

EKH/CS/2023/009

February 27, 2023

Subject Management Discussion and Analysis for Q4/2022 and Year 2022

To Directors and Manager
The Stock Exchange of Thailand

Ekachai Medical Care Public Company Limited and its subsidiaries (the “Company”) would like to clarify on the operating results for Q4/2022 and the year ended 31st December 2022 as follows.

Summary

The Company had a total revenues of THB 669.97 million in Q4/2022 or 106.28 percent increase from THB 324.78 million in Q4/2021 due to an increase in other income or gain arising on Fair Value Through Profit or Loss (FVTPL) equity instruments, which the company invested in The Klinique Medical Clinic PCL (“KLINIQ”), resulting in a net profit in Q4/2022 in the amount of THB 352.09 million, increase 293.09 percent increase from THB 89.57 million in Q4/2021.

For the year 2022, the company had a total revenues of THB 1,491.34 million, an increase of 24.17 percent from THB 1,201.03 million in year 2021, due to an increase from other income, which is a gain arising on Fair Value Through Profit or Loss (FVTPL) equity instruments, which the company invested in KLINIQ and dividend income as a result, the company had a net profit in year 2022 of THB 551.32 million, an increase of 59.88 percent from THB 344.83 million in year 2021.

For the Year 2022, the emergence of COVID-19 has slowly gotten better. The government announced the cancellation of Hospital's operation, and the Minister of Health has announced that Covid-19 to become Endemic. As a result, the company is revenue from covid-19 case declined. The performance can be summarized as follows:

Operating Results

(Unit : Million Baht)	Q4/21	Q4/22	Change +/(-)	2021	2022	Change +/(-)
Revenues from Hospital Operations	277.51	250.81	-9.62%	1,146.36	1048.51	-8.54%
Cost of Hospital Operations	157.36	161.76	2.80%	602.79	609.00	1.03%
Gross Profit	120.15	89.05	-25.88%	543.57	439.51	-19.14%
Other income	47.27	419.16	786.74%	54.68	442.83	709.86%
Administrative Expenses	57.00	69.37	21.70%	173.05	197.33	14.03%
Finance Cost ¹	-0.75	-0.54	28.00%	-1.81	-1.62	10.50%
Profit (Loss) before Income Tax Expenses	110.07	439.32	299.13%	424.76	685.75	61.44%
Tax Expenses	-21.66	-87.33	-303.19%	-84.25	-134.86	-60.07%
Net Profit (Loss) for the Company	89.57	352.09	293.09%	344.83	551.32	59.88%

Analysis of Statement of Income

(Unit : Million Baht)	Q4/21	Q4/22	Change +/(-)	2021	2022	Change +/(-)
Revenues from Hospital Operations	277.51	250.81	-9.62%	1,146.36	1048.51	-8.54%
Cost of Hospital Operations	157.36	161.76	2.80%	602.79	609.00	1.03%
Gross Profit	120.15	89.05	-25.88%	543.57	439.51	-19.14%
Net Profit (Loss) for the Company	89.57	352.09	293.09%	344.83	551.32	59.88%
Gross Profit Margin (%)	43.30%	35.50%	-17.99%	47.42%	41.92%	-11.60%
Net Profit (Loss) Margin ¹ (%)	27.58%	52.55%	90.56%	28.71%	36.97%	28.76%

Revenue

- In Q4/2022, revenue from hospital operations was THB 250.81 million, a decrease from the Q4/2021, which amounted to THB 277.51 million, or a decrease of 9.62 percent. and in year 2022, revenue from hospital operations amounted to THB 1,048.51 million, a decrease from the year 2021, which amount to THB 1,146.36 million or a decrease of 8.54 percent mainly due to the situation of COVID-19 that resolved in a better as a result, the proportion of receiving medical treatment decreased. By dividing income according to patient type into 2 types as follows :

(Unit : Million Baht)	Q4/21	Q4/22	Change +/(-)	2021	2022	Change +/(-)
Revenue from Inpatient (IPD)	126.82	129.30	1.96%	593.34	540.22	-8.95%
Revenue from Outpatient (OPD)	150.69	121.51	-19.36%	553.02	508.29	-8.09%
Revenues from Hospital Operations	277.51	250.81	-9.62%	1146.36	1048.51	-8.54%
Other Income	47.27	419.16	786.74%	54.68	442.83	709.86%
Total Revenue	324.78	669.97	106.28%	1201.03	1491.34	24.17%

- Revenue from Inpatient (IPD) in the Q4/2022 was THB 129.30 million, an increase from the Q4/2021, which was THB 126.82 million, or an increase of 1.96 percent and in year 2022, it was THB 540.22 million, a decrease from the year 2021, which amount to THB 593.34 million, or a decrease of 8.95 percent due to the decrease in COVID patients who are hospitalized.
- Revenue from Outpatient (OPD) in the Q4/2022 amount to THB 121.51 million, decreased from the Q4/2021, which amount to THB 150.69 million or decreased a 19.36 percent and in year 2022, amount to THB 508.29 million, decreased from the year 2021, which amount to THB 553.02 million, or a decrease 8.09 percent, mainly due to the decrease in the number of people receiving COVID treatment services.
- In Q4/2022, the company that modified the calculation of the reduction of payment for COVID-19 treatment by the government sector and has been applied retrospectively, affecting the company need to improve the income generated from past COVID treatments and resulted in the company need to adjust accrued income decreased by THB 11.80 million.

Gross Profit and Gross Profit Margin

- Gross profit in Q4/2022 was THB 89.05 million, a decrease from the Q4/2021, which was THB 120.15 million, or a decrease of 25.88 percent and in year 2022, it was THB 439.51 million decreased from year 2021, which amount to THB 543.57 million or a decrease of 19.14 percent, in line with the decrease in revenue from hospital operations.
- Gross profit margin in the Q4/2022 at 35.50 percent, decreased from 43.30 percent in the Q4/2021 and in year 2022 at 41.92 percent, decreased from 47.42 percent from the previous year. 2021

Net Profit and Net Profit Margin

- The company had a net profit in the Q4/2022 in the amount of THB 352.09 million, increase from Q4/2021 in the amount of THB 89.57 million or representing an increase of 293.09 percent and in year 2022, the net profit was in the amount of THB 551.32 million increased from the year 2021, which had THB 344.83 million, or an increase of 59.88 percent, mainly due to the company there is a gain arising on Fair Value Through Profit or Loss (FVTPL) equity instruments, which the company invested in KLINIQ in the amount of THB 409.96 million
- Net profit margin in the Q4/2022 at 52.55 percent, an increase from the Q4/2021, which had 27.58 percent, and in year 2022, a net profit margin of 36.97 percent, an increase from year 2021, which had a 28.71 percent mainly increase was due to the profit from the investment in KLINIQ.

Administrative Expenses

(Unit : Million Baht)	Q4/21	Q4/22	Change +/(-)	2021	2022	Change +/(-)
Administrative Expenses	57.00	69.37	21.70%	173.05	197.33	14.03%
Finance Cost ¹	-0.75	-0.54	28.00%	-1.81	-1.62	10.50%
Administrative expenses to total revenue (%)	17.55%	10.35%	-41.00%	14.41%	13.23%	-8.17%

- Administrative expenses in the Q4/2022 amounted to THB 69.37 million, an increase from the Q4/2021, which amount to THB 57.00 million, representing an increase of 21.70 percent. The amount was THB 197.33 million, an increase from the year 2021, which was THB 173.05 million, or an increase of 14.03 percent, mainly due to an increase in salary and employee compensation and marketing expenses.
- Administrative expenses to total revenue in Q4/2022 was 10.35 percent, decrease from Q4/2021 which was 17.55 percent and in year 2022 was 13.23 percent, decreased from year 2021 which was 14.41 percent due to other income from investment in KLINIQ.
- Financial costs arose from the interest paid on the finance lease.

Analysis of the Company's financial statement

(Unit : Million Baht)	2021	2022	Change +/(-)
Cash and cash equivalents	177.46	776.10	337.34%
Total current assets	447.30	931.82	108.32%
Other non-current financial assets	209.28	620.00	196.25%
Property, plant and equipment	631.67	656.81	3.98%
Total non-current assets	884.94	1,316.68	48.79%
Total assets	1,332.24	2,248.50	68.78%
Total current liabilities	183.56	201.15	9.58%
Total non-current liabilities	45.36	114.45	152.31%
Total liabilities	228.92	315.60	37.86%
Total shareholders' equity	1,103.32	1,932.90	75.19%
Total liabilities and shareholders' equity	1,332.24	2,248.50	68.78%

Asset

As of December 31, 2022, the company had total assets THB 2,248.50 million, an increase from the year 2021, which was THB 1,332.24 million, or representing an increase of 68.78 percent. The details of the increase are as follows:

- Cash and cash equivalents in the amount of THB 776.10 million, an increase from the year 2021, which was in the amount of THB 177.46 million or an increase of 337.34 percent, increased from cash and bank deposits and short-term investments with high liquidity.

- Other non-current financial assets amounted to THB 620.00 million, an increase from year 2021 which had THB 209.28 million, representing an increase of 196.25 percent, increase from financial assets in the category of equity instruments measured at fair value through profit and loss.
- Property, plant and equipment amounted to THB 651.81 million, an increase from year 2021 which amount to THB 631.67 million, or an increase of 3.98 percent, increase from building renovations and purchase of medical equipment.

Liabilities

As of December 31, 2022, the Company had total liabilities of THB 315.60 million, an increase from the year 2021, which was THB 228.92 million, or representing an increase of 37.85 percent. The details of the increase are as follows:

- Current liabilities amount to THB 201.15 million, an increase from 2021 which amount to THB 183.56 million or an increase of 9.58 percent, mainly from trade and other payables.
- Non-current liabilities amount to THB 114.45 million, an increase from year 2021 which amount to THB 45.36 million, or an increase of 152.31 percent, mainly from deferred tax liabilities.

Shareholders' equity

As of December 31, 2022, the Company had total shareholders' equity THB 1,932.90 million, an increase from the year 2021, which was THB 1,103.32 million, or an increase of 75.19 percent as a result of the Increasing capital for the offering of newly issued shares to specific investors (Private Placement).

Yours faithfully,

Ekachai Medical Care PCL.

Dr. Amnaj Eur-Areemitr

Director