

Sor Kor 1575 / 2023

14 November 2023

Subject: Management Discussion and Analysis Quarter 3 Year 2023

To: Director and Manager,

The Stock Exchange of Thailand

Sikarin Public Company Limited and its subsidiary (the “Company”) have reported the financial statements for Q3/2023 ended 30 September 2023 that were audited by the auditor. Sikarin would like to inform the detail shown as the following:

Management Analysis

The Company and its subsidiaries have total operating income in Quarter 3-year 2023 (“Q3/2023”) in the amount of 1,551.80 million Baht an increase from 1,413.91 million Baht from Q3/2022, due to an increase in the number of patients receiving services for difficult diseases that are complicated by surgery, provision of health check-up services through the form of a mobile hospital (SIKARIN Connect) under the main mission to promote health according to the Healthy Thailand policy of the Social Security Office, Ministry of Labor. However, medical treatment costs and sales and administrative expenses have increased. As a result, the net profit in Q3/2023 is 252.69 million Baht, a decrease of 17.90 percent from 307.77 million Baht in Q3/2022.



Revenue from operating for the 9 months of 2023, the Company and its subsidiaries, total operating revenue of 4,314.21 million Baht, a decrease of 4.44 percent from the amount of 4,514.88 million Baht during the 9 months of 2022. The main reason was that in 2023, the Sikarin Hospital Group canceled admission of patients through Specialized Patient Hospital (Hospitel) due to the Ministry of Public Health announcing that Coronavirus Disease 2019 or COVID-19 is an endemic disease.

Summary of Important Events

- **Sikarin Hospital** received a license to operate a hospital with 354 beds (originally 258 beds) from the Ministry of Public Health. With additional official services consisting of
 - Hemodialysis service with hemodialysis machine
 - Medical assisted reproductive technology services
 - Open heart surgery service
 - Cardiac catheterization services
 - Telemedicine services
 - X-ray car service
 - Mobile dental care service
- **Sikarin Samut Prakan Hospital in collaboration with the Social Security's Office together with Ministry of Labor** continue implement a project to proactively take care of the health of insured persons in workplaces, Phase 2 (government project) in 5 provinces, including Udon Thani, Khon Kaen, Nakhon Ratchasima, Surat Thani and Songkhla, so that insured persons can receive health examinations to identify early health risks and lead to behavioral changes to prevent illness and study the possibility of developing benefits in terms of health promotion and proactive disease prevention including systems for service provision and disease prevention.
- **Sikarin Hospital Group** operate a mobile hospital (SIKARIN Connect) under the main mission of promoting health according to the Healthy Thailand policy of the Social Security Office. Ministry of Labor which received a good response from insured persons under Section 33

- **Sikarin Hospital Group** implement projects on sustainability in service, uniting the management team, officers, employees, and medical personnel in the Sikarin Hospital group to participate in caring for the environment. The pilot activities to reduce energy use through various measures and water management activities for maximum benefit, garbage and waste management to help reduce pollution including selecting various materials and equipment within the hospital that are environmentally friendly to reduce the impact of climate change (Climate Change) and global warming (Global Warming).
- **Sikarin Hospital** installed a solar cell system or solar power system to change natural energy such as solar energy into the form of electrical energy. By testing it in the SIKARIN Connect building and in the parking area.

Consolidated Financial Statement Operating Performance

For Q3/2023

Revenue from Operation

Unit: million Baht

Revenue from Operation	Q3/2023	Q3/2022	Change	Q2/2023	Change
Revenue from medical treatment	1,535.30	1,392.74	10.24%	1,397.40	9.87%
Revenue from sales of food and beverages	8.57	7.50	14.27%	8.02	6.86%
Other Revenue	7.93	13.66	-41.95%	8.75	-9.37%
Total Revenue from Operation	1,551.80	1,413.90	9.75%	1,414.17	9.73%

For Q3/2023, the Company and its subsidiaries have total operating revenue of 1,551.80 million Baht, an increase of 9.75 percent from 1,413.90 million Baht in Q3/2022 as a result of

- Revenue from medical treatment in the amount of 1,535.30 million Baht, an increase of 142.56 million Baht or 10.24 percent from the Q3/2022, due to an increase in the number of patients receiving services for difficult diseases that are complicated by surgery continue to increase.

Operating Expense

Unit: million Baht

Operating Expense	Q3/2023	Q3/2022	Change	Q2/2023	Change
Cost of medical treatment	998.40	820.53	21.68%	894.84	11.57%
Cost of sales of food and beverages	4.66	5.31	-12.24%	6.18	-24.60%
Selling and Administrative Expense	221.19	184.01	20.21%	216.93	1.96%
Total Operating Expense (Including depreciation)	1,224.25	1,009.85	21.23%	1,117.95	9.51%

For Q3/2023, the Company and its subsidiary have total operating expense including depreciation of 1,224.25 million Baht, an increase of 21.23 percent from 1,009.85 million Baht in Q3/2022 due to

- Cost of medical treatment of 998.40 million Baht, an increase of 177.87 million Baht or 21.68 percent from Q3/2022, mainly due to an increase in the cost of drugs and medical supplies for treating difficult and complex diseases with surgery. It was found that the ratio of cost of hospital operation to revenue of hospital operation was 65.03 percent, an increase of 6.12 percent from 58.91 each in the Q3/2022.

- Selling and Administrative Expense amounted to 221.19 million Baht, an increase of 37.18 million Baht or 20.21 percent from the Q3/2022, due to an increase in personnel costs prepared to support government projects and expansion of the Company and its subsidiaries in the next year.

Profitability Analysis

Unit: million Baht

Profitability Analysis	Q3/2023	Q3/2022	Change	Q1- 3/2023	Q1- 3/2022	Change
Gross Profit	536.90	572.21	-6.17%	1,513.83	1,698.19	-10.86%
Gross Profit Margin (percent)	34.97	41.09		35.48	38.06	
EBITDA	456.85	530.22	-13.84%	1,264.15	1,494.82	-15.43%
EBITDA Margin (percent)	29.44	37.50		29.30	33.11	
Net Profit	254.46	312.73	-18.63%	697.82	872.10	-19.98%
Net Profit margin (percent)	16.40	22.12		16.17	19.32	
Net profit attributable to the parent company	252.69	307.77	-17.90%	692.76	861.22	-19.56%
Net Profit margin (percent)	16.28	21.77		16.06	19.08	

From the table above,

- In Q3/2023, the Company and its subsidiaries had gross profit of 536.90 million Baht, a decrease of 35.31 million Baht or 6.17 percent from 572.21 million Baht in Q2/2022, while in Q2/2023 the gross profit margin equal to 34.97 percent, a decrease of 6.12 percent from 41.09 in Q3/2022.

- As for operating results in the 9 months of 2023, there was a gross profit of 1,513.83 million Baht, a decrease of 184.36 million Baht, or 10.86 percent, from 1,698.19 million Baht in the 9 months of 2022, while the gross profit margin in the 9 months of 2023 was 35.48 percent, a decrease of 2.58 percent from 38.06 percent in the 9 months of 2022.
- In Q3/2023, the Company and its subsidiaries had EBITDA of 456.85 million Baht, a decrease of 73.37 million Baht or 13.84 percent from 530.22 million Baht in Q3/2022, while in Q2/2023, the EBITDA margin equal to 29.44 percent, a decrease of 8.06 percent from 37.50 percent in Q3/2022.
- As for operating results in the 9 months of 2023, there was EBITDA of 1,264.15 million Baht, a decrease of 230.67 million Baht, or 15.43 percent, from 1,494.82 million Baht in the 9 months of 2022, while during the 9 months of 2023, the EBITDA profit margin 29.30 percent, decreased 3.81 percent from 33.11 percent in the 9 months of 2022.
- In Q3/2023, the Company and its subsidiaries has a net profit margin (Part of the parent company) of 16.28 percent, decreased 5.49 percent from 21.77 percent in the Q3/2022.
- As for operating results during the 9 months of 2023, there was a net profit margin. (Part of the parent company) of 16.06 percent, decreased 3.02 percent from 19.08 percent in the 9 months of 2022.

Consolidated Financial Position

Unit: million Baht

Consolidated Financial Position	30 Sep 2023	31 Dec 2022	Change
Total Assets	9,070.70	8,818.21	2.86%
Total Liabilities	1,824.32	1,919.82	-4.97%
Shareholder Equity of the Company	7,156.33	6,813.32	5.03%
Total Shareholder Equity	7,246.39	6,898.39	5.04%

Consolidated financial statements of the Company and its subsidiaries as of 30 September 2023 had total assets of 9,070.70 million Baht, an increase of 252.49 million Baht or 2.86 percent in 2022.

- The Company and its subsidiaries have current assets as of 30 September 2023 amounting to 2,099.49 million Baht, a decrease of 129.81 million Baht or a decrease of 5.82 percent compared last year.
- The Company and its subsidiaries have non-current assets as of 30 September 2023 amounted to 6,971.21 million Baht, an increase of 382.30 million Baht or an increase of 5.80 percent compared last year.

The Company's consolidated financial statements and its subsidiaries as of 30 September 2023 had total liabilities of 1,824.32 million Baht, a decrease of 95.50 million Baht from year 2022, or a decrease of 4.97 percent.

- The Company and its subsidiaries have current liabilities as of 30 September 2023 amounted to 1,135.89 million Baht, an increase of 58.15 million Baht or an increase of 5.40 percent compared to last year.
- The Company and its subsidiaries have non-current liabilities as of 30 September 2023 amounted to 688.43 million Baht, a decrease of 153.65 million Baht or a decrease of 18.25 percent compared to last year.

Consolidated financial statements of the Company and its subsidiaries, there was shareholder's equity of the parent company as of 30 September 2023 in the amount of 7,156.33 million Baht, an increase of 343.01 million Baht or equivalent to an increase of 5.03 percent compared to last year.

The Company and its subsidiaries have shareholder's equity as of 30 September 2023 amounted to 7,246.39 million Baht, an increase of 348.00 million Baht or an increase of 5.04 percent compared to last year.

Please be informed accordingly,

Sincerely Yours,

(Mr. Suriyan Kojonroj)
Director and Company Secretary