

23 February 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023
Stock Exchange of Thailand

Patrangsit Healthcare Group Public Company Limited (the "Company") and subsidiary (the "Group") would like to inform the Company's performance for the year ended December 31, 2023, as the following details

Financial Performance

	For the year ended 31 December,			
	2022		2023	
	THB million	%	THB million	%
Revenue from hospital operations	2,039.80	100.00	2,137.96	100.00
Cost of hospital operations	(1,431.82)	(70.19)	(1,564.66)	(73.18)
Gross profit	607.98	29.81	573.30	26.82
Other incomes	13.51	0.66	22.74	1.06
Distribution costs	(14.29)	(0.70)	(11.34)	(0.53)
Administrative expenses	(227.37)	(11.15)	(250.33)	(11.71)
Share of loss of associate	(11.95)	(0.59)	(9.78)	(0.46)
Finance cost	-	-	(0.03)	-
Profit before income tax	367.88	18.04	324.56	15.18
Tax expense	(74.78)	(3.67)	(65.09)	(3.04)
Profit for the year	293.10	14.37	259.47	12.14

Revenue from hospital operations

For the year ended December 31, 2022, and 2023, the revenue from hospital operations was THB 2,039.80 million and THB 2,137.96 million, respectively. This was increased by 4.81% 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 22.41%.

The Group'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 year ended December 31, 2023, revenue from hospital operations were as follows;

Revenue from hospital operations	For the year ended 31 December,			
	2022		2023	
	THB million	%	THB million	%
- General customers	592.68	29.06	610.28	28.54
<i>Growth rate (%)</i>		(9.75)		2.97
- Contract customers	457.99	22.45	532.08	24.89
<i>Growth rate (%)</i>		28.64		16.18
Total revenue from self pay customers	1,050.67	51.51	1,142.36	53.43
<i>Growth rate (%)</i>		3.75		8.73
- Social Security programs	711.52	34.88	749.68	35.07
<i>Growth rate (%)</i>		25.86		5.36
- NHSO programs and Civil servant welfare programs	277.61	13.61	245.92	11.50
<i>Growth rate (%)</i>		(29.36)		(11.42)
Total revenue from government welfare programs	989.13	48.49	995.60	46.57
<i>Growth rate (%)</i>		3.22		0.65
Total revenue from hospital operations	2,039.8	100.00	2,137.96	100.00
<i>Growth rate (%)</i>		3.49		4.81

IPD bed utilization rate for the year ended December 31, 2022, and 2023, was at 85.9% and 87.7% respectively due to growing pediatrics patient from Mother and Child hospital. Additionally, OPD utilization rate for the year ended December 31, 2022, and 2023, was at 75.9% and 81.6% 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	For the year ended 31 December,			
	2022		2023	
	THB million	%	THB million	%
Doctor fee and front staffs' cost	770.28	53.80	844.91	54.00
Cost of medicine and medical instruments	453.66	31.68	498.76	31.88
Cost from operating activities	117.14	8.18	132.10	8.44
Other cost	90.74	6.34	88.89	5.68
Total cost of hospital operations	1,431.82	100.00	1,564.66	100.00
<i>% to revenue from hospital operations</i>		<i>70.19</i>		<i>73.18</i>

For the year ended December 31, 2023, the company's cost of hospital operations was THB 1,564.66 million which's increased by THB 132.84 million from the year ended December 31, 2022, or increased 9.28%. 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 74.63 million according to company's annual salary increment and legal minimum wage adjustment since October 2022.

Distribution Costs

For the year ended December 31, 2023, the company's distribution costs were THB 11.34 million which was slightly decreased by THB 2.96 million from the year ended December 31, 2022.

Administrative expenses

For the year ended December 31, 2023, the Group's administrative expenses were THB 250.33 million which was increased by THB 22.96 million from the year ended December 31, 2022. The main reason was due to the annual salaries and wages increment and other employee benefits.

Net profit

For the year ended December 31, 2023, net profit the Group was THB 259.47 million with net profit margin of 12.14%. This was decreased by THB 33.63 million from the year ended December 31, 2022, or decreased 11.47%, which was mainly due to the higher cost of hospital operations.

Financial position

(Unit: THB million)	As of December 31, 2023
Total assets	2,362.61
Total liabilities	399.84
Total shareholders' equity	1,962.77

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 Group total assets and total shareholders' equity are increased as follows;

Total Assets

The Group'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 December 31, 2023, the Group's total assets were THB 2,362.61 million, the major assets consist of;

1. Cash and cash equivalents were THB 275.09 million representing 11.64% of total assets.
2. Other current financial assets were THB 737.39 million representing 31.19% of total assets.
3. Trade and other current receivables were THB 123.87 million representing 5.24% of total assets.
4. Accrued medical service treatment income was THB 192.48 million representing 8.14% of total assets.
5. Property, plant, and equipment were THB 859.07 million representing 36.34% of total assets.

Total Liabilities

The Group's liabilities consist of trade and other current payables and long-term loans from financial institution. As of December 31, 2023, the company's total liabilities were THB 399.84 million, representing 16.92% of total liabilities and shareholders' equity, the major liabilities consist of;

1. Trade and other current payables were THB 279.46 million representing 11.82% of total liabilities and shareholders' equity.
2. Long-term loan from financial institution were THB 36.05 million representing 1.52% of total liabilities and shareholders' equity.

Total Shareholders' equity

As of December 31, 2023, the Group's shareholders' equity was THB 1,962.77 million representing 83.08% 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 543.88 million.

Key Financial ratio

	31 December 2023
Debt-to-equity (D/E) (times)	0.20
Return on asset (ROA) (percent)	10.98
Return on equity (ROE) (percent)	13.22
Collection period	54.94
Inventory period	11.38
Repayment period	60.60
Cash cycle (days)	5.73

Yours sincerely

Mr. Saran Wangsuekul

Chief Financial Officer

Patrangsit Healthcare Group Public Company Limited