

Summary of the Operational Results for 4Q23 and FY2023

Economic and Industrial Conditions ¹

In 4Q23, the overall Thai economy continued to expand at a slower pace due to sluggish recovery in tourism and exports. Although there has been a continuous increase in the number of foreign tourists, private consumption and service sectors remain consistently expanding and are significant drivers of the Thai economy. Consumer confidence has also continuously improved, further aided by government policies stimulating the economy.

The economy of the northeastern region expanded from the previous quarter and the previous year. Consumer spending resumed expansion, and consumer confidence showed improvement. Agricultural income contracted due to reduced agricultural production, primarily impacted by drought. The labor market adjusted well with increased employment. The tourism sector continued to expand, driven by an increase in the number of visitors compared to the previous year, particularly during long holiday periods.

The healthcare industry in Thailand in 2023 exhibited a slowdown from the previous high base year due to the easing of the COVID-19 pandemic situation. The number of COVID-19 patients decreased significantly, and the population received widespread vaccination. It is anticipated that the revenue of most hospitals will gradually return to pre-pandemic levels. General patient revenue is expected to grow as services resume and hospitals catering to international patients show positive trends due to the gradual return of medical tourism. Additionally, there are opportunities to expand markets, especially in high intensity cases and cosmetic surgery.

Summary of the operating results

In 4Q23, Ratchaphruek Hospital Public Company Limited ("RPH") experienced significant revenue growth compared to 4Q22 due to an increase in the number of general patients, both outpatient and inpatient. This was largely attributed to higher demand for services, especially during the outbreaks of influenza and respiratory tract infections. Profits for 4Q23 also grew from the previous year, driven by increased revenue and significantly reduced costs, outweighing the rise in selling and administrative expenses.

Overall operations for 2023 saw a decrease in revenue compared to 2022, primarily due to the influx of COVID-19 patients during 2022. However, when focusing solely on non-COVID patients, it was found that there was an increase in utilization rate compared to the previous year. Profit for 2023 decreased due to reduced revenue and increased selling and administrative expenses.

Outlook of 2024 performance and future plans

It is expected that the overall performance in 2024 will continue to grow, especially in the group of general patients who return to normal service utilization as the COVID-19 situation gradually normalizes. RPH has plans to open an aesthetic hospital, which will expand the base of patients to more diverse groups. There are plans to a grand opening and begin operations for the aesthetic hospital from 2025 onwards.

¹ Source: Press Release on the Economic and Monetary Conditions from the Bank of Thailand and Press Release on the Economic and Monetary Conditions of the Northeastern Region of Thailand by the Bank of Thailand

Key developments in 2023

1. On 25 April 2023, the 2023 Annual General Meeting of Shareholders approved the dividend payment from the operating results for the year 2022 at a rate of THB 0.15 per share, totaling THB 81.83 million.
2. On 5 August 2023, the Board of Director meeting approved the interim dividend payment from the operating results for the period from 1 January - 30 June 2023 at a rate of THB 0.11 per share, totaling THB 60.01 million.
3. On 21 August 2023, Kaen Pa Nga Company Limited, a subsidiary of RPH, was established with initial registered capital of THB 5,000,000. Its objective was for operating an aesthetic medical center. RPH holds shares of 99.9998%.

Financial Performance

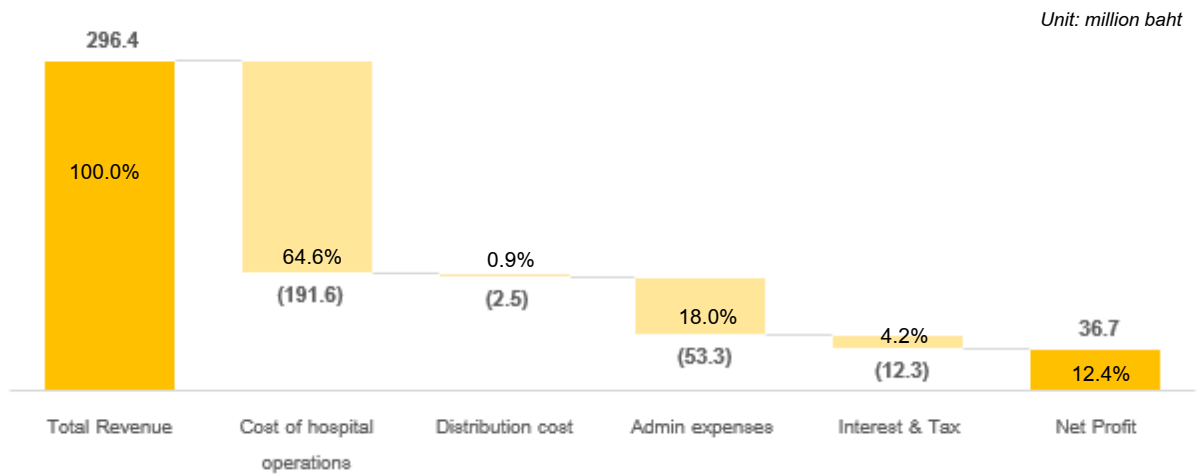
Following the establishment of a subsidiary, Kaen Pa Nga Company Limited (“Kaen Pa Nga”), on 21 August 2023, we are now required to prepare consolidated financial statements starting from 3Q23. However, as Kaen Pa Nga is newly formed and did not engage in significant transactions during the second half of 2023, there no significant difference between the consolidated and the separate financial statements for this period. With the aim of enhancing clarity and simplifying performance data comparisons within this document, we will present the data for 3Q23, 4Q23 and fiscal year 2023 based on the consolidated financial statements. Meanwhile, for 4Q22 and fiscal year 2022, we will utilize data from the separated financial statements. Details of the differences between the consolidated financial statements and the separated financial statements for 4Q23 and fiscal year 2023 will be presented in the appendix of this document.

Statement of comprehensive income

Results of the three-month period

<i>(unit: million baht)</i>	4Q23	3Q23	4Q22	% change QoQ	% change YoY
Revenues from hospital	289.70	321.42	238.15	(9.9%)	21.6%
Cost of hospital operations	191.64	196.16	208.09	(2.3%)	(7.9%)
Gross profit	98.06	125.26	30.06	(21.7%)	226.2%
Other income	6.74	2.30	6.54	193.0%	3.1%
Distribution costs	2.52	4.19	5.94	(39.9%)	(57.6%)
Administrative expenses	53.26	40.81	38.98	30.5%	36.6%
Finance cost	0.22	0.37	1.37	(40.5%)	(83.9%)
Profit before income tax	48.80	82.19	(9.69)	(40.6%)	603.6%
Tax expense	12.10	16.30	(1.74)	(25.8%)	795.4%
Profit for the period	36.68	65.89	(7.95)	(44.3%)	561.6%

Summary of 4Q23 performance



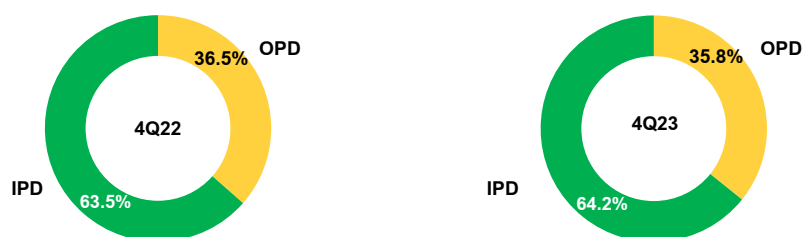
Analysis of 4Q23 compared to 3Q23 and 4Q22

Revenues

(unit: million baht)

	4Q23	3Q23	4Q22	% change QoQ	% change YoY
Revenues from hospital	289.70	321.42	238.15	(9.9%)	21.6%
Other income	6.74	2.30	6.54	193.0%	3.1%
Total revenue	296.44	323.72	244.69	(8.4%)	21.1%

Revenues from hospital operations, by type of patients



In 4Q23, the total revenue was THB 296.44 million, increasing by 21.1% YoY, mainly due to the rise in general patients, primarily from inpatients. During this quarter, there were outbreaks of influenza and respiratory tract infections. In 4Q23, the number of COVID-19 patients significantly decreased compared to the previous year, reaching a minimal level due to the easing of the pandemic situation. When compared to the previous quarter, the total revenue decrease, which is a normal seasonal trend when the third quarter is typically a period of disease outbreaks, resulting in higher number of patient visits compared to other quarters.

Costs and expenses

<i>(unit: million baht)</i>	4Q23	3Q23	4Q22	% change QoQ	% change YoY
Cost of hospital operations	191.64	196.16	208.09	(2.3%)	(7.9%)
Distribution costs	2.52	4.19	5.94	(39.9%)	(57.6%)
Administrative expenses	53.26	40.81	38.98	30.5%	36.6%
Finance cost	0.22	0.37	1.37	(40.5%)	(83.9%)
Tax expense	12.10	16.30	(1.74)	(25.8%)	795.4%
Total Costs and expenses	259.74	257.83	252.64	0.7%	2.8%

Cost of hospital operations

In 4Q23, the cost of hospital operations was THB 191.64 million, decreasing by 7.9% YoY. It was because in 4Q22, the cost of COVID-19 vaccine expiring in the quarter was recognized, while it did not occur in 4Q23. When compared to 3Q23, the cost of hospital operations saw a slight decrease. The proportion of hospital operating costs compared to hospital revenue for 4Q23 was 66.2%, decreasing from 87.4% in the same quarter last year due to a one-time item related to the recognition of COVID-19 vaccine costs.

Distribution costs and administrative expenses

In 4Q23, the distribution costs and administrative expenses were THB 55.78 million, increasing YoY and QoQ. It was mainly because the increased administrative expenses due to the recognition of general expenses that occurred towards the end of the year, such as employee uniform, doubtful debts, and depreciation of damaged assets. Meanwhile, the distribution costs for this quarter saw a reduction on both YoY and QoQ, attributed to the previous period's higher expenditures on public relations and marketing aimed at bolstering brand awareness and laying the groundwork for anticipated growth.

Finance cost

In 4Q23, the finance cost was THB 0.22 million, decreasing by 83.9% YoY due to the full repayment of long-term loans in 1Q23.

Profits

<i>(unit: million baht)</i>	4Q23	3Q23	4Q22	% change QoQ	% change YoY
EBITDA	69.43	104.62	15.85	(33.6%)	338.0%
EBITDA margin (%)	23.4%	32.3%	6.5%	n/a	n/a
EBIT	49.00	82.55	(8.32)	(40.6%)	688.9%
EBIT margin (%)	16.5%	25.5%	(3.4%)	n/a	n/a
Net profit	36.68	65.89	(7.95)	(44.3%)	561.4%
Net profit margin (%)	12.4%	20.4%	(3.3%)	n/a	n/a
Earnings per share (baht)	0.07	0.12	(0.01)	(41.7%)	800.0%

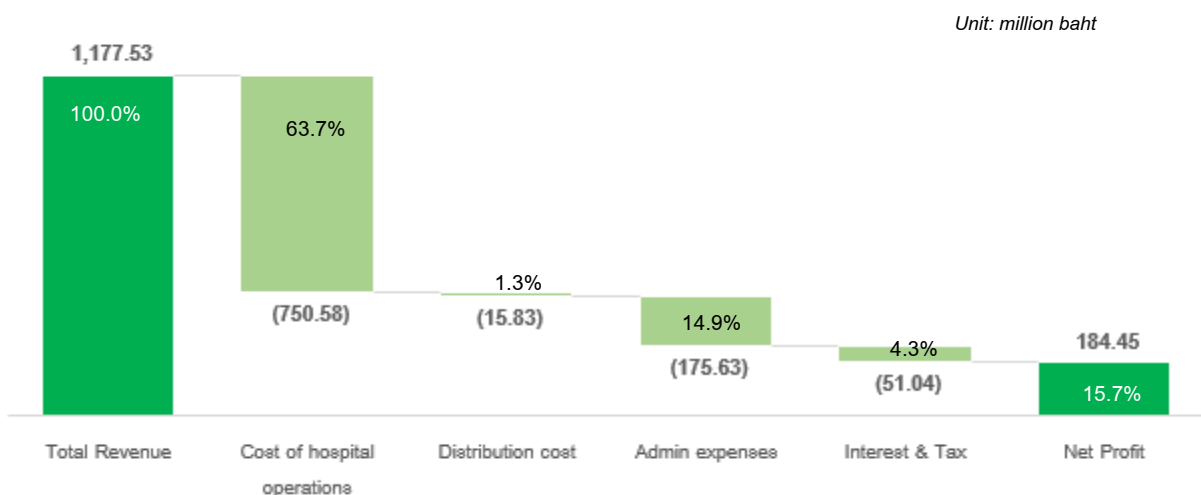
Net profit

Net profit in 4Q23 was THB 36.68 million, decreasing from the previous quarter as the cost of hospital operations, distribution costs and administrative expenses did see a significant change while the revenue decreased. However, this quarter, the company achieved a net profit, in contrast to the net loss recorded in the 4Q22, which was primarily due to a one-time adjustment of revenue downwards in compliance with the Thai government's guidelines on COVID-19 testing and treatment expenses. Unlike in 2023, there was no such adjustment.

Results of full year 2023

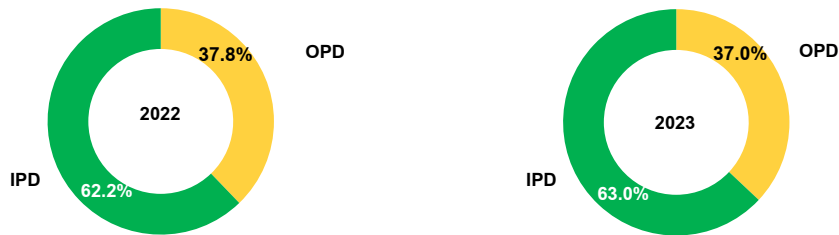
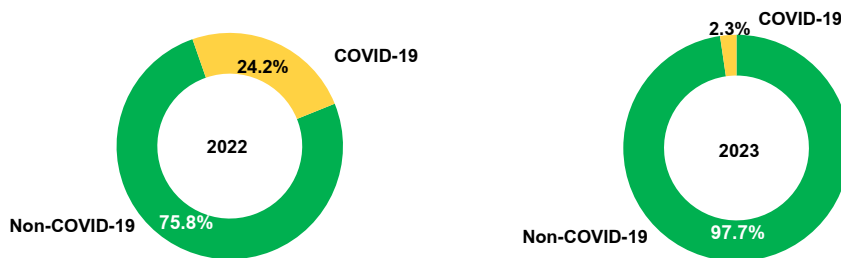
<i>(unit: million baht)</i>	2023	2022	% change
Revenue from hospital	1,160.59	1,326.18	(12.5%)
Cost of hospital operations	750.58	827.01	(9.2%)
Gross profit	410.01	499.17	(17.9%)
Other income	16.94	14.08	20.3%
Distribution costs	15.83	9.68	63.5%
Administrative expenses	175.63	139.83	25.6%
Finance cost	2.11	5.55	(62.0%)
Profit before income tax	233.38	358.19	(34.8%)
Tax expense	48.93	71.72	(31.8%)
Profit for the period	184.45	286.47	(35.6%)

Summary of 2023 performance



Analysis of FY2023 compared to FY2022
Revenues

<i>(unit: million baht)</i>	2023	2022	% change
Revenues from hospital	1,160.59	1,326.18	(12.5%)
Other income	16.94	14.08	20.3%
Total revenues	1,177.53	1,340.26	(12.1%)

Revenues from hospital operations, by type of patients

Revenues from hospital operations, by group of diseases


In 2023, total revenue was THB 1,177.53 million, decreasing by 12.1% YoY because during the first half of 2022, there were still COVID-19 patients being treated. However, in 2023, as the COVID-19 situation improved, the number of COVID-19 patients decreased. Meanwhile, revenue from non-COVID-19 patients increased by 12.8% as regular hospital visits resumed.

Costs and expenses

<i>(unit: million baht)</i>	2023	2022	% change
Cost of hospital operations	750.58	827.01	(9.2%)
Distribution cost	15.83	9.68	63.5%
Admin expenses	175.63	139.83	25.6%
Finance cost	2.11	5.55	(62.0%)
Tax expenses	48.93	71.72	(31.8%)
Total cost and expenses	993.08	1,053.79	(5.8%)

Cost of hospital operations

In 2023, the cost of hospital operations was THB 750.58 million, decreasing by 9.2% YoY in accordance with the reduction in revenue. It was because during the first half of 2022, there were still a number of patients being treated for COVID-19, however, in 2023, as the COVID-19 situation improved, the number of COVID-19 patients decreased. In addition, there was a reclassification of expenses for COVID-19 vaccine provision into costs of hospital operations in 2022. However, the proportion of the cost of hospital operations compared to revenue from hospital increased from 62.4% to 64.7%, as the costs of treating non-COVID-19 patients were higher than treating COVID-19 patients. This increase in cost of operations also stemmed from an increase in personnel due to an increase in staff numbers. Additionally, there were increased costs for repairs, maintenance, and public utilities compared to 2022.

Distribution costs and administrative expenses

In 2023, the distribution cost and administrative expenses were THB 191.46 million, increasing by 28.1% YoY, mainly from a one-time item last year. In 2022, there was a reclassification of expenses for COVID-19 vaccine provision into costs of hospital operations, as the company had already received full doses of the vaccine. Additionally, there were increased administrative expenses due to recognizing general expenses incurred towards the end of the year, such as employee uniform, doubtful debts, and depreciation of damaged assets. Furthermore in 2023, there were increased distribution costs from more advertising and marketing activities, aligning with this year's strategy to enhance brand awareness to support future expansion. Therefore, the distribution cost and administrative expenses in proportion to the total revenues increased from 11.2% to 16.3% in this year.

Finance cost

The finance cost was THB 2.11 million, decreasing by 62.0% due to the full repayment of long-term loan in 1Q23.

Profits

<i>(unit: million baht)</i>	2023	2022	% change
EBITDA	326.00	457.67	(28.8%)
EBITDA margin (%)	27.7%	34.2%	n/a
EBIT	235.49	363.75	(35.3%)
EBIT margin (%)	20.00%	27.1%	n/a
Net profit	184.45	286.47	(35.6%)
Net profit margin (%)	15.7%	21.4%	n/a
Earnings per share (baht)	0.34	0.52	(34.6%)

Net profits

In 2023, the net profit was THB 184.45 million, which decreased by 35.6% YoY, mainly due to a reduction in revenues from COVID-19 treatments as the pandemic subsided, and the abovementioned increase in the costs and expenses.

Statement of financial position

<i>(Unit: million baht)</i>	31 Dec 23	31 Dec 22	% change
Current assets	517.61	519.95	(0.5%)
Property, plant and equipment	1,357.53	1,427.54	(4.9%)
Other non-current assets	56.75	61.20	(7.3%)
Total assets	1,931.89	2,008.69	(3.8%)
Current liabilities	129.75	239.75	(45.9%)
Non-current liabilities	38.20	46.07	(17.1%)
Total liabilities	167.95	285.82	(41.2%)
Total shareholders' equity	1,763.94	1,722.87	2.4%

Analysis of financial position as of 31 December 2023 compared to 31 December 2022
Total assets

As of 31 December 2023, total assets were THB 1,931.89 million, decreasing by 3.8% due to payments from trade and other receivables as normal business, the recognition of the depreciation of property, plant and equipment, and the amortization of the right of use and intangible assets. However, inventory increased as the company stocked up on medications for pediatric diseases and influenza vaccines.

Total liabilities

As of 31 December 2023, total liabilities were THB 167.95 million, decreasing by 41.2% due to the full repayment of long-term loan from financial institutions in 1Q23, and the repayment of short-term loan.

Total shareholders' equity

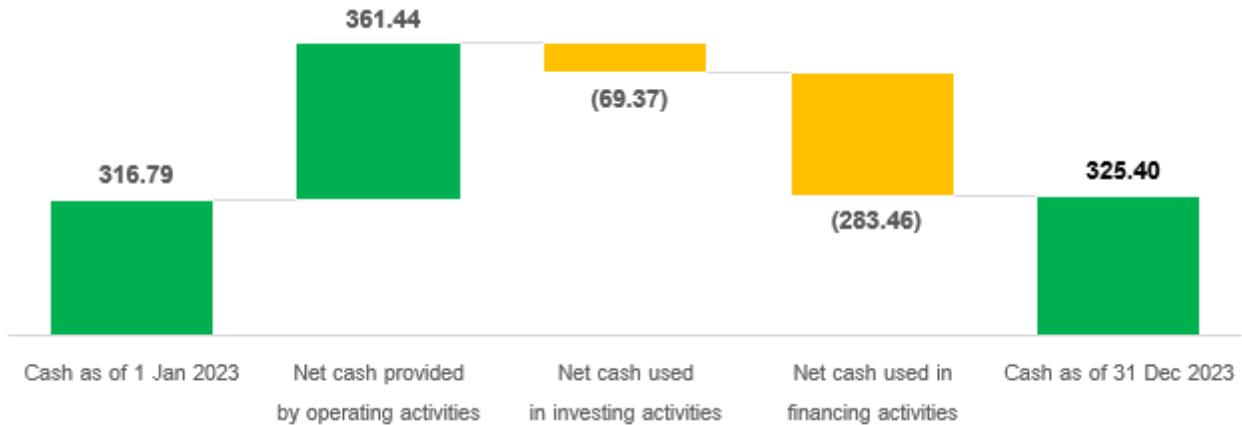
As of 31 December 2023, shareholders' equity was THB 1,763.94 million, slightly increasing by 2.4%.

Statement of cash flows

<i>(Unit: million baht)</i>	31 Dec 23	31 Dec 22
Net cash provided by operating activities	361.44	483.66
Net cash used in investing activities	(69.37)	(82.29)
Net cash used in financing activities	(283.46)	(322.29)
Net increase in cash and cash equivalents	8.61	79.08

Statement of cash flows

Unit: million baht



Cash and cash equivalents at beginning of the period as of 1 January 2023 was THB 316.79 million. Cash generated from operations was THB 388.72 million, interest received was THB 2.59 million, and income tax paid was THB 29.87 million. **Net cash provided by operating activities** was 361.44 million. **Net cash used in investing activities** was THB 69.37 million. The main cash used was the fixed deposit of THB 50.00 million and for property and equipment of THB 16.47 million. In 2023, the cash used in investing activities was lower than in 2022 because there was an investment in high-value medical equipment in 2022, while there was no additional high-value investment in 2023. **Net cash used in financing activities** was THB 283.46 million. It was mainly from the repayment of loans from financial institutions of THB 116.98 million, and the dividend payment of THB 141.45 million. This resulted in the company having a net cash at the end of the period, as of 31 December 2023, of THB 325.40 million, increasing by THB 8.61 million from the beginning of 2023.

Key financial ratios

	2023	2022
Current ratio (times)	3.99	2.17
Accounts receivable turnover (times)	7.85	4.21
Average collection period (days)	46.52	86.72
Debt to equity (times)	0.10	0.17
Return on assets (ROA) %	12.0%	17.2%
Return on equity (ROE) %	10.6%	16.8%

Note: All ratios will be calculated using the formula provided by the Stock Exchange of Thailand

Sustainability Performance

Ratchaphruek Hospital is a leading hospital in the province of Khonkaen. It has a reputation for meeting international hospital standards and excels in providing a remarkable patient-centered environment for both physical and mental recovery. With advanced medical technology and accessible pricing, the hospital places a strong emphasis on warm and compassionate care from all caregivers, based on the principle of providing care that is "Warm as home, care by expertise, remedy by heart." The hospital has continuously built a strong reputation and trust and serves as a foundation for sustainable growth up to the present day. Most recently, on October 31, 2023, Ratchaphruek Hospital received a 5-star rating, or 'Excellent CG Scoring', in the annual corporate governance evaluation for the year 2023 from the Thai Institute of Directors (Thai IOD).

The hospital focuses on conducting operations that foster sustainable development, covering three key dimensions: Environmental, Social, and Corporate Governance (ESG). This approach aims to build trust among stakeholders and enables the company to pursue long-term business success. You can view the full policy and code of conduct at <https://rph.co.th/investor-relations/esg/>

Environmental Dimension (E):

- Installing a Bio-Filter system to prevent the spread of airborne diseases within the hospital premises.
- Installing odor control systems like Wet Scrubbers and Deionizer to prevent unpleasant odors from hospital waste from spreading into the surrounding area.
- Reducing the use of air conditioning by designing the hospital building to be in harmony with wind direction and sunlight and installing energy-efficient cooling systems.

Social Dimension (S):

- Ensuring fair employment practices, respecting human rights, and complying with labor laws.
- Creating a positive working environment within the hospital, focusing on employee well-being and workplace safety.
- Supporting business partners in taking social responsibility by having them sign agreements to follow business ethics.

Governance Dimension (G):

The company places a strong emphasis on adhering to the principles of good corporate governance. We prioritize the timely and accurate disclosure of information, ensuring transparency in our operations. There is also an audit of Report of Conflicts of Interest of Directors and Executives as per the Securities and Exchange Act. As for risk management, the audit committee reviews the risk management operations, including risk management plans at the departmental and organizational levels, to ensure that they align with the company's risk control guidelines and strategies defined by management. Furthermore, a supervisory system is in place to monitor and adapt to external factors that impact the company, ensuring the continuity and sustainability of business operations.

Sincerely yours,

(Teerawat Srinakarin, M.D.)
Chief Executive Officer

Appendix

Details of the difference between Consolidated Financial Statements and Separate Financial Statements for 4Q23 (three-month period) and 2023

Financial Position Statement as of 31 December 2023

<i>(unit: baht)</i>	consolidated financial statement	Separate financial statement	Difference
Assets			
Cash and cash equivalents	325,397,532	322,981,806	2,415,726
Trade and other receivables	115,309,774	115,309,774	-
Investment in subsidiary	-	4,999,990	(4,999,990)
Other assets	1,491,185,903	1,488,609,628	2,576,275
Total assets	1,931,893,209	1,931,901,198	(7,989)
Liabilities			
Trade and other payables	102,014,096	101,989,086	25,010
Other liabilities	65,933,632	65,933,482	150
Total liabilities	167,947,728	167,922,568	25,160
Shareholders' equity	1,763,945,481	1,763,978,630	(33,149)

Statement of comprehensive income for the fourth quarter, three-month period, ended 31 December 2023

<i>(unit: baht)</i>	consolidated financial statement	Separate financial statement	Difference
Total revenues	296,451,187	296,446,238	4,949
Cost of hospital operations	191,633,743	191,633,743	-
Distribution costs and administrative expenses	55,812,735	55,781,492	31,243
Finance costs	226,670	226,670	-
Profit before income tax	48,778,039	48,804,333	(26,294)
Tax expense	12,094,927	12,100,176	(5,249)
Profit for the period	36,683,112	36,704,157	(21,045)

Statement of comprehensive income for the year 2023, ended 31 December 2023

<i>(unit: baht)</i>	consolidated financial statement	Separate financial statement	Difference
Total revenues	1,177,528,066	1,177,523,117	4,949
Cost of hospital operations	750,577,152	750,577,152	-
Distribution costs and administrative expenses	191,461,328	191,414,955	46,373
Finance costs	2,112,455	2,112,455	-
Profit before income tax	233,377,131	233,418,555	(41,424)
Tax expense	48,924,221	48,932,496	(8,275)
Profit for the period	184,452,910	184,486,059	(33,149)

Statement of cash flows for the year 2023, ended 31 December 2023

<i>(unit: baht)</i>	consolidated financial statement	Separate financial statement	Difference
Net cash provided by operating activities	361,441,532	361,457,796	(16,264)
Net cash used in investing activities	(69,369,926)	(71,801,916)	2,431,990
Net cash used in financing activities	(283,459,737)	(283,459,737)	-
Net increase in cash and cash equivalents	8,611,869	6,196,143	2,415,726
Cash and cash equivalents at beginning of the period	316,785,663	316,785,663	-
Cash and cash equivalents at end of the period	325,397,532	322,981,806	2,415,726