

No. WPH – SET 012/2024

14 November 2024

Subject : Management Discussion and Analysis for the third quarter of 2024 and the nine months period of 2024 results.

To : Directors and Manager  
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.4/2024 of WattanaPAT Hospital Trang Public Company Limited (“the Company”) held on 13 November 2024, approving the audited consolidated financial statements for the Quarter 3 of 2024 ending on 30 September 2024. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 3 of 2024 ending on 30 November 2024 as follows;

### Summary of Consolidated Financial Statement

	3Q24	3Q23	YoY	2Q24	QoQ	9M24	9M23	YoY
<i>Unit : Million Baht</i>								
<b>Total revenues</b>	503	392	28%	438	15%	1,519	1,030	47%
<b>Revenues from medical treatment</b>	500	390	28%	436	15%	1,511	1,024	48%
Cost of medical treatment	349	291	20%	327	7%	1,035	786	32%
<b>Gross Profit</b>	151	99	53%	108	39%	476	238	100%
<b>Gross Profit Margin</b>	30%	25%	5%	25%	5%	32%	23%	8%
Selling and Administrative expenses	60	49	24%	61	-1%	191	157	22%
<b>Profit from operating activities</b>	90	50	80%	48	89%	285	81	252%
Other incomes	3	2	52%	2	34%	8	6	28%
Financial costs	11	12	-5%	11	3%	34	29	18%
<b>Profit before tax expenses</b>	82	40	104%	39	110%	258	58	345%
tax expenses	13	6	113%	6	133%	45	6	660%
<b>Net Profit</b>	69	34	102%	34	106%	213	52	309%
<b>Net Profit Margin</b>	14%	9%	5%	8%	6%	14%	5%	9%
<b>EBITDA</b>	132	84	56%	87	52%	404	173	133%
<b>% EBITDA</b>	26%	22%	5%	20%	6%	27%	17%	10%

### Revenue from medical treatment

In the 3<sup>rd</sup> quarter of 2024 and 2023, the company generated revenue from medical treatment amounting to Baht 500 million and Baht 390 million, increasing by 28%. The net profit for the 3<sup>rd</sup> quarter of 2024 was Baht 69 million, a rise of 102% from Baht 34 million in the 3<sup>rd</sup> quarter of 2023. This increase was driven by revenue from both outpatient and inpatient, resulting in a net profit margin of 14% in the 3<sup>rd</sup> quarter of 2024.

For the nine-month of 2024 and 2023, revenues from medical treatment were Baht 1,511 million and Baht 1,024 million, increasing of 48%. As for net profit for the nine-month period of 2024 and 2023, were Baht 214 million and 52 million baht in Q3 of 2023, increasing by 310%. This equates to a net profit margin for the nine-month period of 2024 and 2023 of 14% and 9% respectively.

### **Future Investment Plan: "WattanaPAT Phuket Hospital" (5th hospital)**

As the resolution of Board of Directors meeting of 2024 (held on November 13, 2024), the board approved the investment in WattanaPAT Phuket Hospital, a 200-bed hospital. The hospital is expected to fully operations in the 4<sup>th</sup> quarter of 2026, in accordance to the high season for international patients. It is projected to break even on EBITDA in the first year and break even on NPAT within 1-2 years, similar to the performance of WattanaPAT Samui Hospital, which achieved EBITDA break-even in 8 months and NPAT break-even in 10 months after opening. The project is expected to generate an internal rate of return (IRR) of approximately 25% - 30%, based on the feasibility study of the project. Additionally, the project is eligible for investment promotion incentives from the Board of Investment (BOI), including a 100% corporate income tax exemption.



### **Revenues from medical treatment**

<i>Unit : Million Baht</i>	3Q24	3Q23	YoY	2Q24	QoQ
<b>Total revenues</b>	<b>503</b>	<b>392</b>	<b>28%</b>	<b>438</b>	<b>15%</b>
<b>Revenues from medical treatment</b>	<b>500</b>	<b>390</b>	<b>28%</b>	<b>436</b>	<b>15%</b>

For the 3<sup>rd</sup> quarter of 2024, the company generated revenues from medical treatment of Baht 500 million, an increase of 28% from Baht 390 million in the 3<sup>rd</sup> quarter of 2023. The growth in revenue came from all subsidiaries, particularly *WattanaPAT Aonang Hospital Co., Ltd.* and *WattanaPAT Samui Hospital Co., Ltd.*, the increased revenue due to seasonal diseases. Additionally, the company benefited from expanded medical service capabilities, including the investment in more complex diseases. The expansion in ICU and inpatient wards, as well as the establishment of a Cardiac Catheterization Laboratory (Cath Lab), and so on.

Revenue from outpatient and inpatient services increased by 21% and 32%, respectively. The proportion of outpatient and inpatient patients was 30% and 70%, respectively.

When segmented by nationality, revenue from Thai patients increased by 19%, while revenue from international patients rose by 88%. As a result, the proportion of revenue from international patients to total revenue increased from 13% in the 3<sup>rd</sup> quarter of 2023 to 19% in the 3<sup>rd</sup> quarter of 2024.



	3Q24	3Q23	% Chg
<b>Core Revenue (MB)</b>	<b>500</b>	<b>390</b>	<b>28%</b>
<b>Type of patients</b>			
OPD	30%	31%	21%
IPD	70%	69%	32%
<b>By Nationality</b>			
Thai	81%	87%	19%
International	19%	13%	88%
<b>By Company</b>			
WPH	50%	60%	7%
WPA	28%	26%	38%
WPS	22%	14%	103%

### Cost of medical treatments

	3Q24	3Q23	YoY	2Q24	QoQ
<i>Unit : Million Baht</i>					
Cost of medical treatment	349	291	20%	327	7%
<b>Gross Profit</b>	<b>151</b>	<b>99</b>	<b>53%</b>	<b>108</b>	<b>39%</b>
<b>Gross Profit Margin</b>	<b>30%</b>	<b>25%</b>	<b>5%</b>	<b>25%</b>	<b>5%</b>

In the 3<sup>rd</sup> quarter of 2024 and 2023, the company incurred cost of medical treatment totaling Baht 349 million and Baht 291 million, an increase of 20% compared to the same period last year. This increase in costs is in line with the revenue growth. The increasing in cost of medical treatments were variable costs, such as the cost of medicines and medical supplies, and employee-related expenses. However, the company group continues to emphasize the importance of cost management and environmental impact. One of the initiatives in place is the Solar Rooftop Project, which aims to install solar panels across all subsidiaries. This project is expected to reduce future electricity costs. Additionally, the company is benefiting from economies of scale due to business expansion, which enhances its bargaining power for goods and services. The company is also optimizing human resource utilization and staff rotation across the group.

### Selling and Administrative expenses

	3Q24	3Q23	YoY	2Q24	QoQ
<i>Unit : Million Baht</i>					
Selling and Administrative expenses	60	49	24%	61	-1%
<b>Profit from operating activities</b>	<b>90</b>	<b>50</b>	<b>80%</b>	<b>48</b>	<b>89%</b>

### Selling and Administrative Expenses

For the 3<sup>rd</sup> of 2024 and Q3 of 2023, selling and administrative expenses amounted to Baht 60 million and Baht 49 million, respectively, increasing of 24%. These expenses accounted for 12.1% and 12.5% of total revenue from medical treatment in the 3<sup>rd</sup> of 2024 and Q3 of 2023. The relatively lower expense ratio is attributed to effective cost management and the use of cross-functional management teams within the Company and its subsidiaries, particularly mid- to senior-level employees, which resulted in economies of scale.

The increase in expenses primarily came from promotional activities and the development of online media to introduce new medical services. These efforts allowed the Company and its subsidiaries to effectively attract new customers and increase revenue. Other increases in expenses included personnel management costs, investments in employee development programs, preparations for ESG (Environmental, Social, and Governance) certification, social contribution activities, and preparations for the new hospital investment, "WattanaPat Phuket Hospital."

### Financing Costs

<i>Unit : Million Baht</i>	3Q24	3Q23	YoY	2Q24	QoQ
Financial costs	11	12	-5%	11	3%
<b>Profit before tax expenses</b>	<b>82</b>	<b>40</b>	<b>104%</b>	<b>39</b>	<b>110%</b>

The financing costs from financial institutions for the 3<sup>rd</sup> quarter of Year 2024 and 2023 were in amounts of Baht 11 million and Baht 12 million respectively, decreasing by 5%. The proportion of financing costs incurred compared to the 3<sup>rd</sup> quarter of Year 2024 and 2023 were 2.2% and 3.0% 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

<i>Unit : Million Baht</i>	3Q24	3Q23	YoY	2Q24	QoQ
tax expenses	13	6	113%	6	133%

In the 3<sup>rd</sup> quarter of 2024 and the 3<sup>rd</sup> quarter of 2023, the company generated an increase in tax expenses of Baht 13 million and Baht 6 million, increasing by 113%. However, in the second half of 2024, WattanaPat Aonang Hospital start taking a privilege from the Board of Investment (BOI) promotion for both of its projects, which will help reduce corporate income tax expenses and contribute to higher profits in the future.

### Net Profit

	3Q24	3Q23	YoY	2Q24	QoQ
<i>Unit : Million Baht</i>					
<b>Net Profit</b>	<b>69</b>	<b>34</b>	<b>102%</b>	<b>34</b>	<b>106%</b>
<b>Net Profit Margin</b>	<b>14%</b>	<b>9%</b>	<b>5%</b>	<b>8%</b>	<b>6%</b>

In the 3<sup>rd</sup> quarter of 2024 and 2023, the company achieved a net profit of Baht 69 million and Baht 34 million, respectively, reflecting an increase of 35 million baht, or 102%. The net profit margin for the 3<sup>rd</sup> quarter of 2024 and 2023 were 14% and 9%, respectively. This growth was driven by an increase in revenue from medical treatment, the expansion of specialized services, and effective cost management, as well as a reduction in financial expenses. These factors contributed to the overall improved performance of the company.

For the third quarter of 2024, the company incurred one-time special expenses, including:

- Fees for external consultants to develop the capabilities of personnel across the group.
- Costs associated with preparing for ESG (Environmental, Social, and Governance) rating certification such as travel and accommodation expenses for staff attending training in Bangkok.
- Expenses related to social activities.
- Costs related to preparations for the investment in the new hospital, WattanaPAT Phuket Hospital.

Trend in the 4<sup>th</sup> quarter of 2024, as the company enters the high season for international patients, it is expected that revenue will continue to grow. The company also anticipates achieving a high net profit margin, as international patients typically offer higher margins compared to Thai patients. Additionally, some of the usual one-time expenses, typically recognized in Q4, have already been gradually recognized during 1<sup>st</sup> quarter to 3<sup>rd</sup> quarter of the year.

**Financial Performance for the nine months period of 2024.**
**Revenues from medical treatment**

<i>Unit : Million Baht</i>	1H24	1H23	YoY
<b>Total revenues</b>	<b>1,519</b>	<b>1,030</b>	<b>47%</b>
<b>Revenues from medical treatment</b>	<b>1,511</b>	<b>1,024</b>	<b>48%</b>

For the nine-month period of 2024, revenues from medical treatment of Baht 1,511 million, an increase of 48% compared to the same period last year. The primary driver of this growth came from the existing companies, including Wattanapat Hospital Trang, Wattanapat Ao Nang Hospital, and Wattanapat Samui Hospital, which continued to perform well. This increasing was due to the expansion of medical services, such as the expansion of ICU and inpatient wards, as well as the establishment of a Cardiac Catheterization Laboratory (Cath Lab). These efforts resulted in higher-than-expected revenue (Revenue target in 2024 equalled to Baht 1,900 million).

**Costs of medical treatment**

<i>Unit : Million Baht</i>	1H24	1H23	YoY
<b>Cost of medical treatment</b>	<b>1,034</b>	<b>786</b>	<b>32%</b>
<b>Gross Profit</b>	<b>477</b>	<b>238</b>	<b>100%</b>
<b>Gross Profit Margin</b>	<b>32%</b>	<b>23%</b>	<b>8%</b>

For the nine-month period of 2024 and 2023, costs of medical treatment amounted to Baht 1,035 million and Baht 786 million, respectively, reflecting an increase of 32% in accordance with revenues from medical treatment. The cost of medical treatment compared to revenues from medical treatment for the nine-month periods of 2024 and 2023 was 68.5% and 76.7%, respectively. The main costs of medical treatment include expenses for medications and medical supplies, salaries and overtime for employees, doctor fees, and depreciation, etc.

**Selling and Administrative Expenses**

<i>Unit : Million Baht</i>	1H24	1H23	YoY
<b>Selling and Administrative expenses</b>	<b>191</b>	<b>157</b>	<b>22%</b>
<b>Profit from operating activities</b>	<b>285</b>	<b>81</b>	<b>253%</b>

**Selling and Administrative Expenses**

For the nine-month period of 2024 and 2023, selling and administrative expenses were Baht 191 million and Baht 157 million, reflecting an increase of 22%. In the nine-month period of 2024 and 2023, these expenses accounted for 12.7% and 15.3% of total revenues of medical treatment. The main expenses were related to promotional activities and the creation of online media to introduce new medical services, which helped the Company and its subsidiaries

attract new customers and increase revenue effectively. Additionally, the Company managed costs efficiently by utilizing cross-functional management teams, particularly mid- to senior-level staff, resulting in economy of scale.

### Financial Costs

<i>Unit : Million Baht</i>	1H24	1H23	YoY
Financial costs	34	29	18%
<b>Profit before tax expenses</b>	<b>259</b>	<b>58</b>	<b>346%</b>

For the nine-month period of 2024 and 2023, financial costs amounted to 34 million baht and 29 million baht, respectively, increasing by 18%. This rise in financial costs was due to the company taking a long-term loan in the early 2024 for the construction of a hospital building under its subsidiary. However, financial costs is expected to decrease, as the company has been able to generate higher cash flow, improving its ability to make loan repayments beyond the minimum required by the loan agreement. Additionally, the trend in interest rates is expected to decrease, further contributing to lower financial costs.

### Tax expenses

<i>Unit : Million Baht</i>	1H24	1H23	YoY
tax expenses	45	6	662%

For the nine-month period of 2024 and 2023, income tax expenses amounted to Baht 45 million and Baht 6 million, respectively, increasing by 662%, which aligns with the significant growth in profit. However, in the 4<sup>th</sup> quarter of 2024, WattanaPAT Aonang Hospital will be able to fully utilize the tax exemption benefits from the Board of Investment (BOI) for both of its projects, and the first time on a full-quarter basis. This will help reduce corporate income tax expenses and contribute to higher profits in the future.

### Net Profit

<i>Unit : Million Baht</i>	1H24	1H23	YoY
<b>Net Profit</b>	<b>214</b>	<b>52</b>	<b>310%</b>
<b>Net Profit Margin</b>	<b>14%</b>	<b>5%</b>	<b>9%</b>

For the nine-month period of 2024 and 2023, the company recorded a net profit of Baht 213 million and Baht 52 million, respectively, increasing by 309%. Net profit margin for the nine-month periods of 2024 and 2023 was 14% and 5%, respectively.

**Financial Ratio**

<b>Financial Ratio</b>	<b>9M2024</b>	<b>9M2023</b>
Gross Profit Margin (%)	31.51	23.25
Net Profit Margin (%)	14.04	5.06
Interest Bearing Debt to Equity (Times)	0.63	1.10
Current Ratio (Times)	1.22	0.60
Account Receivable Turnover (Times)	7.00	6.38
Average Collection Period (Day)	52.13	57.21
Debt to Equity (Times)	0.82	1.33
Return on Asset (ROA) (%)	10.94	3.79
Return on Quity (ROE) (%)	22.75	8.47

Remark: All financial ratio are calculated using the formula provided by SET.

**Sustainability (SET ESG)**

The company recognizes importance on conducting its business under the principles of sustainable development, focusing on creating value in three areas: economic, social, and environmental, based on the foundation of good corporate governance. This approach aims to ensure stable and sustainable growth for the company.

In the 3<sup>rd</sup> quarter of 2024, the company participated in the "Sustainable Development Journey 2024" program and sent its board members to attend the "ESG in the Boardroom" course organized by the Thai Institute of Directors Association. The company also enrolled its personnel in a training course on business sustainability strategies. The company is committed to undergoing the SET ESG Rating assessment in 2025 with the goal of being selected for inclusion in the sustainable stock group and receiving awards for participation in various assessments.

Please be informed accordingly.

Yours Sincerely,

( Mr.Chane Laosonthorn)

Director