

No. WPH – SET 009/2023

9 August 2023

Subject : Management Discussion and Analysis for the Quarter 2 of 2023 ending on 30 June 2023.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.3/2023 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 9 August 2023, approving the audited consolidated financial statements for the Quarter 2 of 2023 ending on 30 June 2023. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 2 of 2023 ending on 30 June 2023 as follows;

**Summary of Consolidated Financial Statements**

	2Q23	1Q23	2Q22	Movement		1H23	1H22	Movement
				% QoQ	% YoY			
<i>Unit : Million Baht</i>								
<b>Total revenues</b>	<b>311.1</b>	<b>327.1</b>	<b>257.3</b>	<b>(4.9%)</b>	<b>20.9%</b>	<b>638.2</b>	<b>585.9</b>	<b>8.9%</b>
<b>Revenues from medical treatment</b>	<b>309.8</b>	<b>324.3</b>	<b>255.7</b>	<b>(4.5%)</b>	<b>21.1%</b>	<b>634.1</b>	<b>582.2</b>	<b>8.9%</b>
Cost of medical treatment	260.8	233.9	191.7	11.5%	36.0%	494.7	408.8	21.0%
<b>Gross Profit</b>	<b>49.0</b>	<b>90.4</b>	<b>64.0</b>	<b>(45.8%)</b>	<b>(23.5%)</b>	<b>139.4</b>	<b>173.3</b>	<b>(19.6%)</b>
<b>Gross Profit Margin</b>	<b>15.8%</b>	<b>27.9%</b>	<b>25.0%</b>	<b>(12.1%)</b>	<b>(9.2%)</b>	<b>22.0%</b>	<b>29.8%</b>	<b>(7.8%)</b>
Selling and Administrative expenses	54.5	54.1	37.8	0.7%	44.2%	108.5	76.3	42.2%
<b>Profit (loss) from operating activities</b>	<b>(5.5)</b>	<b>36.3</b>	<b>26.2</b>	<b>115.1%</b>	<b>(120.9%)</b>	<b>30.9</b>	<b>97.0</b>	<b>(68.2%)</b>
Other incomes	1.3	2.8	1.6	(53.0%)	(17.6%)	4.1	3.8	8.0%
Financial costs	10.5	6.8	3.5	54.7%	202.4%	17.3	6.8	153.3%
<b>Profit (loss) before (income) tax expenses</b>	<b>(14.7)</b>	<b>32.3</b>	<b>24.3</b>	<b>145.4%</b>	<b>(160.3%)</b>	<b>17.6</b>	<b>94.0</b>	<b>81.2%</b>
tax expenses	(11.9)	11.6	3.9	202.8%	(402.9%)	-0.3	16.9	101.9%
<b>Net Profit (loss)</b>	<b>(2.8)</b>	<b>20.8</b>	<b>20.4</b>	<b>113.4%</b>	<b>(113.6%)</b>	<b>18.0</b>	<b>77.1</b>	<b>(76.7%)</b>
<b>Net Profit (loss) Margin</b>	<b>(0.9%)</b>	<b>6.3%</b>	<b>7.9%</b>	<b>(7.2%)</b>	<b>(8.8%)</b>	<b>2.8%</b>	<b>13.2%</b>	<b>(10.3%)</b>
<b>EBITDA</b>	<b>25.9</b>	<b>63.2</b>	<b>47.5</b>	<b>(59.0%)</b>	<b>(45.4%)</b>	<b>89.1</b>	<b>139.5</b>	<b>(36.1%)</b>
<b>% EBITDA</b>	<b>8.4%</b>	<b>19.5%</b>	<b>18.6%</b>	<b>(11.1%)</b>	<b>(10.2%)</b>	<b>14.1%</b>	<b>24.0%</b>	<b>(9.9%)</b>

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

The Company generated the revenue from medical treatment for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were in amounts of Baht 309.8 million and Baht 255.7 million, respectively, which increased by Baht 54.1 million or 21.1%. This was due to the revenue from medical treatment continued to grow especially from international patients during the 2<sup>nd</sup> quarter of Year 2023. Thailand has shown a gradual economic recovery from the COVID-19 pandemic during 2022, helped by rising international tourism arrivals. Besides, WPH has been maintaining a continuous growth by investing in

one subsidiary hospital which were Wattanapat Samui Hospital located in Koh Samui, Suratthani Province (Gulf of Thailand) during 1Q2023. The revenue from medical treatment in the 2<sup>nd</sup> quarter of the Year 2023 was generated from Respiratory Tract Disease including non-communicable diseases such as Cardiovascular & Cerebrovascular diseases, Gastrointestinal Tract Disease and Accident- Emergency Center. In addition, a part of revenue from medical treatment was driven by the complex disease treatment.

The Company and its subsidiary located in Trang, Krabi and Suratthani Province which were in the Southern of Thailand on the West Coast (Andaman sea) and the East Coast (Gulf of Thailand). The season do not run at the same time on both coasts of Southern Thailand. On the west coast the southwest monsoon brings rain and heavy storms from April to October, while on the east coast the most rain falls between September until December. Therefore, during April to September the number of tourists would be declined normally in the west coast which brought the decreasing in revenue from international patients while the hospital located in the Southern of Thailand on the east coast commonly generated revenue from international patients. Since, the Company located in both west coast and east coast, there would reduce the fluctuation on the revenue from medical services.

The revenue from Out-patients and In-patients department in the 2<sup>nd</sup> quarter of the Year 2023 and 2022 was inclined by 2.1% and 34.2% respectively. IPD revenue was mainly increased from international patients, complex disease treatment including Respiratory Tract Disease. The proportion of Out-patients department and In-Patients department were 34.2% and 65.8% respectively.

The revenue generated from Thai in the 2<sup>nd</sup> quarter of the Year 2023 and 2022 was increased by 5.4% while the revenue from international patients was increased by 344.6%.

### **Cost of medical treatments**

The cost of medical treatments for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were in amounts of Baht 260.8 millions and Baht 191.7 million, respectively, which increased by 36.0%. By the way, cost of medical treatments compared to total revenue from medical treatment for the 2<sup>nd</sup> quarter of Year 2023 and 2022 equaled to 84.2% and 75.0% respectively. This variance was mostly caused by the investing in one subsidiary hospital, cost of medicines and medical supplies, doctor's fee, the higher in staff expenses, the depreciation, and the increasing in the automatic adjustment mechanism (Ft) of the electricity.

### **Selling Expenses**

The selling expenses for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were in amounts of Baht 5.8 million and 3.7 million which mainly caused by the promotional costs from the new hospital openings and these also depend upon the number of international patients. The proportion of selling expenses incurred compared to total revenues for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were 1.9% and 1.5%, respectively.

### **Administrative Expenses**

The administrative expenses for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were in amounts of Baht 48.7 million and 34.0 million, increasing by 43.0%. By the way, the proportion of administrative expenses incurred compared to total revenues for the 2<sup>nd</sup> quarter of Year 2023 and 2022 were 15.7% and 13.3, 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 2<sup>nd</sup> quarter of Year 2023 and 2022 were in amounts of 10.5 million and 3.5 million respectively, increasing by 202.4%. The proportion of financing costs incurred compared to the 2<sup>nd</sup> quarter of Year 2023 and 2022 were 3.4% and 1.4% respectively. This increasing derived from the interest expenses from financial instituion utilizing for the construction financing, also, the positive trend of lending rate announcing by financial institutions.

### **Tax Expense (Revenue)**

For the 2<sup>nd</sup> quarter of Year 2023 and 2022, tax (revenue) expense was in amounts of Baht (11.9) million and 3.9 million respectively, decreasing by Baht 15.8 million or 402.9%. This caused from the accumulated loss of Wattanapat Samui Hospital in amount of Baht 17.0 million.

### **Net Profit**

For the 2<sup>nd</sup> quarter of Year 2023, the Company generated net loss in amounts of Baht 2.8 million and the 2<sup>nd</sup> quarter of Year 2022 generated net profit in amount of Baht 20.4 million, respectively which net profit was declined by Baht 23.2 million or 113.6%. The proportion of net loss incurred in the 2<sup>nd</sup> quarter of Year 2023 equalled to 0.9% and the propotion of net profit in the 2<sup>nd</sup> quarter of Year 2022 equalled to 7.9%. In the 2<sup>nd</sup> quarter of Year 2023, the Company realized net loss from its subsidiary in amounts of Baht 24.6 million. Also, the decreasing in net profit stemmed from the increasing in cost of medical treatments, selling and administrative expenses including financing costs.

The management team strongly confidence that the performance in the 2<sup>nd</sup> quarter of Year 2023 was in the minimum flow of the business. After the 2<sup>nd</sup> quarter of Year 2023, the Company tend to be in the positive direction.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director