

Number: RPH-SET 011/2024

11 May 2024

Ratchaphruek Hospital Public Company Limited and its subsidiaries (“the Company” or “RPH”) hereby submit a Management Discussion and Analysis for the first quarter of 2024, ending on 31 March 2024, with the following details:

Summary of the Operational Results for 1Q24 and 2024 Outlook

Economic and Industrial Conditions¹

The Thai economy showed improvement in the first quarter of 2024 compared to the previous quarter, but growth remained subdued compared to the previous year. This growth was primarily driven by the continuous strong performance in the tourism sector, leading to expansion in the service sector and an increase in related employment. Additionally, the economy was supported by factors such as the government's tax reduction measures. However, these measures expired in February.

In the Northeastern region, the economy in the first quarter of 2024 was driven by key factors such as tourism, especially during various festivals, which stimulated spending. Another factor was the income of farmers, which grew in tandem with agricultural production. However, in some months, this growth may have been affected by weather conditions.

In 2024, Thailand's hospital industry is expected to grow compared to the previous year, but at a slower rate than during the COVID-19 pandemic. This is attributed to a declining population and heightened health awareness among younger generations to mitigate health risks. Hospitals serving foreign patients continue to see growth opportunities due to their quality care at competitive prices. Consequently, private hospitals are adapting by integrating technology to enhance service accessibility, expanding specialized services, and emphasizing recurring revenue.

Summary of the operating results

In 1Q24, the Company saw good year-on-year revenue growth, driven by a slight increase in the number of patients, especially outpatients. However, this was a decrease from 4Q23, which was impacted by the influenza and respiratory disease outbreak. Costs of hospital operations increased in line with the increased revenue. RPH effectively managed and controlled its SG&A, maintaining them at a level similar to the previous year. Coupled with lower financial costs, this led to increased profits compared to the previous year.

Outlook of 2024 performance and future plans

It is expected that the overall outlook for the year 2024 will continue to grow, especially in the group of general patients who return to normal service utilization. With COVID-19 not causing severe symptoms in the majority of infected individuals, treatment is similar to that of seasonal influenza. 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, and TTB Economic Analysis

Key development in 1Q24 to present

- On 22 April 2024, the 2024 Annual General Meeting of Shareholders approved the dividend payment from the operating results for the second half of 2023, starting 1 July – 31 December 2023 at a rate of THB 0.19 per share, totaling THB 103,740,000.
- In the fiscal year 2023, the Company paid dividends from 2024 net profit and from the retained earnings at a rate of THB 0.30 per share, totaling THB 163,800,000, or 88.79% of 2023 net profit.
- The Company has set the record date for shareholders entitled to receive dividends on 30 April 2024, and scheduled the dividend payment in cash to shareholders on 15 May 2024.

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, there is 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 4Q23 and 1Q24 based on the consolidated financial statements. Meanwhile, for 1Q23, we will utilize data from the separated financial statements. Details of the differences between the consolidated financial statements and the separated financial statements for 1Q24 will be presented in the appendix of this document.

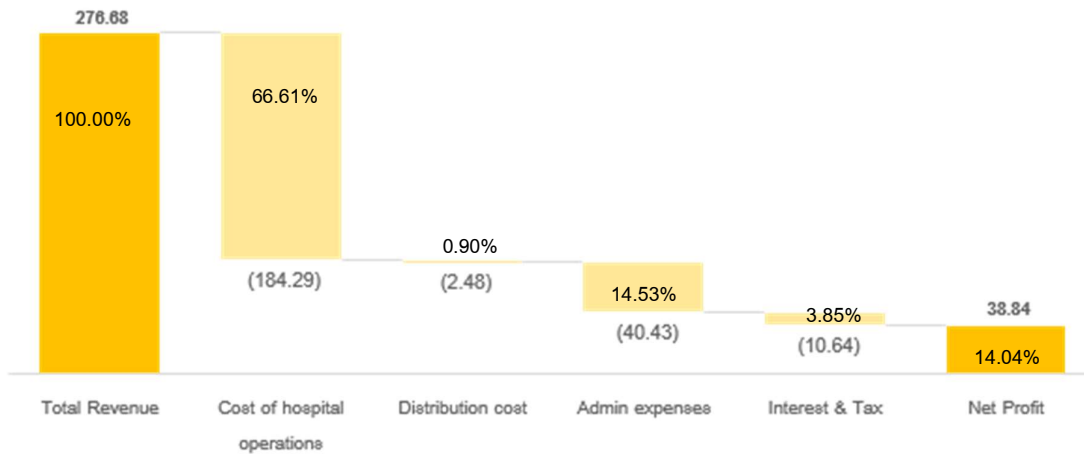
Statement of comprehensive income

Results of the three-month period

| <i>(unit: million baht)</i> | 1Q24 | 4Q23 | 1Q23 | % change QoQ | % change YoY |
|---------------------------------|---------------|---------------|---------------|-----------------|-----------------|
| Revenues from hospital | 273.46 | 289.70 | 264.61 | (5.61%) | 3.34% |
| Cost of hospital operations | 184.29 | 191.64 | 175.94 | (3.84%) | 4.75% |
| Gross profit | 89.17 | 98.06 | 88.67 | (9.07%) | 0.56% |
| Other income | 3.22 | 6.74 | 1.73 | (52.23%) | 86.13% |
| Distribution costs | 2.48 | 2.52 | 2.85 | (1.59%) | (12.98%) |
| Administrative expenses | 40.43 | 53.26 | 40.21 | (24.09%) | 0.55% |
| Finance cost | 0.16 | 0.22 | 1.15 | (27.27%) | (86.09%) |
| Profit before income tax | 49.32 | 48.80 | 46.19 | 1.07% | 6.78% |
| Tax expense | 10.48 | 12.10 | 9.20 | (13.39%) | 13.91% |
| Profit for the period | 38.84 | 36.70 | 36.99 | 5.83% | 5.00% |

Summary of 1Q24 performance

(Unit: million baht)



Analysis of 1Q24 compared to 1Q23 and 4Q23

Revenues

(unit: million baht)

| | 1Q24 | 4Q23 | 1Q23 | % change QoQ | % change YoY |
|------------------------|---------------|---------------|---------------|----------------|--------------|
| Revenues from hospital | 273.46 | 289.70 | 264.61 | (5.61%) | 3.34% |
| Other income | 3.22 | 6.74 | 1.73 | (52.23%) | 86.13% |
| Total revenue | 276.68 | 296.44 | 266.34 | (6.67%) | 3.88% |

Revenues from hospital operations, by type of patients



In 1Q24, the total revenue was THB 276.68 million, increasing by 3.88% YoY, mainly due to the slight increase of outpatients. However, it decreased from 4Q23 which having outbreaks of influenza and respiratory tract infections.

Costs and expenses

| <i>(unit: million baht)</i> | 1Q24 | 4Q23 | 1Q23 | % change QoQ | % change YoY |
|---------------------------------|---------------|---------------|---------------|----------------|--------------|
| Cost of hospital operations | 184.29 | 191.64 | 175.94 | (3.84%) | 4.75% |
| Distribution costs | 2.48 | 2.52 | 2.85 | (1.59%) | (12.98%) |
| Administrative expenses | 40.43 | 53.26 | 40.21 | (24.09%) | 0.55% |
| Finance cost | 0.16 | 0.22 | 1.15 | (27.27%) | (86.09%) |
| Tax expense | 10.48 | 12.10 | 9.20 | (13.39%) | 13.91% |
| Total Costs and expenses | 237.84 | 259.74 | 229.35 | (8.43%) | 3.70% |

Cost of hospital operations

In 1Q24, the cost of hospital operations was THB 184.29 million, increasing by 4.75% YoY. The fixed cost mainly related to employee cost. The cost in this quarter increased from 4Q23, in line with the change in revenue.

Distribution costs and administrative expenses

In 1Q24, the distribution costs and administrative expenses were THB 42.91 million, decreasing slightly YoY and decreasing by 23.07% QoQ due to the one-time expenses at the end of the year. When compared to revenue, the distribution costs and administrative expenses were 15.51%, reflecting a better efficiency from last year and last quarter.

Finance cost

In 1Q24, the finance cost was THB 0.16 million, decreasing by 86.09% YoY due to the full repayment of long-term loans in 1Q23.

Profits

| <i>(unit: million baht)</i> | 1Q24 | 4Q23 | 1Q23 | % change QoQ | % change YoY |
|-----------------------------|--------|--------|--------|--------------|--------------|
| EBITDA | 69.11 | 69.43 | 71.34 | (0.46%) | (3.13%) |
| EBITDA margin (%) | 24.98% | 23.42% | 26.78% | n/a | n/a |
| EBIT | 49.48 | 49.00 | 47.34 | 0.98% | 4.52% |
| EBIT margin (%) | 17.88% | 16.53% | 17.77% | n/a | n/a |
| Net profit | 38.84 | 36.68 | 36.99 | 5.89% | 5.00% |
| Net profit margin (%) | 14.04% | 12.37% | 13.89% | n/a | n/a |
| Earnings per share (baht) | 0.07 | 0.07 | 0.07 | 0.00% | 0.00% |

Net profit

Net profit was THB 38.84 million, increasing from 1Q23 by 5.00% and from 4Q23 by 5.89%. It was mainly from an increase in revenue and efficient cost and expense control. The net profit margin was 14.04%, improving YoY and QoQ.

Statements of financial position

| <i>(Unit: million baht)</i> | 31 Mar 24 | 31 Dec 23 | % change |
|-----------------------------------|-----------------|-----------------|--------------|
| Current assets | 577.20 | 517.61 | 11.51% |
| Property, plant and equipment | 1,343.23 | 1,357.53 | (1.05%) |
| Other non-current assets | 55.79 | 56.75 | (1.69%) |
| Total assets | 1,976.22 | 1,931.89 | 2.29% |
| Current liabilities | 134.73 | 129.75 | 3.84% |
| Non-current liabilities | 38.70 | 38.20 | 1.31% |
| Total liabilities | 173.43 | 167.95 | 3.26% |
| Total shareholders' equity | 1,802.79 | 1,763.94 | 2.20% |

Analysis of financial position as of 31 March 2024 and 31 December 2023

Total assets

As of 31 March 2024, total assets were THB 1,976.22 million, increasing by 2.29% mostly due to an increase in current assets as the Company increased an investment in fixed deposits. Meanwhile, other assets decreased slightly due to normal depreciation and amortization.

Total liabilities

As of 31 March 2024, total liabilities were THB 173.43 million, slightly changed with an increase of 3.26%

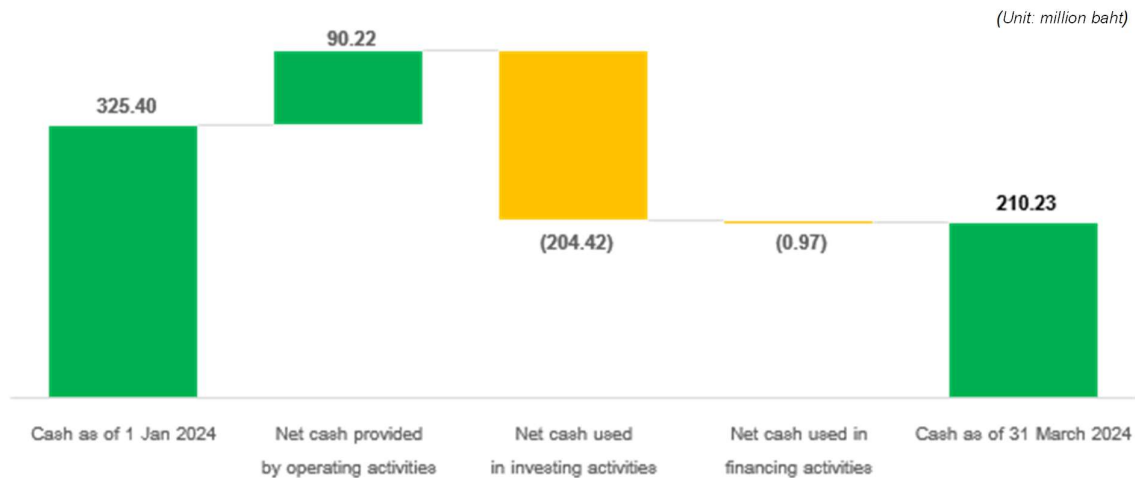
Total shareholders' equity

As of 31 March 2024, shareholders' equity was THB 1,802.79 million, slightly increasing by 2.20%

Statements of cash flows

| (Unit: million baht) | 31 Mar 24 | 31 Mar 23 |
|---|-----------|-----------|
| Net cash provided by operating activities | 90.22 | 66.75 |
| Net cash used in investing activities | (204.42) | (4.93) |
| Net cash used in financing activities | (0.97) | (118.92) |
| Net decrease in cash and cash equivalents | (115.17) | (57.10) |

Statement of cash flows



Cash and cash equivalents at beginning of the period as of 1 January 2024 was THB 325.40 million. Cash generated from operations was THB 91.16 million, interest received was THB 1.66 million, and income tax paid was THB 2.60 million. **Net cash provided by operating activities** was 90.22 million. **Net cash used in investing activities** was THB 204.42 million. The main cash used was the fixed deposit. **Net cash used in financing activities** was THB 0.97 million due to regular lease payment. This resulted in the company having a net cash at the end of the period, as of 31 March 2024, of THB 210.23 million, decreasing by THB 115.17 million from the beginning of 2024.

Key financial ratios

| | 1Q2024 | 1Q2023 |
|--------------------------------------|--------|--------|
| Current ratio (times) | 4.28 | 3.49 |
| Accounts receivable turnover (times) | 8.85 | 3.54 |
| Average collection period (days) | 41.24 | 103.02 |
| Debt to equity (times) | 0.10 | 0.09 |
| Return on assets (ROA) % | 12.18% | 8.41% |
| Return on equity (ROE) % | 10.46% | 7.85% |

Note: All ratios are 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

Financial Position Statement as of 31 March 2024

(unit: million baht)

| | consolidated financial statement | Separate financial statement | Difference |
|-------------------------------|--|---------------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | 210.23 | 208.08 | 2.15 |
| Investment in subsidiary | - | 5.00 | (5.00) |
| Property, plant and equipment | 1,343.23 | 1,340.66 | 2.57 |
| Other assets | 422.76 | 422.48 | 0.28 |
| Total assets | 1,976.22 | 1,976.23 | (0.01) |
| Liabilities | | | - |
| Trade and other payables | 101.03 | 100.98 | 0.05 |
| Other liabilities | 72.40 | 72.40 | - |
| Total liabilities | 173.43 | 173.38 | 0.05 |
| Shareholders' equity | 1,802.79 | 1,802.85 | (0.06) |

Financial Position Statement as of 31 December 2023

(unit: million baht)

| | consolidated financial statement | Separate financial statement | Difference |
|-----------------------------|--|---------------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | 325.40 | 322.98 | 2.42 |
| Trade and other receivables | 115.31 | 115.31 | - |
| Investment in subsidiary | - | 5.00 | (5.00) |
| Other assets | 1,491.19 | 1,488.61 | 2.58 |
| Total assets | 1,931.89 | 1,931.90 | (0.01) |
| Liabilities | | | |
| Trade and other payables | 102.01 | 101.99 | 0.03 |
| Other liabilities | 65.93 | 65.93 | 0.00 |
| Total liabilities | 167.95 | 167.92 | 0.03 |
| Shareholders' equity | 1,763.94 | 1,763.98 | (0.04) |

Statement of comprehensive income for 1Q24, three-month period, ended 31 March 2024

| <i>(unit: million baht)</i> | consolidated financial statement | Separate financial statement | Difference |
|--|---|---|-------------------|
| Total revenues | 276.68 | 276.68 | - |
| Cost of hospital operations | 184.29 | 184.29 | - |
| Distribution costs and administrative expenses | 42.91 | 42.88 | 0.03 |
| Finance costs | 0.16 | 0.16 | - |
| Profit before income tax | 49.33 | 49.36 | (0.03) |
| Tax expense | 10.48 | 10.49 | (0.01) |
| Profit for the period | 38.84 | 38.87 | (0.03) |

Statement of comprehensive income for 4Q23, three-month period, ended 31 December 2023

| <i>(unit: million baht)</i> | consolidated financial statement | Separate financial statement | Difference |
|--|---|---|-------------------|
| Total revenues | 296.45 | 296.45 | 0.00 |
| Cost of hospital operations | 191.63 | 191.63 | - |
| Distribution costs and administrative expenses | 55.81 | 55.78 | 0.03 |
| Finance costs | 0.22 | 0.22 | - |
| Profit before income tax | 48.78 | 48.80 | (0.03) |
| Tax expense | 12.09 | 12.10 | (0.005) |
| Profit for the period | 36.68 | 36.70 | (0.02) |

Statements of cash flows for 1Q24, three-month period, ended 31 March 2024

| <i>(unit: million baht)</i> | consolidated financial statement | Separate financial statement | Difference |
|--|---|---|-------------------|
| Net cash provided by operating activities | 90.22 | 90.22 | (0.00) |
| Net cash used in investing activities | (204.42) | (204.15) | (0.27) |
| Net cash used in financing activities | (0.97) | (0.97) | - |
| Net decrease in cash and cash equivalents | (115.17) | (114.90) | (0.27) |
| Cash and cash equivalents at beginning of the period | 325.40 | 322.98 | 2.42 |
| Cash and cash equivalents at end of the period | 210.23 | 208.08 | 2.15 |