

Sor Kor 0109/2024

21 February 2024

Subject: Management Discussion and Analysis for the Quarter 4 and year ended 31 December 2023

To: Director and Management,  
The Stock Exchange of Thailand

Sikarin Public Company Limited (the "Company") and its subsidiaries hereby clarify the operating results for the Quarter 4/2023 and the year ended 31 December 2023, which have been audited by certified public accountants.

### Management Analysis

The Company and its subsidiaries consolidated operating income in the fourth quarter of 2023 ("Q4/2023") amounted to 1,537.72 million Baht. This was an increase of 28.53 percent from 1,196.37 million Baht. In Q4/2022, the cause was from an increase in the number of patients, revenue from medical treatment of complex difficult diseases with surgery through medical institutions and specialized medical centers, and participation in proactive insured health care programs in enterprises. As a result, net profit in Q4/2023 amounted to 198.31 million baht. This was an increase of 31.78 percent from 150.49 million Baht in Q4/2022.

For 2023, the hospital business used to have revenue expanded during the COVID-19 pandemic. However, although the revenue of the Company and its subsidiaries will continue to grow in 2023, the profit of the business will still face pressure from many factors and be pressured by the continued rise in operating costs. There are the following reasons:



1. Personnel costs are likely to increase especially due to the shortage of medical personnel such as specialists, causing staff competition and resulting in rising costs of personnel staff. There is also a shortage of medical staff in other areas of specialized care that may contribute to rising costs.

2. Higher cost of different types of utilities whether it's electricity or fuel that continues to rise high in line with volatile energy prices.

3. Investment in new medical equipment or equipment, especially health-tech equipment, which is likely to play an increasing role after the COVID-19 pandemic, such as telemedicine, etc.

4. Business competition is starting to see signs of intensification from existing players and new players who will expand their investments in the private hospital business. This runs counter to the purchasing power of patients who have not yet fully recovered or are limited from COVID-19 pandemic. Therefore, there is a possibility that the competition situation will intensify, and the competition strategy may be adjusted to compete for potential patients continuously.

In the future, the private hospital business will still face many challenges. In addition, various issues that may be related to the government must be monitored. These include controlling the prices of medicines, medical supplies and service charges, health fund policies such as social security systems that may change, as well as increased access to medical care such as annual health check-ups and elderly care benefits, which may have both positive and negative impacts on business operations and business performance in the next phase.

From various factors, as a result, the Company and its subsidiaries medical revenue increased but net profit decreased. In summary, the Company and its subsidiaries have consolidated operating income. 5,851.93 million Baht. This was an increase of 2.46 percent

from 5,711.25 million Baht. Net profit in 2023 amounted to 891.07 million Baht. This decreased by 11.92 percent from 1,011.70 million Baht in 2022.

### Summary of important events

- **Quarter 1**

- **Sikarin Hospital Group** in collaboration with Social Security Agency, Ministry of Labour implement a project to increase access to surgery, including breast cancer, uterine lump, kidney and gallbladder stones, and stroke to provide insurers with access to efficient medical services and reduce waiting times for surgery.
- **Sikarin Bangkok Hospital** has upgraded its capacity by launching the "Gastroenterology and Liver Diseases Institute" on the 4th floor of Building 3, Sikarin Hospital, providing comprehensive diagnosis and consultation services on gastrointestinal and liver disorders and problems by a team of specialist doctors to diagnosis and treatment with modern endoscopic technology for efficiency and accuracy.
- **Sikarin Samut Prakan Hospital** in collaboration with the Ministry of Labour, immigration bureau and Myanmar authorities conduct medical certificate issuance services for migrant workers. The center considers permission to stay in the Kingdom, permission to work and issuance of Certificate of Identity (CI).
- **Sikarin Samut Prakan Hospital** in collaboration with Social Security Office, Ministry of Labour implemented a proactive insured health care project in pilot establishments in 7 provinces, focusing on finding cardiovascular disease risks.

- **Quarter 2**

- **Sikarin Public Company Limited** has been selected in the ESG 100 Securities Universe in the Service/Medical Group for the year 2023 for the third consecutive year. ESG by Thaipat Institute's ESG Rating Unit.

- **Sikarin Bangkok Hospital** extends license to operate patient hospital from the original 258 beds in operation to 354 beds by the Ministry of Public Health.
  - Hemodialysis service
  - Medical assisted reproductive technology services
  - Open heart surgery service
  - Cardiac catheterization service
  - Telemedicine services
  - X-ray car service
  - Mobile dental vehicle service
- **Sikarin Samut Prakan Hospital** in collaboration with Social Security Office, Ministry of Labour implement proactive insured health care programs in workplaces. In order for the insured person to undergo a medical examination to identify health risks and lead to behavioral modifications, preventing illness and study the feasibility of developing health promotion benefits and proactive disease prevention, including the system of service management and disease prevention.
- **Sikarin Hat Yai Hospital** has launched five leading medical centers, including Orthopedic Center, Pediatric Center, Obstetrics and Gynecology Center, Vascular and Neurological Center, and Digestive and Liver Center, to support the expansion of patients in the Deep South.
- **Quarter 3**
  - **Sikarin Bangkok Hospital** launches "Nephrology and Urology Center" to provide diagnosis and treatment of kidney and urinary tract diseases. Bring modern medical technology and special equipment for diagnosis and treatment by specialist doctors and a multidisciplinary team with expertise. Symptom screening is assessed during the diagnostic process, along with providing knowledge and understanding about the disease and

continuous follow-up treatment for the safety of patients. With quality services that meet global international standards.

- **Sikarin Samut Prakan Hospital** opened "Sikarin Medical Clinic (Suksawat)" at 288/8 Moo 13, Nai Khlong Bang Pla Ked Subdistrict, Phra Samut Chedi District, Samut Prakan Province to support the service of social security customers and local customers more conveniently with easier access to standardized treatment procedures and referral systems to Sikarin Samut Prakan Hospital.
- **Sikarin Samut Prakan Hospital** in collaboration with the Office of Kom Insurance, Ministry of Labour implement programs to proactively care for insured health in workplaces Phase 2 of 5 provinces, namely Udon Thani, Khon Kaen, Nakhon Ratchasima, Surat Thani and Songkhla, to allow insured persons to undergo health check-ups to identify health risks and lead to behavioral modifications, preventing illness. and study the feasibility of developing health promotion benefits and proactive disease prevention, including the system of service management and disease prevention.
- **Sikarin Hospital Group** operates a mobile hospital (SIKARIN Connect) under the main mission of promoting health in accordance with the Healthy Thailand policy of the Social Security Agency, Ministry of Labour, which has been well received by insurers under Section 33.
- **Sikarin Hospital Group** implements the sustainability in service project by encourage employees and medical personnel affiliated with Sikarin Hospital contribute to environmental stewardship. The pilot activities to reduce energy consumption through various measures such as waste management to help reduce pollution, including the selection of environmentally friendly materials and equipment in the hospital to reduce the impact of climate change and global warming.
- **Sikarin Bangkok Hospital** installs a photovoltaic system or solar power system to convert natural energy such as solar energy into electricity

form. By launching an experiment in SIKARIN Connect building and parking area.

- **Quarter 4**

- **Sikarin Public Company Limited** signed a Memorandum of Understanding (MOU) to develop the "SIKARIN Academy" project with Professor Dr.Wilert Puriwach Dean, Faculty of Commerce and Accountancy, Chulalongkorn University. The objective is to develop the knowledge and potential of personnel in both departments in business administration and to promote academic cooperation in business administration and knowledge in other related fields.
- **Sikarin Samut Prakan Hospital** opened "Sikarin Medical Clinic (Sinsakhon)" at 19/20 Moo 2 , Khok Kham Subdistrict, Mueang Samut Sakhon District, Samut Sakhon Province to support the service of social security customers and local customers more conveniently with easier access to standardized treatment procedures and referral systems to Sikarin Samut Prakan Hospital.
- **Sikarin Hat Yai Hospital** has been certified by JCI " Clinical Care Program Certification (CCPC) Acute Ischemic Stroke Program (Ischemic Stroke), which is an international standard for certification of specialized diseases from the United States in November 2023.
- **Sikarin Public Company Limited** received the corporate government assessment of Thai Listed Companies or CGR for the year 2022 at the highest level of "EXCELLENT" or 5 Stars (Excellence CG Scoring) by the Thai Institute of Directors Association ("IOD") and the Quality assessment of the general meeting of shareholders at the highest level of 5 coin by the Thai Investors Association ("TIA").

- **Sikarin Public Company Limited** donated 1.78 million Baht to the "Sikarin for Children's Heart" project to the Children's Heart Foundation under the patronage of Her Majesty the King Prince Kanlayanivadhana Royal Narathivas Rajanagarindra Department.

## Consolidate Financial Statement Operating Performance

For Q4/2023

### Revenue from Operation

Unit: million Baht

Revenue from Operation	Q4/2023	Q4/2022	Change	Q3/2023	Change
Revenue from medical treatment	1,520.47	1,180.91	28.75%	1,535.30	-0.97%
Revenue from sales of food and beverages	8.46	7.09	19.32%	8.57	-1.28%
Other Revenue	8.79	8.37	5.02%	7.93	10.84%
<b>Total Revenue from Operation</b>	<b>1,537.72</b>	<b>1,196.37</b>	<b>28.53%</b>	<b>1,551.80</b>	<b>-0.91%</b>

In Q4/2023, the Company and its subsidiaries had a total operating income of 1,537.72 million Baht. This was an increase of 28.53 percent from 1,196.37 million Baht in Q4/2022 as a result of

- Revenue from medical treatment of 1,520.47 million Baht, an increase of 339.56 million Baht or 28.75 percent from Q4/2022, mainly due to an increase in the number of patients, revenue from medical treatment for complex difficult diseases through surgery through medical institutions and specialized medical centers, as well as participation in proactive health care programs for insured

persons in workplaces in accordance with the Healthy Thailand policy of the Social Security Administration, Ministry of Labour.

## Operating Expense

Unit: million Baht

Operating Expense	Q4/2023	Q4/2022	Change	Q3/2023	Change
Cost of medical treatment	1,044.46	851.33	22.69%	998.40	4.61%
Cost of sales of food and beverages	5.86	6.05	-3.14%	4.66	25.75%
Selling and Administrative Expenses	228.34	137.19	66.44%	221.19	3.23%
<b>Total Operating Expenses (including depreciation)</b>	<b>1,278.66</b>	<b>994.57</b>	<b>28.56%</b>	<b>1,224.25</b>	<b>4.44%</b>

In Q4 / 2023 , the Company and its subsidiaries operating expenses including depreciation amounted to 1,278.66 million Baht. This was an increase of 28.56 percent from 994.57 million Baht. In Q4/2022 as a result of

- Cost of medical treatment of 1,044.46 million Baht, an increase of 193.13 million Baht or 22.69 percent from Q4/2022, mainly due to an increase in medical revenue and higher costs for medical personnel and costs for medicines and medical supplies in line with the business situation. However, the Company and its subsidiaries were able to maintain the ratio of medical costs to medical income at 68.69%, which was a decrease from 72.09% in Q4/2022.
- Sales and administrative expenses were 228.34 million Baht, an increase of 91.15 million Baht or 66.44 percent from Q4/2022, mainly due to an increase in



medical revenue. As a result, personnel expenses have increased, and expenses related to proactive health check-up programs in the workplace.

## Consolidated Financial Statement Operating Performance

For the year 2023

### Revenue from Operation

Unit: million Baht

Revenue from Operation	2023	2022	Change
Revenue from medical treatment	5,787.21	5,643.11	2.55%
Revenue from sales of food and beverages	32.11	28.61	12.23%
Other Revenue	32.61	39.53	-17.51%
<b>Revenue from Operation</b>	<b>5,851.93</b>	<b>5,711.25</b>	<b>2.46%</b>

In 2023, the Company and its subsidiaries earned revenue from medical treatment of 5,787.21 million Baht, an increase of 144.10 million Baht or 2.55 percent from 5,643.11 million Baht in 2022 despite no revenue from COVID-19 treatments. With the following factors:

- Increase in revenue from medical treatment for complex difficult diseases with surgery.
- Participation in the project to increase access to surgery including breast cancer, uterine lump, kidney and gallbladder stones, and stroke cardiovascular diseases.
- Participation in proactive insured healthcare programs in workplaces in workplaces for the insured person to undergo a medical examination to find

health risks and lead to behavioral modifications, preventing illness and study the feasibility of developing health promotion benefits and proactive disease prevention, including the system of service management and disease prevention.

## Operating Expense

Unit: million Baht

Operating Expense	2023	2022	Change
Cost of medical treatment	3,797.38	3,615.33	5.04%
Cost of sales of food and beverages	22.50	21.35	5.39%
Selling and Administrative Expense	870.45	746.08	16.67%
<b>Total Operating Expense (Including depreciation)</b>	<b>4,690.33</b>	<b>4,382.76</b>	<b>7.02%</b>

- In 2023, the Company and its subsidiaries had cost of medical treatment of 3,797.38 million Baht, an increase of 182.05 million Baht. This was mainly due to an increase in revenue from medical treatment, as well as an increase in medical personnel costs and the cost of medicines and medical supplies in line with the business situation. However, the Company and its subsidiaries were able to maintain the proportion of medical treatment costs to medical revenue in the proportion of 65.62 percent.
- In 2023, selling and administrative expenses amounted to 870.45 million Baht, an increase of 124.37 million Baht. This was mainly due to an increase in personnel expenses and expenses related to proactive health check-up programs.

## Profitability Analysis

Unit: million Baht

Profitability Analysis	2023	2022	Change
Gross Profit	1,989.83	2,027.78	-1.87%
Gross Profit Margin (percent)	34.38	35.93	
EBITDA	1,659.81	1,784.28	-6.98%
EBITDA margin (percent)	28.36	31.24	
EBIT	1,161.60	1,328.48	-12.56%
EBIT margin (percent)	19.85	23.26	
Net Profit	891.07	1,011.70	-11.92%
Net Profit margin (percent)	15.23	17.71	

From the table above, in 2023

- Gross profit was 1,989.83 million baht, a decrease of 37.95 million Baht or 1.87 percent from 2,027.78 million Baht While in 2022 gross margin was 34.38 percent.
- EBITDA of 1,659.81 million Baht, a decrease of 124.47 million Baht or 6.98 percent from 1,784.28 million Baht. While in 2022, EBITDA margin equal to 28.36 percent.
- EBIT of 1,161.60 million Baht, a decrease of 166.88 million Baht or 12.56 percent from 1,328.48 million Baht in 2022, while EBIT margin was 19.85 percent.
- Net profit margin was 15.23 percent, a decrease of 2.48 percent from 17.71 percent in 2022.

## Consolidated Financial Position

Unit: million Baht

Consolidated Financial Position	2023	2022	Change
Total Assets	9,246.45	8,818.21	4.86%
Total Liabilities	1,800.92	1,919.82	-6.19%
Shareholder Equity of the Company e	7,354.67	6,813.32	7.95%
Total Shareholder Equity	7,445.53	6,898.39	7.93%

The consolidated financial statements of the Company and its subsidiaries as of 31 December 2023 totaled assets of 9,246.45 million Baht, an increase of 428.24 million Baht or 4.86 percent from 2022.

- The Company and its subsidiaries had current assets as of 31 December 2023 of 2,219.81 million Baht, a decrease of 9.49 million Baht or 0.43 percent compared to the end of last year.
- The Company and its subsidiaries had non-current assets as of 31 December 2023 of 7,026.64 million Baht, an increase amounted to 437.73 million Baht or 6.64 percent compared to the end of last year.

The consolidated financial statements of the Company and its subsidiaries as of 31 December 2023 showed total liabilities of 1,800.92 million Baht, a decrease of 118.90 million Baht or 6.19 percent from 2022.

- The Company and its subsidiaries had current liabilities as of 31 December 2023 of 1,140.62 million Baht, an increase amounted to 62.88 million Baht, representing an increase of 5.83 percent compared to the end of last year.

- The Company and its subsidiaries had non-current liabilities as of 31 December 2023 of 660.30 million Baht, a decrease of 181.78 million Baht or a decrease of 21.59 percent compared to 2022.

The consolidated financial statements of the Company and its subsidiaries as of 31 December 2023 showed an increase in shareholder equity from 6,813.32 million Baht in 2022 to 7,354.67 million Baht in 2023, or an increase of 541.35 million Baht or 7.95 percent.

The consolidated financial statements of the Company and its subsidiaries as of 31 December 2023 showed an increase in total shareholder equity from 6,898.39 million Baht in 2022 to 7,445.53 million Baht in 2023 or an increase of 547.14 million Baht or an increase of 7.93 percent.

#### Key Financial Ratio

Key Financial Ratio	2023	2022	Change
Liquidity Ratio (times)	1.95	2.07	-0.12
Gross profit margin (%)	34.38	35.93	-1.55
Net profit margin (%)	15.23	17.71	-2.48
Net Debt to Equity (times)	0.24	0.28	-0.04
Average ROA (%)	9.64	11.47	-1.83
Average ROE (%)	11.97	14.67	-2.70

Please be informed accordingly,

Sincerely Yours,

(Mr. Suriyan Kojonroj)

Director and Company Secretary