

No. WPH – SET 011/2024

14 August 2024

Subject : Management Discussion and Analysis for the Quarter 2 of 2024 ending on 30 June 2024.

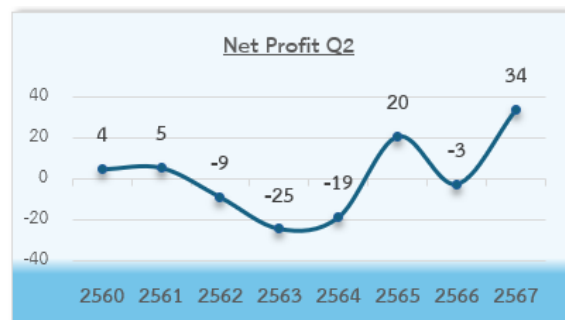
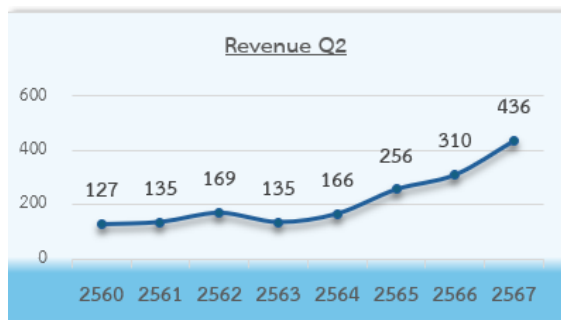
To : Directors and Manager

The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.3/2024 of WattanaPat Hospital Trang Public Company Limited (“the Company”) held on 14 May 2024, approving the audited consolidated financial statements for the Quarter 2 of 2024 ending on 30 June 2024. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 2 of 2024 ending on 30 June 2024 as follows;

**Summary of Consolidated Financial Statements**

	2Q24	1Q24	YoY	1H24	1H23	YoY
<i>Unit : Million Baht</i>						
<b>Total revenues</b>	<b>438</b>	<b>311</b>	<b>41%</b>	<b>1,015</b>	<b>638</b>	<b>59%</b>
<b>Revenues from medical treatment</b>	<b>436</b>	<b>310</b>	<b>41%</b>	<b>1,011</b>	<b>634</b>	<b>59%</b>
Cost of medical treatment	327	261	25%	685	495	38%
<b>Gross Profit</b>	<b>108</b>	<b>49</b>	<b>121%</b>	<b>326</b>	<b>139</b>	<b>134%</b>
<b>Gross Profit Margin</b>	<b>25%</b>	<b>16%</b>	<b>9%</b>	<b>32%</b>	<b>22%</b>	<b>10%</b>
Selling and Administrative expenses	61	54	11%	131	109	21%
<b>Profit from operating activities</b>	<b>48</b>	<b>-5</b>	<b>971%</b>	<b>195</b>	<b>31</b>	<b>532%</b>
Other incomes	2	1	82%	5	4	16%
Financial costs	11	11	3%	23	17	34%
<b>Profit before tax expenses</b>	<b>39</b>	<b>-15</b>	<b>367%</b>	<b>177</b>	<b>18</b>	<b>901%</b>
tax expenses	6	-12	148%	32	-0	-9934%
<b>Net Profit</b>	<b>34</b>	<b>-3</b>	<b>1303%</b>	<b>145</b>	<b>18</b>	<b>706%</b>
<b>Net Profit Margin</b>	<b>8%</b>	<b>(1%)</b>	<b>9%</b>	<b>14%</b>	<b>3%</b>	<b>11%</b>
<b>Profit (loss) attributable to owners of the parent</b>	<b>33</b>	<b>-3</b>	<b>1326%</b>	<b>145</b>	<b>18</b>	<b>749%</b>
<b>Basic earnings (loss) per share (Baht per share)</b>	<b>23%</b>	<b>(8%)</b>	<b>600%</b>	<b>29%</b>	<b>11%</b>	<b>633%</b>
<b>EBITDA</b>	<b>87</b>	<b>26</b>	<b>234%</b>	<b>272</b>	<b>89</b>	<b>205%</b>
<b>% EBITDA</b>	<b>20%</b>	<b>8%</b>	<b>12%</b>	<b>27%</b>	<b>14%</b>	<b>13%</b>



**Statements of Comprehensive Income**
**Revenue from medical treatment**

The Company generated the revenue from medical treatment for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were in amounts of Baht 435.5 million and Baht 309.8 million, respectively, which increased by Baht 125.8 millions or 40.6%. Due to the continuous growth trend at WattanaPat Samui Hospital, which has earned the trust of both Thai and foreign patients, there has been an increase in service visits. The expansion of specialized service capabilities, such as ICU, Cath Lab, and Hyperbaric at WattanaPat Trang Hospital and WattanaPat Ao Nang Hospital, has also attracted new customers. Overall, the group has significantly increased its medical service revenue due to the expansion and development of high-quality services, which have built customer confidence and attracted more targeted customers.

By the way, revenue from Out-patients and In-Patients department were increased 29.3% and 46.5% respectively. IPD revenue was mainly increased from international patients. The proportion of Out-patients department and In-Patients department were 31% and 69% respectively.

The revenue generated from Thai patient was increased by 24.9% while the revenue from foreigner was increased by 117.1%. On the other hand, the proportion of international patient compared to total revenue from medical treatments in the 2<sup>nd</sup> quarter of Year 2024 and Year 2023 equalled to 26% and 17% respectively.

Unit: Million Baht

Revenue	Q2'24		Q2'23		Movement	
	Amount	%	Amount	%	Amount	%
Out-patients	137	31%	106	34%	31	29%
In-patients	298	69%	204	66%	95	46%
<b>Total</b>	<b>436</b>	<b>100%</b>	<b>310</b>	<b>100%</b>	<b>126</b>	<b>41%</b>

Cash	162	37%	122	39%	40	33%
Credit	274	63%	188	61%	86	46%

Thai	321	74%	257	83%	64	25%
Inter	115	26%	53	17%	62	117%

### **Cost of medical treatments**

The cost of medical treatments for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were in amounts of Baht 327.2 millions and Baht 260.8 million, respectively, which increased by 25.4 %. By the way, cost of medical treatments compared to total revenue from medical treatment for the 2<sup>nd</sup> quarter of Year 2024 and 2023 equaled to 75.1% and 84.2% respectively. The cost of medical treatments increased at a rate lower than revenue, due to more efficient cost management. The factors contributing to the cost increase were variable costs, such as the cost of medicines and medical supplies, and employee-related expenses. The group has improved cost management, particularly through the cost-saving project in electricity (Project Solar Rooftop), which helped reduce electricity expenses. Additionally, economies of scale from the expansion of the group's operations have led to a decrease in cost per unit as the volume of production or services increases.

### **Selling Expenses**

The selling expenses for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were in amounts of Baht 11.0 million and 5.8 million. Most of the selling expenses were focused on promotional activities and the creation of marketing materials to introduce new medical services. Although these expenses increased, they remained reasonable in proportion to the revenue from medical services, enabling the group to effectively attract new customers and increase revenue. By the way, the proportion of selling expenses incurred compared to total revenues for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were 2.5% and 1.9%, respectively.

### **Administrative Expenses**

The administrative expenses for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were in amounts of Baht 49.6 million and 48.7 million, increasing by 1.9%. By the way, the proportion of administrative expenses incurred compared to total revenues for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were 11.4% and 15.7%, respectively. Administrative expenses increased slightly, but the ratio of cost to medical service revenue decreased significantly due to effective cost management and increased medical service revenue. In light of revenue, Administrative expenses were therefore not a concern.

### **Financing Costs**

The financing costs from financial institutions for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were in amounts of 10.8 million and 10.5 million respectively, increasing by 2.9%. The proportion of financing costs incurred compared to the 2<sup>nd</sup> quarter of Year 2024 and 2023 were 2.5% and 3.4% respectively. The tendency of interest expense slightly decreased since the principal repayments exceeding therequired installments. By the way, with effective financial management, it is expected that the company's financial costs will likely decrease further in the future."

### **Tax Expense (Revenue)**

For the 2<sup>nd</sup> quarter of Year 2024 and 2023, tax expense was in amounts of Baht 5.7 million and Baht (11.9) million respectively, increasing by Baht 17.6 million or 148.3% . Income tax expenses increased due to higher profits. In addition, deferred tax in amount of 17 millions baht was listed in the statement generating from its subsidiary (WattanaPAT Samui Hospital) which indicates that taxes in a certain amount have not been paid but are due in the future.

However, in the second half of Y2024, WattanaPat Ao Nang Hospital starts taking privilege from the benefits from investment promotion (BOI) resulted in the reduction of the tax burden in the future, allowing the Company and its subsidiaries to save on income tax expenses in the long term.

### **Net Profit**

For the 2<sup>nd</sup> quarter of Year 2024 and 2023, the net profit were in amounts of Baht 33.5 million and Baht (2.8) million, respectively or increased for Baht 36.3 million or 1,302.7%. The proportion of net profit incurred compared to the total revenue for the 2<sup>nd</sup> quarter of Year 2024 and 2023 were 7.7% and (0.9) % respectively. Due to the growth in medical service revenue, the expansion of specialized services, effective cost management, and the reduction in financial costs, the group's overall performance has improved significantly.

Comparing net profit in the first quarter and second quarter, it shows that the proportion is decreased dramatically, by the way, it reflects normal tendency of the Company and its subsidiaries' performance. The main reason stemmed from the number of patient from both Thai and Inter in the second quarter of the year (low season) was dropped significantly, while the first quarter, the quantity of inter patients was increased and stable in Thai patient, resulting in the difference in net profit. Moreover, the factors affecting the reduction in net profit consist of

- The revenue from medical treatment dramatically decreased since there would be low season and high season of the Company and its subsidiaries.
- During the first quarter of the year, the majority of revenue from medical treatment generated from inter patients which also generating higher profit margin. These will be dropped in the second quarter of the year.
- In the second quarter of the year, the Company and its subsidiaries focus on the personal development, motivating the employee taking day off so as to manage their personal matters and during this period, it is the right time to maintenance medical equipments and renovate the building. From the earlier reasons, causing high administrative expenses. However, the strategy in the second quarter reflects the full efficiency of employee, medical instruments, and also reducing expenses.
- WattanaPat Samui Hospital operated for two years in the second quarter of year 2024, however, fixed costs remain high proportion comparing to revenue from medical treatment for instance doctors' fee, outsourcing costs, salary, depreciation expenses. Referring to these factors, the decreasing in revenue from medical treatment, resulting in dramatically decreasing in net profit.

In summary, during the second quarter of the year, the tendency of revenue of the Company and its subsidiaries from both Thai and Inter would drop. Then, in the third quarter of the year, the revenue start increasing from seasonal disease especially from Pediatric Department and Medicine Department. Finally, the fourth quarter of the year,

there will be high season in the Inter patient. The occupancy rate of the Company and its subsidiaries from high sensity to low density indicated as quarter3 > quarter 4 > quarter 1 > quarter 2 respectively.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director