

May 12, 2023

**Subject:** Management's Discussion and Analysis of the consolidated financial statements for the first quarter ("1Q23") and three-month period ended 31 March 2023

**To:** Directors and Managers  
The Stock Exchange of Thailand

**Operating Result Overview**

During the first quarter of 2023, with regard to the prevailing COVID-19 circumstances, which exhibit a near-complete restoration to normalcy, there has been a conspicuous reduction in hospital revenue. This reduction can be primarily attributed to the impact of COVID-19 on various facets of hospital services dedicated solely to mitigating the effects of the pandemic, namely medical treatments in hospitals, hospitelts, home isolation, specialized field hospital as well as vaccination.

Simultaneously, the revenues generated by specific hospital service domains that experienced a decline during the COVID-19 pandemic are showing signs of recovery. Notably, the areas of focus include the heart center, gastric sleeve center, including the medical treatment income provided to patients with severe diseases (High intensity care, Adj.RW $\geq$ 2).

Conversely, a parallel trend can be observed in the corresponding expenses. The adjustment in expenditures can be attributed to the alleviation of the COVID-19 situation. In addition, the Company has additional loans for the investment projects.

**Management's discussion and analysis of financial statement for 1Q23 ended 31 March 2023**

Chularat Hospital Public Company Limited ("the Company") reported the operating performance for the 1Q23 as follows:

Statement of comprehensive income	1Q23	1Q22	Increase (Decrease)	Change (%)
Unit : Million Baht				
Revenues from hospital operations	1,716.2	3,571.4	(1,855.2)	(52%)
Other revenues	72.6	66.9	5.7	9%
<b>Total revenues</b>	<b>1,788.8</b>	<b>3,638.3</b>	<b>(1,849.5)</b>	<b>(51%)</b>
Cost of hospital operations	1,276.2	1,702.1	(425.9)	(25%)
Administrative expenses	200.4	204.6	(4.2)	(2%)
<b>Net profit of the Company</b>	<b>240.4</b>	<b>1,356.4</b>	<b>(1,116.0)</b>	<b>(82%)</b>
<i>Earnings per share (Baht/share)</i>	<i>0.0219</i>	<i>0.1233</i>		
<i>Gross Profit Margin (%)</i>	<i>25.64%</i>	<i>52.34%</i>		
<i>Net Profit Margin (%)</i>	<i>14%</i>	<i>38%</i>		

The Company's net profit was Baht 240.4 million for 1Q23, decreasing by Baht 1,116.0 million, or 82% compared to 1Q22. Overview of operating results was discussed as below.

### Revenues from hospital operations

In 1Q23, the Company has revenues from hospital operations of Baht 1,716.2 million, decreasing by Baht 1,855.2 million, or 52% YoY.

**Revenue from general patients** in 1Q23 increased by 26% YoY. The revenue from outpatients (OPD) decreased by Baht 358.8 million and inpatients (IPD) decreased by Baht 31.8 million mainly from the decreased revenue from the COVID-19 related services and alternative vaccination service. However, the revenue from other medical services are increasing, including the return of International patients.

**Revenue from Social Security scheme** in 1Q23 increased by 19% YoY driven by the increased number of the registered member, the return of patients with severe diseases (High-cost care, Adj.RW $\geq$ 2) and the adjustment to the accrued medical treatment income of Chronic Disease for 2023.

**Revenue from other governmental scheme** in 1Q23 decreased by 97% YoY. This is due to a significant decreased revenue from the COVID-19 related services.

**Other revenue** in 1Q23 increased by Baht 5.7 million from management services providing to government hospitals.

Unit: Million Baht	1Q23	1Q22	Increase (Decrease)	Change (%)
<b>Revenue from general patients</b>	<b>1,103.8</b>	<b>1,494.4</b>	<b>(390.6)</b>	<b>(26%)</b>
Revenue from outpatients (OPD)	523.4	882.2	(358.8)	(41%)
Revenue from inpatients (IPD)	580.4	612.2	(31.8)	(5%)
<b>Revenue from government welfare programs</b>	<b>612.4</b>	<b>2,076.9</b>	<b>(1,464.5)</b>	<b>(71%)</b>
Social security schemes	563.4	471.6	91.8	19%
Other governmental schemes	49.0	1,605.3	(1,556.3)	(97%)
<b>Total revenue from hospital operations</b>	<b>1,716.2</b>	<b>3,571.3</b>	<b>(1,855.1)</b>	<b>(52%)</b>

### Operation costs

In 1Q23, the Company's gross profit margin decreased from 52.34% to 25.64%, resulting in net profit margin decreased from 38% to 14% YoY mainly due to a significant decreased revenue from the COVID-19 related services. As a result, the gross profit margin and net profit margin decreased back to normal. The Company continues to have an effective cost management and cost control measures while maintaining the standard and quality of medical treatment services.

The Company's net profit 1Q23 was Baht 240.4 million, decreasing by Baht 1,116.0 million, or 82% YoY, in accordance with the decreasing operating results and aforementioned reasons.

**Comparison of the operating performance for the 1Q23 and 1Q19**

Statement of comprehensive income	1Q23	1Q19	Increase	Change
Unit : Million Baht			(Decrease)	(%)
Revenues from hospital operations	1,716.2	1,228.4	488	40%
Other revenues	72.6	3.7	69	1,865%
<b>Total revenues</b>	<b>1,788.8</b>	<b>1,232.1</b>	<b>556.7</b>	<b>45%</b>
Cost of hospital operations	1,276.2	853.4	423	50%
Administrative expenses	200.4	154.3	46	30%
<b>Net profit of the Company</b>	<b>240.4</b>	<b>179.3</b>	<b>61</b>	<b>34%</b>
<i>Earnings per share (Baht/share)</i>	<i>0.0219</i>	<i>0.0163</i>		
<i>Gross Profit Margin (%)</i>	<i>25.6%</i>	<i>30.5%</i>		
<i>Net Profit Margin (%)</i>	<i>14.0%</i>	<i>14.6%</i>		

Compared to 1Q19 (Pre COVID-19), the Company's revenue from hospital operation for the 1Q23 increased by 40% (Revenue from general patients increased by 45%, revenue from Social Security Scheme increased by 45%, whereas the revenue from other governmental scheme (NHSO) decreased by 36%). The overall revenue increases are mainly driven by the increasing number of patients both from the service area expansion and the increasing medical treatment potential (by adding medical personnel with expertise in various fields and modern medical equipment). In addition, the Company has provided hospital management services and operated heart centers at the public hospitals, resulting in customer base expansion and the Company's expertise and reputation. The Company's net profit margin slightly decreased from the profitability of affiliated companies.

Statement of financial position	31 March	31 December	Increase	Change
Unit : Million Baht	2023	2022	(Decrease)	(%)
Total assets	10,151	10,280	(129)	(1%)
Total liabilities	2,042	2,416	(374)	(15%)
Shareholders' equity	8,109	7,864	245	3%
Debt to equity ratio (x)	0.25	0.31		

As of March 31, 2023, the Company has **total assets** of Baht 10,151 million, decreased by Baht 129 million from December 31, 2022, primarily due to

- Cash and cash equivalent increased by Baht 112 million from the Company's operation, as reported in the cash flow statement.
- Trade and other receivables increased by Baht 12 million; accrued medical treatment income decreased by Baht 408 million from the increased revenue and the payment schedule.

- Property, plant and equipment increased by Baht 69 million from construction projects for hospital expansion.
- Other non-current assets increased by Baht 71 million from the deposit payment of medical equipment to support hospital expansion.

**Total liabilities** amounting to Baht 2,042 million as of March 31, 2023, decreasing by Baht 374 million from December 31, 2022, as described below.

- Short-term loans from financial institutions decreased by Baht 400 million.
- Trade and other payables decreased by Baht 32 million.
- Income Tax Payable increased by Baht 39 million from the Company's operating profit.
- Long-term loans from financial institutions increased by Baht 21 million.

**Total shareholders' equity** amounting to Baht 8,109 million as of March 31, 2023, increasing by Baht 245 million from December 31, 2022 is in line with the net profit and dividend policy of the Company.

**Debt to equity ratio** (DE Ratio) is 0.25, which reflects the ability to loan from financial institution for business expansion and in line with the Company's strategy.

Cash flow statement	1Q23	1Q22	Change
Unit : Million Baht			
Net cash from operating activities	734.2	1,438.2	(704.0)
Net cash used in investing activities	(239.3)	(308.7)	69.4
Net cash used in financing activities	(383.1)	(56.1)	(327.0)
<b>Net increase in cash and cash equivalents</b>	<b>111.8</b>	<b>1,073.4</b>	<b>(961.6)</b>
Cash and cash equivalents at beginning of period	2,000.7	2,789.7	(789.0)
<b>Cash and cash equivalents at end of period</b>	<b>2,112.5</b>	<b>3,863.1</b>	<b>(1,750.6)</b>

In 1Q23, the Company's Net cash from operating activities amounting to Baht 734.2 million, decreased by Baht 704.0 million YoY, in accordance with the Company's operating profit. Net cash used in investing activities decreased by Baht 69.4 million YoY from the investment in the other current financial assets decreased by Baht 120 million, however the Company still have cash flow for the construction projects and medical equipment purchases. Net cash used in financing activities amounting to Baht 383.1 million, mainly due to the repayment of short-term and long-term loans.

**Please be informed accordingly.**

**Yours faithfully,**

**(Mr.Kumpol Plussind)**

**Chief Executive Officer**