

14 May 2024

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2024
Stock Exchange of Thailand

Patrangsit Healthcare Group Public Company Limited (the "Company") and subsidiary (the "Group") would like to inform the Group's performance for the three-month period ended March 31, 2024, as the following details

Financial Performance

	For the three-month periods ended 31 March,			
	2023		2024	
	THB million	%	THB million	%
Revenue from hospital operations	485.20	100.00	566.72	100.00
Cost of hospital operations	(359.88)	(74.17)	(425.78)	(75.13)
Gross profit	125.32	25.83	140.94	24.87
Other incomes	3.84	0.79	9.96	1.76
Distribution costs	(2.21)	(0.46)	(5.13)	(0.91)
Administrative expenses	(68.16)	(14.05)	(61.96)	(10.93)
Finance cost	(3.40)	(0.70)	(0.56)	(0.10)
Share of loss of associate	-	-	-	-
Profit before income tax	55.39	11.42	83.25	14.69
Tax expense	(10.84)	(2.23)	(16.70)	(2.95)
Profit for the period	44.55	9.18	66.55	11.74

Revenue from hospital operations

For the three-month periods ended March 31, 2023, and 2024, the revenue from hospital operations was THB 485.20 million and THB 566.72 million, respectively. This was increased by 16.80% from the revenue of normalized revenue increased.

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 three-month period ended March 31, 2024, revenue from hospital operations were as follows;

Revenue from hospital operations	For the three-month periods ended 31 March,			
	2023		2024	
	THB million	%	THB million	%
- General customers	136.04	28.04	127.98	22.58
<i>Growth rate (%)</i>		<i>(17.47)</i>		<i>(5.92)</i>
- Contract customers	123.78	25.51	170.66	30.11
<i>Growth rate (%)</i>		<i>12.24</i>		<i>37.87</i>
Total revenue from self pay customers	259.82	53.55	298.64	52.70
<i>Growth rate (%)</i>		<i>(5.56)</i>		<i>14.94</i>
- Social Security programs	159.20	32.81	196.75	34.72
<i>Growth rate (%)</i>		<i>(3.92)</i>		<i>23.59</i>
- NHSO programs and Civil servant welfare programs	66.18	13.64	71.33	12.59
<i>Growth rate (%)</i>		<i>(33.97)</i>		<i>7.78</i>
Total revenue from government welfare programs	225.38	46.45	268.08	47.30
<i>Growth rate (%)</i>		<i>(15.25)</i>		<i>18.95</i>
Total revenue from hospital operations	485.20	100.00	566.72	100.00
<i>Growth rate (%)</i>		<i>(10.32)</i>		<i>16.80</i>

IPD bed utilization rate for the three-month periods ended March 31, 2023, and 2024, was at 82.25% and 77.39% respectively, slightly decreased due to a decline in number of simple and seasonal disease patient. However, OPD utilization rate for the three-month periods ended March 31, 2023, and 2024, was at 60.47% and 68.09% respectively. The increase in OPD utilization rate was both from incremental in number of general and government welfare patient visit especially for patient under Social Security program, as the hospital increased number of social security registered headcount from 140,000 persons to 156,000 persons in March 2023, in which more than 155,000 headcount has been registered under the hospital quota.

Cost of hospital operations

Cost of hospital operations	For the three-month periods ended 31 March,			
	2023		2024	
	THB million	%	THB million	%
Doctor fee and front staffs' cost	195.10	54.21	228.38	53.64
Cost of medicine and medical supplies	108.60	30.18	130.63	30.68
Cost from operating activities	31.06	8.63	36.45	8.56
Other cost	25.12	6.98	30.32	7.12
Total cost of hospital operations	359.88	100.00	425.78	100.00
<i>% to revenue from hospital operations</i>		<i>74.17</i>		<i>75.13</i>

For the three-month period ended March 31, 2024, the Group's cost of hospital operations was THB 425.78 million which has increased by THB 65.90 million, or increased 18.31%. The main reason was from growth in both self pay and government welfare program patient visits together with higher cost of medicine and medical supplies by THB 22.03 million and higher doctor fee and front staffs' cost by THB 33.28 million according to company's annual salary increment and legal minimum wage adjustment since January 2024.

Distribution Costs

For the three-month period ended March 31, 2024, the Group's distribution costs were THB 5.13 million which was increased by THB 2.92 million mainly due to the increased in advertisement and marketing through both online and offline channels and commission fee for medical agency.

Administrative expenses

For the three-month period ended March 31, 2024, the Group's administrative expenses were THB 61.96 million which was decreased by THB 6.20 million. The main reason was due to the reversal of expected credit losses from received debt during the period.

Net profit

For the three-month period ended March 31, 2024, net profit the Group was THB 66.55 million with net profit margin of 11.74%. This was increased by THB 22.00 million, or increased 49.38%, which was mainly due to the higher revenue from hospital operations together with the ability to maintain profit margin through an improvement of operational efficiency from both front-end and back-end.

Financial position

(Unit: THB million)	As of March 31, 2024
Total assets	2,403.04
Total liabilities	373.72
Total shareholders' equity	2,029.32

Total Assets

The Group's major asset consists of cash and cash equivalents, trade and other current receivables, accrued medical service treatment income, other current financial assets and property, plant and equipment. As of March 31, 2024, the Group's total assets were THB 2,403.04 million, the major assets consist of;

1. Cash and cash equivalents were THB 273.02 million representing 11.36% of total assets.
2. Trade and other current receivables were THB 118.20 million representing 4.92% of total assets.
3. Accrued medical service treatment income was THB 207.67 million representing 8.64% of total assets.
4. Other current financial assets were THB 767.75 million representing 31.95% of total assets.
5. Property, plant, and equipment were THB 860.47 million representing 35.81% 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 March 31, 2024, the Group's total liabilities were THB 373.72 million, representing 15.55% of total liabilities and shareholders' equity, the major liabilities consist of;

1. Trade and other current payables were THB 265.55 million representing 11.05% of total liabilities and shareholders' equity.
2. Long-term loan from financial institution were THB 15.84 million representing 0.66% of total liabilities and shareholders' equity.

Total Shareholders' equity

As of March 31, 2024, the Group's shareholders' equity was THB 2,029.32 million representing 84.45% 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 610.43 million.

Key Financial ratio

	31 March 2024
Debt-to-equity (D/E) (times)	0.18
Return on asset (ROA) (percent)	11.08
Return on equity (ROE) (percent)	13.12
Collection period	51.00
Inventory period	12.07
Repayment period	57.60
Cash cycle (days)	5.46

Yours sincerely

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Chief Financial Officer

Patrangsit Healthcare Group Public Company Limited