

20 December 2024

Subject Management Discussion and Analysis for the nine-month period ended 30 September 2024

Attention Directors and Managers
The Stock Exchange of Thailand

Nakornthon Hospital Public Company Limited (the “Company”) and the subsidiaries (collectively as the “Group”) would like to inform the analysis of financial performance and financial positions for the nine-month period ended 30 September 2024. The details are as follows:

1. Business Overview

The Company was established on 13 May 1993, with a registered capital of THB 400 million to operate a hospital business. It officially began providing medical services under the name Nakornthon Hospital on 10 November 1996, offering tertiary-level healthcare services by a team of doctors with experience and expertise in each medical center such as spine center, cancer center, neurology center, and dental center.

In 2022, the Company established 2 subsidiaries which are Nakornthon Hospital 2 Co., Ltd. and Nakornthon Nursing Care Co., Ltd., to operate a hospital for general patients and insured patients and to operate Nakornthon Long Life Center project which will be a comprehensive care center for the elderly and dependent people, respectively. Currently, Nakornthon Hospital 2 Co., Ltd. has completed its Environmental Impact Assessment (EIA) and has obtained the building construction permit (Aor1). The construction commenced in May 2024, and it is expected to be completed and open for general patients by approximately 2025. After that, Nakornthon Hospital 2 will apply for social security hospital certification in early 2026, which is anticipated to take about one year and is expected to be able to provide medical services to insured patients under social security rights by around 2027. Furthermore, Nakornthon Long Life Center has obtained building construction permit (Aor.1) and is expected to start operations around 2026.

2. Management Discussion and Analysis

Summary of Key Financial Information for the Nine-Month Period Ended 30 September 2024

Unit : THB million

Operating Results	For the nine-month period ended 30 September	
	2023	2024
Revenue from Hospital Operation	1,496.55	1,495.79
Total Revenue	1,520.43	1,521.34
Cost of Hospital Operation	1,014.20	1,043.52
Selling and Service Expenses	31.49	34.32
Administrative Expenses	176.04	198.25
Total Cost and Expenses	1,221.73	1,276.09
Operating Profit	298.70	245.25
Profit for the Period	236.03	190.83

The majority of the Group's revenue is from revenue from hospital operation. For the nine-month period ended 30 September 2023 and 2024, the proportion of revenue from hospital operation to total revenue was 98.43% and 98.32%, respectively.

The Group's revenue from hospital operation could be categorized into two categories based on the type of patient: revenue from outpatients (OPD) and revenue from inpatients (IPD). The majority of revenue from hospital operation comes from outpatients. For the nine-month period ended 30 September 2023 and 2024, the proportion of revenue from outpatients to revenue from hospital operation was 55.49% and 61.78% respectively.

Revenue from Hospital Operation

Revenue from Hospital Operation	For the nine-month period ended 30 September			
	2023		2024	
	THB million	%	THB million	%
Revenue from Outpatients (OPD)	830.44	55.49	924.16	61.78
Revenue from Inpatients (IPD)	666.11	44.51	571.63	38.22
Revenue from Hospital Operation	1,496.55	100.00	1,495.79	100.00
<i>The proportion of revenue from hospital operation to total revenue</i>	-	98.43	-	98.32

Revenue from Outpatients (OPD)

Revenue from outpatients can be categorized into two groups: general patients and corporate contract patients. Most of revenue from outpatients comes from general patients. For the nine-month period ended 30 September 2023 and 2024, the proportion of revenue from outpatients from general patients to total revenue from outpatient was 59.73% and 56.08%, respectively.

For the nine-month period ended 30 September 2024, the Group's revenue from outpatients was THB 924.16 million, an increase of THB 93.72 million or 11.29% from the same period in the previous year which was THB 830.44 million. Revenue from outpatients increased from both general patients and corporate contract patients. The increase was mainly from an increase in average revenue from outpatient per visit by 12.54%. The growth in revenue from outpatients for the nine-month period ended 30 September 2024 was mainly driven by increase in revenue from the children health center, aesthetics and skin center, ear-nose-throat center, internal medicine center, and women health center.

Revenue from Inpatients (IPD)

Revenue from inpatients can be categorized into two groups: the general patients and the corporate contract patients. The revenue contribution from both groups was fairly evenly distributed. For the nine-month period ended 30 September 2023 and 2024, the proportion of revenue from inpatients from the general patients to total revenue from inpatient was 49.75% and 52.16%, respectively.

For the nine-month period ended 30 September 2024, the Group's revenue from inpatients was THB 571.63 million, a decrease of THB 94.48 million, or 14.18% from the same period in the previous year which was THB 666.11 million. This decrease was due to decreasing revenue from inpatients from both the general patients and corporate contract patients, resulting from a drop in inpatient admissions (IPD Admissions) by 801 cases, or 6.08% and a reduction in the number of bed days by 1,858 bed days or 5.70%. The Company anticipates that this result was due to the economic slowdown and stricter insurance policies regarding patient admissions for inpatient care. Additionally, the average revenue from inpatient per bed day decreased by THB 1,838.39 per bed day, or 9.00% and the average revenue from inpatient per case dropped by THB 4,362.51 per case, or 8.63%.

Net Profit

For the nine-month period ended 30 September 2024, the Group's net profit was THB 190.83 million, a decrease of THB 45.20 million, or 19.15%, from the same period in the previous year which was THB 236.03 million. The net profit margin was 12.54%, down from 15.52% in the nine-month period ended 30 September 2023. This decline was primarily due to the growth in cost of hospital operation, selling and service expenses, and administrative expenses while revenue from hospital operation was similar to the nine-month period ended 30 September 2023.

Total Assets

The Group's total assets are divided into two main categories: (1) current assets, which include cash and cash equivalents, trade and other receivables, inventory, and other current financial assets; and (2) non-current assets, which include restricted bank deposits, advance payment for lease of land paid to related parties, property, plant and equipment, intangible assets, and right-of-use assets. As of 30 September 2024, the Group's key assets consist of

property, plant and equipment, trade and other receivables, cash and cash equivalents, right-of-use assets, and other current financial assets, which accounted for 62.84%, 8.44%, 8.07%, 6.93%, and 5.93% of total assets, respectively.

As of 30 September 2024, the Group's total assets were THB 1,701.43 million, a decrease of THB 311.91 million, or 15.49%, from the end of 2023 which were THB 2,013.34 million. This decrease was mainly due to a reduction in other current financial assets as the Company used these as part of funding for dividend payments in the second quarter of 2024. However, there was an increase in the Company's land from the purchase of additional land around Nakornthon Hospital to expand its service capacity and scope in the future. Additionally, there was an increase in buildings from the improvements and maintenance of the operational areas and utility system within Nakornthon Hospital.

Total Liabilities

As of 31 December 2023, and 30 September 2024, the Group's total liabilities were THB 467.07 million and THB 844.32 million, respectively, representing 23.20% and 49.62% of total liabilities and shareholders' equity, respectively. The Group's total liabilities primarily consist of trade and other payables, long-term loans from financial institution, provision for long-term employee benefits, and lease liabilities, which together account for 89.05% of total liabilities as of 30 September 2024.

As of 30 September 2024, the Group's total liabilities were THB 844.32 million, an increase of THB 377.26 million, or 80.77%, from the end of 2023 which were THB 467.07 million. This increase was mainly due to an increase in long-term loans from financial institution by THB 268.00 million as the Company used loans from financial institution as a partial source of fund for dividend payments in second quarter of 2024. Additionally, there was an increase in trade and other payables by THB 121.53 million.

Total Shareholders' Equity

The Group's shareholders' equity primarily consisted of (1) issued and fully paid capital, (2) statutory reserves, and (3) retained earnings. As of 31 December 2023 and 30 September 2024, the Group's shareholders' equity was THB 1,546.27 million and THB 857.11 million, respectively, representing 76.80% and 50.38% of total liabilities and shareholders' equity, respectively.

As of 30 September 2024, the Group's shareholders' equity was THB 857.11 million, a decrease of THB 689.17 million, or 44.57%, from the end of 2023 which was THB 1,546.27 million. This decrease was mainly due to the declaration of dividend payments in the first and second quarters of 2024, totaling THB 880.00 million. However, the Group's retained earnings increased from net profit by THB 190.83 million.

Key Financial Ratios

Financial Ratio	For the nine-month period ended 30 September	
	2023	2024
Current Ratio (times)	2.53	0.82
Gross Profit Margin (percent)	32.23	30.24
Net Profit Margin (percent)	15.52	12.54
Return on Assets (percent)	16.67	13.70
Return on Equity (percent)	21.96	21.17
Debt to Equity Ratio (times)	0.31	0.99

Remarks:

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Gross Profit Margin = (Revenue from Hospital Operations – Cost of Hospital Operations) / Revenue from Hospital Operations
- (3) Net Profit Margin = Net Profit / Total Revenue
- (4) Return on Assets = Net Profit / Average Total Assets
- (5) Return on Equity = Net Profit / Average Total Shareholders' Equity
- (6) Debt to Equity = Total Liabilities / Total Shareholders' Equity
- (7) The ratios for the nine-month period ended 30 September 2023 and 2024 are calculated using annualization

Please be informed accordingly.

Sincerely yours,



(Mis Supawadee Loykaew)
Director of Finance and Accounting