

EKH/CS/2023/050

August 9, 2023

Subject Management Discussion and Analysis for Q2/2023

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 Q2/2023 as follows.

Summary

The Company had a total revenues of THB 310.44 million in Q2/2023 or representing an increase 25.73 percent from THB 246.91 million in Q2/2022 due to an increase in the number of patients in both outpatients and inpatients and there was a loss on equity instruments measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), and recorded in administrative expenses in the amount of THB 56.00 million, resulting in a net profit in Q2/2023 in the amount of THB 26.10 million, a decrease of 46.46 percent from THB 48.75 million in Q2/2022.

For 1H23, the Company's total revenue of THB 610.61 million, an increase 16.36 percent from THB 524.78 million in to the same period of the previous year, due to an increase in the number of patients in both outpatients and inpatients and 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”), However, in the 1H23, there was a loss on equity instruments measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), recorded in the administrative expenses in the amount of THB 56.00 million resulted in a net profit for the 1H23 in the amount of THB 104.44 million, a decrease of 15.22 percent from the amount of THB 123.19 million in 1H22.

The Company had the operating results for Q2/2023 can be summarized as follows:

Operating Results

(Unit : Million Baht)	Q2/23	Q2/22	Change +/(-)	1H23	1H22	Change +/(-)
Revenues from Hospital Operations	298.71	241.67	23.60%	559.75	517.19	8.23%
Cost of Hospital Operations	166.34	144.56	15.07%	316.72	291.48	8.66%
Gross Profit	132.37	97.11	36.31%	243.03	225.71	7.67%
Other income	11.72	5.25	123.24%	50.87	7.59	570.22%
Administrative Expenses	112.97	41.51	172.15%	164.94	80.15	105.79%
Profit (Loss) before Income Tax Expenses	32.82	60.88	-46.09%	131.86	153.16	-13.91%
Tax Expenses	5.21	11.79	-55.81%	25.02	30.07	-16.79%
Net Profit (Loss) for the Company	26.10	48.75	-46.46%	104.435	123.19	-15.22%

Analysis of Statement of Income

(Unit : Million Baht)	Q2/23	Q2/22	Change +/(-)	1H23	1H22	Change +/(-)
Revenues from Hospital Operations	298.71	241.67	23.60%	559.75	517.19	-8.23%
Cost of Hospital Operations	166.34	144.56	15.07%	316.72	291.48	8.66%
Gross Profit	132.37	97.11	36.31%	255.71	225.71	7.67%
Net Profit (Loss) for the Company	26.10	48.75	-46.46%	104.44	123.19	15.22%
Gross Profit Margin (%)	44.31%	40.18%	10.28%	45.68%	43.64%	-0.53%
Net Profit (Loss) Margin ¹ (%)	8.89%	19.87%	-55.26%	17.50%	23.50%	-25.53%

Revenue

- In Q2/2023, revenue from hospital operations was THB 298.71 million, an increase from the Q2/2022, which amounted to THB 241.67 million, or an increase of 23.60 percent, due to an increase in the number of patients in both outpatients and inpatients from season change.
- For 1H23, revenue from hospital operations was THB 559.75 million, an increase from the Q2/2022, which amounted to THB 517.19 million, or an increase of 8.23 percent, due to an increase in the number of patients in both outpatients and inpatients from season change.

(Unit : Million Baht)	Q2/23	Q2/22	Change +/(-)	1H23	1H22	Change +/(-)
Revenue from Inpatient (IPD)	158.86	114.83	38.34%	296.03	257.22	15.09%
Revenue from Outpatient (OPD)	139.85	126.84	10.26%	259.97	259.97	1.44%
Revenues from Hospital Operations	298.71	241.67	23.60%	559.75	517.19	8.23%
Other Income	11.72	5.25	123.24%	50.87	7.59	570.22%
Total Revenue	310.44	246.91	25.73%	610.61	524.78	16.36%

- Revenue from Inpatient (IPD) in the Q2/2023 was THB 158.86 million, an increase from the Q2/2022 , which was THB 114.83 million, or an increase 38.34 percent , due to an increase in hospital admissions from respiratory diseases and outpatient revenue in Q2/2023 was THB 139.85 million, an increase from the Q2/2022 which had THB 126.84 million or an increase of 10.26 percent.
- For 1H23 was THB 296.03 million, an increase from the same period of the previous year, which was THB 257.22 million, or increase 15.09 percent due to an increase in hospital admissions from respiratory diseases and outpatient revenue. The 1H23 amount to THB 263.72 million, an increase from the same period of the previous year, which was THB 259.97 million or representing a decrease 1.44 percent.

Gross Profit and Gross Profit Margin

- Gross profit in Q2/2023 was THB 132.37 million, an increase from the Q2/2022, which was THB 97.11 million, or an increase of 36.31 percent, in line with the decrease in revenue from hospital operations .and Gross profit margin in the Q2/2023 at 44.31 percent, an increase from 40.18 percent in the Q2/2022.
- Gross profit in for 1H23 was THB 243.03 million, an increase from the same period of the previous year, which was THB 225.71 million, or an increase of 7.67 percent, in line with the decrease in revenue from hospital operations and Gross profit margin in for 1H23 at 43.42 percent, from 43.64 percent in the same period of the previous year.

Net Profit and Net Profit Margin

- The company had a net profit in the Q2/2023 in the amount of THB 26.10 million, a decrease from Q2/2022 in the amount of THB 48.75 million or representing a decrease of 46.46 percent, due to the recording of losses on equity securities measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), recorded in the administrative expenses in the amount of THB 56.00 million with a net profit margin in the Q2/2023 at 8.41 percent, which decreased from the Q2/2022 which had 19.87 percent.
- 1H23 The company had a net profit amount of THB 104.44 million, a decrease from the same period of the previous year. in the amount of THB 123.19 million or representing a decrease of 15.22 percent, due to the recording of losses on equity securities measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), recorded in the administrative expenses in the amount of THB 56.00 million, net profit margin for 1H23 at 17.10 percent, which is decrease from 1H22 at 23.47 percent.

Administrative Expenses

(Unit : Million Baht)	Q2/23	Q2/22	Change +/(-)	1H23	1H22	Change +/(-)
Administrative Expenses	112.97	41.51	172.15%	164.94	80.15	105.79%
Administrative expenses to total revenue (%)	36.39%	16.81%	116.46%	27.01%	15.27%	76.86%

- Administrative expenses in the Q2/2023 amounted to THB 112.97 million, an increase from the Q2/2022, which amount to THB 41.51 million, or representing an increase of 172.15 percent, due to the recording of losses on equity securities measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), recorded in the administrative expenses in the amount of THB 56.00 million, Administrative expenses per total revenue in the Q2/2023 was 36.39 percent, increasing from 16.81 percent in Q2/2022 due to the recording of loss from investment in KLINIQ in the form of administrative expenses.
- Administrative expenses in for 1H23 amounted to THB 164.94 million, an increase from the same period of the previous year, which amount to THB 80.15 million, or representing an increase of 105.79 percent, due to the recording of losses on equity securities measured at fair value through profit or loss, which the Company invested in The Klinique Medical Clinic PCL (“KLINIQ”), recorded in the administrative expenses in the amount of THB 56.00 million, Administrative expenses per total revenue in the 1H23 was 27.01 percent, increasing from 15.27 percent in 1H22 due to the recording of loss from investment in KLINIQ in the form of administrative expenses.

Analysis of the Company's financial statement

(Unit : Million Baht)	1H23	2022	Change +/(-)
Cash and cash equivalents	405.11	776.10	-47.80%
Other current financial assets	295.87	19.01	1,456.39%
Total current assets	840.08	931.82	-9.85%
Other non-current financial assets	630.00	620.00	1.61%
Property, plant and equipment	667.87	656.81	1.68%
Total non-current assets	1,331.30	1,316.68	1.11%
Total assets	2,171.38	2,248.50	-3.43%
Total current liabilities	190.02	201.15	-5.53%
Total non-current liabilities	111.83	114.45	-2.29%
Total liabilities	301.85	315.60	-4.36%
Total shareholders' equity	1,869.53	1,932.90	-3.28%
Total liabilities and shareholders' equity	2,171.38	2,248.50	-3.43%

Asset

As of June 30, 2023, the company had total assets THB 2,171.38 million, a decrease from the year 2022, which was THB 2,248.50 million, or representing a decrease of 3.43 percent. The details of the decrease are as follows:

- Cash and cash equivalents in the amount of THB 405.11 million, a decrease from the year 2022, which was in the amount of THB 776.10 million or decrease 47.80 percent.
- Other current financial assets amounted to THB 295.87 million, an increase from year 2022 which had THB 19.01 million, representing an increase of 1,456.39 percent and Other non-current financial assets amounted to THB 630 million increase from year 2022 which had THB 620.00 million, representing an increase of 1.61 percent,
- Property, plant and equipment amounted to THB 667.87 million, an increase from year 2022 which amount to THB 656.81 million, or an increase of 1.68 percent.

Liabilities

As of June 30, 2023, the Company had total liabilities of THB 301.85 million, a decrease from the year 2022, which was THB 315.60 million, or representing a decrease 4.36 percent. The details of the decrease are as follows:

- Current liabilities amount to THB 190.02 million, decrease from 2022 which amount to THB 201.15 million or decrease of 5.53 percent, mainly from trade and other payables.
- Non-current liabilities amount to THB 111.83 million, a decrease from year 2022 which amount to THB 114.45 million, or a decrease of 2.29 percent, in lease liabilities.

Shareholders' equity

As of June 30, 2023, the Company had total shareholders' equity THB 1,869.53 million, a decrease from the year 2022, which was THB 1,932.90 million, or a decrease of 3.28 percent as a result of dividend payment.

Yours faithfully,

Ekachai Medical Care PCL.

Dr. Amnaj Eur-Areemitr

Director