.5</b>	<b>1,226.3</b>	<b>(6.6%)</b>
Cost of medical treatment	208.6	203.8	299.2	2.4%	(30.3%)	<b>821.3</b>	<b>794.0</b>	3.4%
<b>Gross Profit</b>	<b>47.7</b>	<b>103.2</b>	<b>295.7</b>	<b>(53.7%)</b>	<b>(83.9%)</b>	<b>324.2</b>	<b>432.3</b>	<b>(25.0%)</b>
<b>Gross Profit Margin</b>	<b>18.6%</b>	<b>33.6%</b>	<b>49.7%</b>	<b>(15.0%)</b>	<b>(31.1%)</b>	<b>28.3%</b>	<b>35.3%</b>	<b>(6.9%)</b>
Selling and Administrative expenses	57.1	40.3	48.3	41.7%	18.1%	173.7	143.0	21.5%
<b>Profit (loss) from operating activities</b>	<b>(9.4)</b>	<b>62.9</b>	<b>247.3</b>	<b>(114.9%)</b>	<b>(103.8%)</b>	<b>150.6</b>	<b>289.3</b>	<b>(48.0%)</b>
Other incomes	2.1	1.7	2.8	25.5%	(25.6%)	7.6	7.1	7.1%
Financial costs	4.0	4.2	3.8	(2.5%)	7.4%	15.0	13.9	8.0%
<b>Profit (loss) before (income) tax expense</b>	<b>(11.3)</b>	<b>60.4</b>	<b>246.4</b>	<b>(118.7%)</b>	<b>(104.6%)</b>	<b>143.1</b>	<b>282.5</b>	<b>49.3%</b>
tax expenses	(1.0)	11.9	48.3	(108.5%)	102.1%	27.8	40.7	31.6%
<b>Net Profit (loss)</b>	<b>(10.3)</b>	<b>48.5</b>	<b>198.1</b>	<b>(121.2%)</b>	<b>(105.2%)</b>	<b>115.3</b>	<b>241.8</b>	<b>(52.3%)</b>
<b>Net Profit (los) Margin</b>	<b>(4.0%)</b>	<b>15.7%</b>	<b>33.1%</b>	<b>(19.7%)</b>	<b>(37.1%)</b>	<b>10.0%</b>	<b>19.6%</b>	<b>(9.6%)</b>
<b>EBITDA</b>	<b>14.2</b>	<b>85.0</b>	<b>269.5</b>	<b>(83.3%)</b>	<b>(94.7%)</b>	<b>238.7</b>	<b>370.4</b>	<b>(35.6%)</b>
<b>% EBITDA</b>	<b>5.5%</b>	<b>27.7%</b>	<b>45.3%</b>	<b>(22.1%)</b>	<b>(39.7%)</b>	<b>20.8%</b>	<b>30.2%</b>	<b>(9.4%)</b>

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

The Company generated the revenue from medical treatment for the fiscal year 2022 and 2021 were in amounts of Baht 1,145.5 million and Baht 1,226.3 million, respectively, which decreased by Baht 80.8 million or 6.5%. The fiscal 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. Furthermore, the end of the COVID-19 pandemic causing the change in government's policy retrospectively in reimbursing to the hospital for treating COVID-19 patients. As a consequence, the Company reacted in accordance with the policy by adjusting revenue from COVID-19. The absence of these revenue related COVID-19 due to the decreasing in government reimbursement. However, the proportion of non COVID-19 continued to grow both from Thai and foreigners. Most of seasonal infections such as the symptom of gastrointestinal tract disease, respiratory disease such as Respiratory Syncytial Virus (RSV), Hand Foot and Mouth Disease, Influenza as well as the number of cases in Accident-Emergency Center and Dengue fever was increased.

By the way, revenue from Out-patients department was inclined by 15.2% and In-Patients department was declined by 15.5% respectively. The reduction in revenue stemmed from COVID-19 while revenue from normal disease tended to grow accordingly.

The revenue generated from Thai patient was decreased by 13.7% while the revenue from foreigner was increased by 667.3%. This shown that the proportion of international patient increased by 1.1% in the fiscal year 2021 and increased by 8.6% in the fiscal year 2022. This proportion was in consistent with the foreign tourists arrivals Thailand throughout the year.

Furthermore, revenue generated from COVID-19 was decreased by 52.4%, the patient with general symptoms were increased by 25.0%. Comparing revenue generated from COVID-19 and general symptoms equalled to 20.8% and 79.2 respectively.

#### **Cost of medical treatments**

The cost of medical treatments for the fiscal year 2022 and 2021 were in amounts of Baht 821.4 millions and Baht 794.0 million, respectively, which increased by 3.4%. By the way, cost of medical treatments compared to total revenue from medical treatment for the fiscal year 2022 and 2021 equalled to 71.7% and 67.3% 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 fiscal year 2022 and 2021 were in amounts of Baht 18.7 million and 16.5 million which mainly caused by the promotional costs. The proportion of selling expenses incurred compared to total revenues for the fiscal year 2022 and 2021 were 1.6% and 1.3%, respectively.

#### **Administrative Expenses**

The administrative expenses for the fiscal year 2022 and 2021 were in amounts of Baht 154.8 million and 126.4 million, increasing by 22.5%. By the way, the proportion of administrative expenses incurred compared to total revenues for the fiscal year 2022 and 2021 were 13.5% and 12.1%, 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 fiscal year 2022 and 2021 were in amounts of 15.0 million and 13.9 million respectively, increasing by 8.0%. The proportion of financing costs incurred compared to the fiscal year 2022 and 2021 were 1.3% and 0.4% respectively. The main reasons were interest expenses from financial institution utilizing for the construction financing.

**Tax Expense (Revenue)**

For the 2nd quarter of Year 2022 and 2021, tax expense was in amounts of Baht 27.8 million and 40.7 million respectively, decreasing by Baht 12.9 million.

**Net Profit**

For the fiscal year 2022 and 2021, the net profit were in amounts of Baht 115.3 million and Baht 241.8 million, respectively or decreased for Baht 126.5 million or 52.3%. The proportion of net profit incurred compared to the total revenue for the fiscal year 2022 and 2021 were 10.1% and 16.6% respectively. Net profit proportion in the fiscal year 2022 was decreased since the increasing in depreciation, cost of medical treatments, and landscape improvements.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director