

13 November 2023

Subject: Management Discussion and Analysis for the 3-month period ended September 30, 2023
Stock Exchange of Thailand

Patrangsit Healthcare Group Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for the 3-month period ended September 30, 2023, as the following details

Financial Performance

	As of September 30,			
	2022		2023	
	THB million	%	THB million	%
Revenue from hospital operations	516.91	100.00	568.04	100.00
Cost of hospital operations	-358.26	-69.31	-408.94	-71.99
Gross profit	158.65	30.69	159.10	28.01
Other incomes	3.10	0.60	4.25	0.75
Distribution costs	-0.82	-0.16	-3.46	-0.61
Administrative expenses	-68.25	-13.20	-55.41	-9.75
Share of loss of associate	-2.99	-0.58	-1.87	-0.33
Finance cost	0.00	0.00	-0.02	0.00
Profit before income tax	89.69	17.35	102.59	18.06
Tax expense	-19.11	-3.70	-20.70	-3.64
Profit for the period	70.58	13.65	81.89	14.42

Revenue from hospital operations

For the three months ended September 30, 2022, and 2023, the revenue from hospital operations was THB 516.91 million, in which revenue from COVID-19 was THB 128.19 million and THB 487.79 million, in which revenue from COVID-19 was THB 9.93 million, respectively. This was increased by 9.89% in spite of lower COVID-19 revenue from the end of COVID-19 pandemic situation in this year. However, revenue from Non COVID-19 (Normalized revenue) increased by 19.11%, mainly from revenue growth from both general and contract customers by 15.80%

The company's revenue from hospital operations was classified by customers type as follows: (1) revenue from general customers which consists of general customers and contract customers and (2) revenue from government welfare programs which consists of Social Security Office programs (SSO), National Health Security Office (NHSO) programs and civil servant welfare programs. For the three-month period ended September 30, 2023, revenue from hospital operations were as follows;

Revenue from hospital operations	As of September 30,			
	2022		2023	
	THB million	%	THB million	%
- General customers	153.52	29.70	169.17	29.78
<i>Growth rate (%)</i>	N/A		10.19	
- Contract customers	124.52	24.09	152.80	26.90
<i>Growth rate (%)</i>	N/A		22.71	
Total revenue from self pay customers	278.04	53.79	321.97	56.68
<i>Growth rate (%)</i>	N/A		15.80	
- Social Security programs	182.84	35.37	186.73	32.87
<i>Growth rate (%)</i>	N/A		2.13	
- NHSO programs and Civil servant welfare programs	56.03	10.84	59.34	10.45
<i>Growth rate (%)</i>	N/A		5.91	
Total revenue from government welfare programs	238.87	46.21	246.07	43.32
<i>Growth rate (%)</i>	N/A		3.01	
Total revenue from hospital operations	516.91	100.00	568.04	100.00
<i>Growth rate (%)</i>	N/A		9.89	

IPD bed utilization rate for the three months ended September 30, 2022, and 2023, was at 86.14% and 92.96% respectively due to growing pediatrics patient from Mother and Child hospital. Additionally, OPD utilization rate for the three months ended September 30, 2022, and 2023, was at 61.04% and 66.65% respectively. The increase in OPD utilization rate was both from incremental in number of general and social security patient daily visits, as the company increased number of social security registered headcount from 140,000 persons to 156,000 persons in year 2023.

Cost of hospital operations

Cost of hospital operations	As of September 30,			
	2022		2023	
	THB million	%	THB million	%
Doctor fee and front staffs' cost	194.57	54.31	220.78	53.99
Cost of medicine and medical instruments	110.21	30.76	125.45	30.68
Cost from operating activities	29.23	8.16	33.34	8.15
Other cost	24.25	6.77	29.37	7.18
Total cost of hospital operations	358.26	100.00	408.94	100.00
<i>% to revenue from hospital operations</i>	69.31		71.99	

For the three-month period ended September 30, 2023, the company's cost of hospital operations was THB 408.94 million which's increased by THB 50.68 million from the three-month period ended September 30, 2022, or increased 12.39%. The main reason was from growth in both self pay and government welfare program customer together with higher doctor fee and front staffs' cost by THB 26.21 million according to company's annual salary increment and legal minimum wage adjustment since October 2022.

Distribution Costs

For the three-month period ended September 30, 2023, the company's distribution costs were THB 3.46 million which was higher by THB 2.64 million from the three-month period ended September 30, 2022. The main reason was from the fact that the company has started boosting sales promotions and events during this year not only for increasing normalized revenue after the end of COVID-19 pandemic situation, but also for raising brand awareness and acquiring new customer segments such as promotion events with contracted corporate and government organization

Administrative expenses

For the three-month period ended September 30, 2023, the company's administrative expenses were THB 55.42 million which was decreased by THB 12.82 million from the three-month period ended September 30, 2022. The main reason was from the lower expected credit loss since the Company gradually received payment of long outstanding receivables from government welfare programs, especially COVID-19 receivable.

Net profit

For the three-month period ended September 30, 2023, net profit the company was THB 81.89 million with net profit margin of 14.31%. This was increased from the three-month period ended September 30, 2022 with 16.02% growth, which was mainly due to significant higher Non COVID - 19 (normalized) revenue from the end of COVID-19 pandemic situation in this year.

Financial position

(Unit: THB million)	As of September 30, 2023
Total assets	2,283.68
Total liabilities	422.58
Total shareholders' equity	1,861.10

In July 2023, the Company received IPO proceeds of 1,134 THB million and the Company's shares traded in The Stock Exchange of Thailand (SET) commencing on 6 July 2023. As a result, the Company total assets and total shareholders' equity are increased as follows;

Total Assets

The company's major asset consists of cash and cash equivalents, trade and other current receivables, accrued medical service treatment income and property, plant and equipment. As of September 30, 2023, the company's total assets were THB 2,283.68 million, the major assets consist of;

1. Cash and cash equivalents were THB 215.94 million representing 9.46% of total assets.
2. Other current financial assets were THB 730.74 million representing 32.00% of total assets.
3. Trade and other current receivables were THB 157.35 million representing 6.89% of total assets.
4. Accrued medical service treatment income was THB 191.47 million representing 8.38% of total assets.
5. Property, plant, and equipment were THB 813.19 million representing 35.61% of total assets.

Total Liabilities

The company's liabilities consist of trade and other current payables and long-term loans from financial institution. As of September 30, 2023, the company's total liabilities were THB 422.58 million, representing 18.50% of total liabilities and shareholders' equity, the major liabilities consist of;

1. Trade and other current payables were THB 263.48 million representing 11.54% of total liabilities and shareholders' equity.
2. Long-term loan from financial institution were THB 90.45 million representing 3.96% of total liabilities and shareholders' equity.

Total Shareholders' equity

As of September 30, 2023, the Company's shareholders' equity was THB 1,861.1 million representing 81.50% of total liabilities and shareholders' equity, which shareholders' equity consisting of the issued and paid-up capital of THB 300.00 million, premium on ordinary shares of THB 1,118.89 million and retained earnings, legal reserve and unappropriated retained earnings of THB 442.21 million.

Key Financial ratio

	30 September 2023
Debt-to-equity (D/E) (times)	0.19
Return on asset (ROA) (percent)	12.12
Return on equity (ROE) (percent)	13.20
Collection period	62.45
Inventory period	11.88
Repayment period	60.96
Cash cycle (days)	13.37

Yours sincerely

Mr. Chokchawan Yangthaworntrakul
Chief Financial Officer
Patrangsit Healthcare Group Public Company Limited