

No. WPH – SET 008/2023

12 May 2023

Subject : Management Discussion and Analysis for the Quarter 1 of 2023 ending on 31 March 2023.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.2/2023 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 11 May 2023, approving the audited consolidated financial statements for the Quarter 1 of 2023 ending on 31 March 2023. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 1 of 2023 ending on 31 March 2023.as follows;

Summary of Consolidated Financial Statements

<i>Unit : Million Baht</i>	4Q23	4Q22	4Q22	Movement	
				% QoQ	% YoY
Total revenues	327.1	258.5	328.7	26.5%	(0.5%)
Revenues from medical treatment	324.3	256.4	326.5	26.5%	(0.7%)
Cost of medical treatment	233.9	208.6	217.1	12.1%	7.7%
Gross Profit	90.4	47.7	109.3	89.4%	(17.3%)
Gross Profit Margin	27.9%	18.6%	33.5%	9.3%	(5.6%)
Selling and Administrative expenses	54.1	57.1	38.5	(5.3%)	40.3%
Profit (loss) from operating activities	36.3	(9.4)	70.8	488.2%	(48.7%)
Other incomes	2.8	2.1	2.2	32.4%	26.5%
Financial costs	6.8	4.0	3.4	68.1%	102.5%
Profit (loss) before (income) tax expense	32.3	(11.3)	69.6	386.1%	(53.6%)
tax expenses	11.6	(1.0)	13.0	1,247.4%	(10.9%)
Net Profit (loss)	20.8	(10.3)	56.6	301.7%	(63.4%)
Net Profit (los) Margin	6.3%	-4.0%	17.2%	10.3%	(10.9%)
EBITDA	63.2	14.2	92.0	344.3%	(31.3%)
% EBITDA	19.5%	5.5%	28.2%	13.9%	(8.7%)

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the 1st quarter of Year 2023 and 2022 were in amounts of Baht 324.3 million and Baht 326.5 million, respectively, which decreased by Baht 2.1 million or 0.7%. This was due to the absence of the revenues related to COVID-19 services in this quarter comparing to the same period last year. However, the proportion of non COVID-19 continued to grow both from Thai and foreigners which was in

consistent with the high seasonal in the southern part of Thailand. Besides, the revenue was increased from the new hospital (Wattanapat Samui Hospital) which was fully operational in February 2023.

By the way, revenue from Out-patients department was declined by 16.3% and In-Patients department was inclined by 8.1% respectively. IPD revenue was mainly increased from international patients. The proportion of Out-patients department and In-Patients department were 70% and 30% respectively.

The revenue generated from Thai patient was decreased by 22.3% while the revenue from foreigner was increased by 240.3%. This shown that the proportion of international patient increased by 8.2% in the Quarter 1 of 2022 and increased by 28.2% in the the Quarter 1 of 2023.

Cost of medical treatments

The cost of medical treatments for the 1st quarter of Year 2023 and 2022 were in amounts of Baht 233.9 millions and Baht 217.1 million, respectively, which increased by 7.7%. By the way, cost of medical treatments compared to total revenue from medical treatment for the 1st quarter of Year 2023 and 2022 equaled to 72.1% and 66.5% respectively. This variance was mostly due to the increasing in doctor's fee, salary and overtime pay from nursing department including depreciation and utility bills from more branch openings. Moreover, the annual salary adjustment and energy cost also played the important role in this factor.

Selling Expenses

The selling expenses for the 1st quarter of Year 2023 and 2022 were in amounts of Baht 8.4 million and 4.2 million which mainly caused by the promotional costs from the new hospital openings. The proportion of selling expenses incurred compared to total revenues for the 1st quarter of Year 2023 and 2022 were 2.6% and 1.3%, respectively.

Administrative Expenses

The administrative expenses for the 1st quarter of Year 2023 and 2022 were in amounts of Baht 45.7 million and 34.4 million, increasing by 32.9%. By the way, the proportion of administrative expenses incurred compared to total revenues for the 1st quarter of Year 2023 and 2022 were 14.1% and 10.5%, 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, utility bills, international transfer fee and doctor's fee.

Financing Costs

The financing costs from financial institutions for the 1st quarter of Year 2023 and 2022 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 1st quarter of Year 2023 and 2022 were 1.3% and 0.4% respectively. The main reasons were interest expenses from financial institution utilizing for the construction financing, also, this was due to the positive trend of both borrowing debts and lending rate.

Tax Expense (Revenue)

For the 1st quarter of Year 2023 and 2022, tax expense was in amounts of Baht 11.6 million and 13.0 million respectively, decreasing by Baht 1.4 million or 10.9% in consistent with the reduction in net profit.

Net Profit

For the 1st quarter of Year 2023 and 2022, the net profit were in amounts of Baht 20.8 million and Baht 55.6 million, respectively or decreased for Baht 35.9 million or 63.4%. The proportion of net profit incurred compared to the total revenue for the 1st quarter of Year 2023 and 2022 were 6.3% and 17.2% respectively. Net profit proportion in the 1st quarter of Year 2023 was decreased since the increasing in depreciation, cost of medical treatments, selling and administrative expenses including financing costs.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director