

No. WPH – SET 003/2024

27 February 2024

Subject : Management Discussion and Analysis for.

To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2024 of Wattanapat Hospital Trang Public Company Limited (“the Company”) held on 23 February 2024, approving the audited consolidated financial statements for the fiscal year ending December 31, 2023. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the fiscal year ending December 31, 2023 as follows;

Summary of Consolidated Financial Statements

	2023	2022	Movement
<i>Unit : Million Baht</i>			%
Total revenues	1,469.0	1,153.1	27.4%
Revenues from medical treatment	1,459.6	1,145.5	27.4%
Cost of medical treatment	1,093.5	821.3	33.2%
Gross Profit	366.1	324.2	12.9%
Gross Profit Margin	25.1%	28.3%	(3.2%)
Selling and Administrative expenses	221.6	173.7	27.6%
Profit (loss) from operating activities	144.5	150.6	(4.0%)
Other incomes	9.4	7.6	23.3%
Financial costs	42.2	15.0	180.8%
Profit (loss) before (income) tax expenses	111.7	143.1	22.0%
tax expenses	16.6	27.8	40.3%
Net Profit (loss)	95.0	115.3	(17.6%)
Net Profit (loss) Margin	6.5%	10.0%	(3.5%)
EBITDA	273.4	237.5	15.1%
% EBITDA	18.7%	20.7%	(2.0%)

Statements of Comprehensive Income
Revenue from medical treatment

The Company generated the revenue from medical treatment for the fiscal year 2023 and 2022 were in amounts of Baht 1,459.6 million and Baht 1,145.5 million, respectively, which increased by Baht 314.1 million or 27.4%. Since, the seasonal flu outbreaks and further epidemics affecting both children and adults, included the respiratory syncytial virus (RSV), influenza A and B strains, , dengue fever. Also, non-communicable diseases such as Cardiovascular & Cerebrovascular diseases, Gastrointestinal Tract Disease and Accident- Emergency Center. 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. These factors led to an constantly increase in revenue from medical treatment, also, generating high proportion of international patients.

The revenue from Out-patients and In-patients department in the fiscal year 2023 and 2022 was inclined by 12.1% and 36.0% 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 31.0% and 69.0% respectively.

The revenue generated from Thai DD was increased by 10.0% while the revenue from international patients was increased by 212.4%.

Cost of medical treatments

The cost of medical treatments in the fiscal year 2023 and 2022 were in amounts of Baht 1,093.5 millions and Baht 821.3 million, respectively, which increased by 33.2%. By the way, cost of medical treatments compared to total revenue from medical treatment in the fiscal year 2023 and 2022 equaled to 74.9% and 71.7% respectively. This variance was mostly caused by the investing in WattanaPat Samui Hospital, cost of medicines and medical supplies, doctor's fee, the higher in staff expenses, the depreciation, as well as higher healthcare costs for treating complex conditions.

Selling Expenses

The selling expenses in the fiscal year 2023 and 2022 were in amounts of Baht 35.2 million and 18.7 million which mainly caused by the promotional costs from the new hospital openings and these also depending on the number of international patients. The proportion of selling expenses incurred compared to total revenues for the in the fiscal year 2023 and 2022 were 2.4% and 1.6%, respectively.

Administrative Expenses

The administrative expenses in the fiscal year 2023 and 2022 were in amounts of Baht 186.4 million and 154.9 million, increasing by 20.3%. By the way, the proportion of administrative expenses incurred compared to total revenues in the fiscal year 2023 and 2022 were 12.8% and 13.5%, 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, but the Company still has a resource optimization which the result will not affect the standard of service.

Financing Costs

The financing costs from financial institutions in the fiscal year 2023 and 2022 were in amounts of 42.2 million and 15.0 million respectively, increasing by 180.8%. The proportion of financing costs incurred compared to in the fiscal year 2023 and 2022 were 2.9% and 1.3% respectively. This increasing derived from the interest expenses from financial institution utilizing for the construction financing, also, the positive trend of lending rate announcing by financial institutions.

Tax Expense

In the fiscal year 2023 and 2022, tax expense was in amounts of Baht 16.6 million and 27.8 million respectively, decreasing by Baht 11.2 million or 40.3%. This caused from the accumulated loss of Wattanapat Samui Hospital in amount of Baht 23.8 million.

Net Profit

In the fiscal year 2023, the Company generated net profit in amounts of Baht 95.0 million and the fiscal year 2022 generated net profit in amount of Baht 115.3 million, respectively which net profit was declined by Baht 20.2 million or 17.6%. The proportion of net profit incurred in the fiscal year 2023 equalled to 6.5% and the proportion of net profit in the fiscal year 2022 equalled to 10.0%. In the fiscal year 2023, the Company realized net loss from its subsidiary in amounts of Baht 85.0 million. Also, the decreasing in net profit stemmed from the increasing in cost of medical treatments, selling and administrative expenses including financing costs. These caused by the fully operational of Wattanapat Samui Hospital.

Please be informed accordingly.

Yours Sincerely,

(Mr.Chane Laosonthorn)

Director