No. WPH-SET 010/2026

**14 August 2026**

**Subject : Management Discussion and Analysis for the Quarter 2 of 2026 and 1H2026 results.**

**To : Directors and Managers**

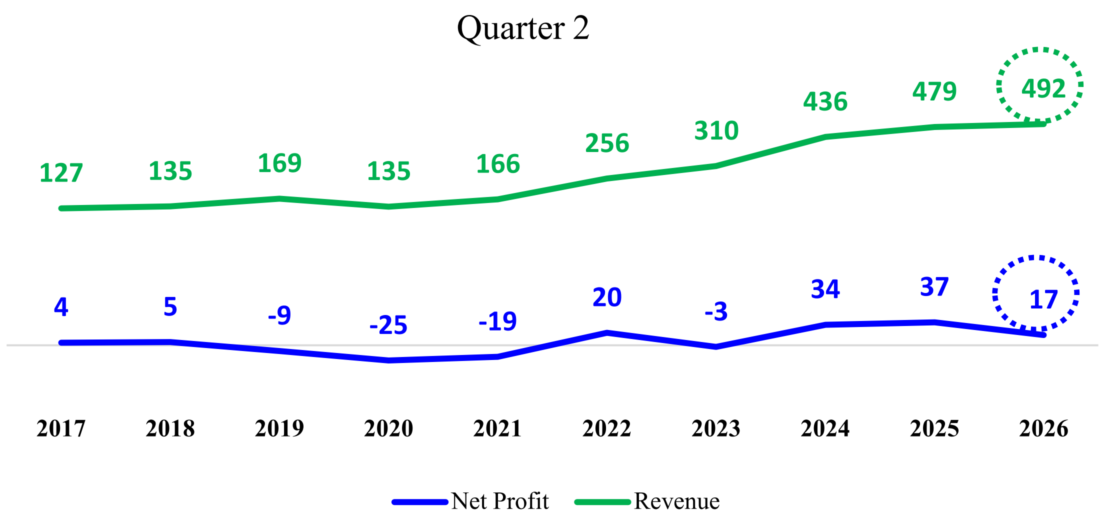
**The Stock Exchange of Thailand**

According to the resolution of the meeting of the Board of Directors No.3/2026 of Wattanapat Hospital Trang Public Company Limited ("the Company") held on 14 August 2026, approving the audited consolidated financial statements for the Quarter 2 of 2026 and 1H2026 results. The Company would like to report factors that affect the financial performance of the Company and its subsidiary for the Quarter 2 of 2026 and 1H2026 results as follow;

**Summary of Consolidated Financial Statements**

| | Quarterly | | | Yearly | | |
|---|---|---|---|---|---|---|
| ***Unit : Million Baht*** | **2Q26** | **2Q25** | **YoY** | **1H26** | **1H25** | **YoY** |
| **Total revenues** | **495** | **485** | **2.1%** | **1,295** | **1,209** | **7.1%** |
| **Revenues from medical treatment** | **492** | **479** | **2.6%** | **1,289** | **1,201** | **7.4%** |
| Cost of medical treatment | 387 | 362 | 7.0% | **853** | **776** | 9.9% |
| **Gross Profit** | **105** | **117** | **-10.7%** | **436** | **424** | **2.8%** |
| ***Gross Profit Margin*** | *21.3%* | *24.5%* | | *33.8%* | *35.3%* | *-1.5%* |
| Selling and Administrative expenses | 82 | 69 | 20.0% | 189 | 155 | 21.7% |
| **Profit from operating activities** | **22** | **49** | **-54.0%** | **247** | **269** | **-8.2%** |
| Other incomes | 3 | 5 | -47.8% | 6 | 8 | -31.2% |
| Financial costs | 8 | 9 | -11.1% | 17 | 19 | -12.9% |
| **Profit before tax expenses** | **17** | **45** | **-62.1%** | **236** | **258** | **-8.6%** |
| tax expenses | 0 | 8 | -94.3% | 32 | 39 | -18.8% |
| **Net Profit** | **17** | **37** | **-55.5%** | **205** | **219** | **-6.7%** |
| ***Net Profit Margin*** | *3.4%* | *7.7%* | | *15.8%* | *18.1%* | *-2.3%* |
| **Net Profit (Excluding pre-operating exp.)** | **25** | **37** | **-32.3%** | **223** | **219** | **1.6%** |
| ***Net Profit Margin (Excluding pre-operating exp.)*** | *5.1%* | *7.7%* | | *17.2%* | *18.1%* | *-0.9%* |
| **EBITDA** | **71** | **96** | **-25.3%** | **343** | **359** | **-4.5%** |
| ***% EBITDA*** | *14.5%* | *20.0%* | | *26.6%* | *29.9%* | *-3.3%* |

** Pre-operating expenses for preparing the launch of new subsidiary—including personnel expenses, travel and accommodation expenses were recorded in 1H2026, totaling approximately 8 million baht.*




**Thailand's Economic Outlook and Private Hospital Industry 2026**

The private hospital industry in 2Q26 continued its gradual recovery, with revenue expected to grow at a modest low-single-digit rate YoY. The sector was impacted by geopolitical tensions between the US and Iran, which affected travel from Middle Eastern patients, alongside weak domestic purchasing power that led Thai patients to postpone non-essential medical treatments.

However, the outlook for the second half of 2026 (2H26) points toward a clearer and stronger recovery. This expected rebound is supported by several key drivers, including the return of pent-up demand from Middle Eastern patients as geopolitical tensions ease, the normalization of revenue from Cambodian patients, and an improving Thai economy that should encourage local patients to resume medical treatments. Additionally, a potential upward adjustment in Social Security Scheme (SSS) reimbursement rates is expected to become clearer by 4Q26.[1]

*Source* [1] *: https://www.innovestx.co.th/cafeinvest/research/industry-analysis/industry-analysis/healthcare-20260610*

- **Operating results for the three-month period ended 30 June 2026**

**Consolidated Financial Statement**

| Revenue (million baht) | 2Q2026 | 2Q2025 | YoY |
|---|---|---|---|
| Total Revenue | 495 | 484 | 2.1% |
| Revenue from medical treatment | 492 | 479 | 2.6% |
| Other incomes | 3 | 5 | -47.8% |

**Financial Performance - 2Q2026**

| Revenue (million baht) | 2Q2026 | | 2Q2025 | | Change (YoY) | |
|---|---|---|---|---|---|---|
| **Type of Patients** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| OPD | 170 | 35% | 158 | 33% | 12 | 7.3% |
| IPD | 322 | 65% | 321 | 67% | 1 | 0.3% |
| **Total** | **492** | **100%** | **479** | **100%** | **13** | **2.6%** |
| **Type of Payment** | | | | | | |
| Cash | 170 | 35% | 178 | 37% | -8 | -4.6% |
| Credit | 322 | 65% | 301 | 63% | 21 | 6.9% |
| **Nationality** | | | | | | |
| Thai | 348 | 71% | 342 | 71% | 6 | 1.8% |
| International | 144 | 29% | 137 | 29% | 7 | 4.8% |

**Revenue from medical treatment**

In Q2/2026, medical treatment revenue grew by 2.6% YoY, driven primarily by the Outpatient (OPD) segment. However, due to the economic slowdown, patients exercised greater spending caution, leading to a decline in the OPD-to-IPD conversion rate and a subsequent drop in inpatient volume. Nevertheless, strategic investments in specialized medical centers for complex care effectively boosted average revenue per patient, offsetting the impact of lower inpatient volume and sustaining top-line growth.

Medical treatment revenue expanded across both patient categories, driven by a 7.3% YoY rise in Outpatient (OPD) revenue and a 0.3% YoY increase in Inpatient (IPD) revenue. Consequently, the OPD-to-IPD revenue contribution stood at 35% and 65%, respectively.

By payment type, self-pay revenue contracted 4.6% YoY, while the insurance and corporate contract segment expanded by 4.8% YoY. This shift underscores the ongoing growth and penetration of Thailand's health insurance market.

Revenue by nationality saw gains in both segments, with Thai patient revenue up 1.8% YoY and international revenue rising 4.8% YoY. Growth was anchored by Wattanapat Samui Hospital Co., Ltd., which performed strongly across both patient bases.

**Cost of medical treatment & Selling and Administrative Expense**

| Unit: million baht | 2Q2026 | 2Q2025 | Change (YoY) |
|---|---|---|---|
| Cost of medical treatment | 387 | 362 | 7.0% |
| Gross Profit | 105 | 117 | -10.7% |
| Gross Profit Margin | 21.3% | 24.5% | -3.2% |
| Selling and Administrative Expense | 83 | 69 | 20.0% |

**Cost of medical treatment**

In Q2/2026, cost of medical treatment rose by 7.0% YoY, outpacing revenue growth due to business expansion and scale, which resulted in a 3.2% contraction in Gross Profit Margin. Key cost drivers included doctor fees, staff expenses, and depreciation from newly launched clinics. Additionally, costs were impacted by pre-operating personnel expenses (doctors and staff) recruited in preparation for the commercial launch of a new subsidiary later in 2026.

**Selling and Administrative Expenses**

In Q2/2026, Selling, General, and Administrative (SG&A) expenses increased by 20.0% YoY. This increase was primarily driven by higher promotional costs tied to international patient revenue growth, alongside marketing and PR expenses for launching new specialized medical services. Additionally, administrative costs rose due to expanded headcount, travel and accommodation expenses for assisting group affiliates, higher bank fees from increased collection volumes, and pre-operating personnel costs incurred to prepare for the commercial launch of a new subsidiary in 2026.

| Unit: million baht | 2Q2026 | 2Q2025 | YoY |
|---|---|---|---|
| Profit from operating activities | 25 | 54 | -53.4% |
| Financial cost | 8 | 9 | -11.1% |
| Tax Expenses | 0.4 | 8 | -94.3% |
| Net Profit | 17 | 37 | -55.5% |
| Net Profit Margin | 3.4% | 7.7% | -4.3% |

**Financing Costs**

In 2Q26, finance costs decreased by 11.1% YoY, primarily driven by the ongoing repayment of long-term loans across the parent company and its subsidiaries (WPH, WPA, and WPS), as well as the reduction of short-term borrowings. This was made possible by optimized cash cycle management and enhanced debt collection efficiency from insurance providers and corporate partners, resulting in stronger cash flow generation compared to the same period last year.

Additionally, the Group benefited from the ongoing downward interest rate trend that began last year, combined with strategic capital structure optimization and strict financial discipline. These efforts successfully reduced interest expenses and strengthened the Group's balance sheet. Regarding long-term borrowings allocated for the construction of Wattanapat Hospital Phuket (scheduled to open in October 2026), the associated borrowing costs have been capitalized as part of the asset value during the construction period, in accordance with applicable accounting standards.

**Tax Expense**

Income tax expense for 2Q26 decreased compared to the same period last year, aligning with lower Earnings Before Taxes (EBT) due to higher medical treatment costs. Additionally, the reduction was supported by greater utilization of BOI tax privileges across the Group.

**Net Profit**

In Q2/2026, the Company reported a 55.5% YoY decline in net profit, resulting in a net profit margin of 3.4%, compared to 7.7% in Q2/2025.

***Excluding pre-operating expenses*** for the new subsidiary, ***the Company's normalized net profit for 2Q26 stood at THB 25 million, representing a 32.3% YoY decrease. The normalized net profit margin remained solid at 5.1%.***

- **Operating results for the six-month period ended 30 June 2026**

**Consolidated Financial Statement**

| Revenue (million baht) | 1H2026 | 1H2025 | YoY |
|---|---|---|---|
| Total Revenue | 1,295 | 1,209 | 7.1% |
| Revenue from medical treatment | 1,289 | 1,201 | 7.4% |
| Other incomes | 6 | 8 | -31.2% |

**Financial Performance – 1H2026**

| Revenue (million baht) | 1H2026 | | 1H2025 | | Change (YoY) | |
|---|---|---|---|---|---|---|
| **Type of Patients** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| OPD | 367 | 28% | 341 | 28% | 26 | 7.7% |
| IPD | 922 | 72% | 860 | 72% | 62 | 7.2% |
| **Total** | **1,289** | **100%** | **1,201** | **100%** | **88** | **7.4%** |
| **Type of Payment** | | | | | | |
| Cash | 411 | 32% | 391 | 33% | 20 | 5.1% |
| Credit | 878 | 68% | 810 | 67% | 68 | 8.4% |
| **Nationality** | | | | | | |
| Thai | 694 | 54% | 698 | 58% | -4 | -0.5% |
| International | 595 | 456% | 503 | 42% | 92 | 18.3% |

**Revenue from medical treatments**

For the six-month period ended June 30, 2026, revenue from medical treatments grew by 7.4% YoY. This performance was driven by strategic investments in advanced medical technology, the expansion of specialized centers, and the recruitment of medical specialists in high-revenue specialties. These initiatives effectively met patient demands and drove higher visit volumes across both domestic and international segments.

Revenue from medical treatments split by care type demonstrated solid growth across both segments. Outpatient (OPD) revenue grew by 7.7% YoY, while Inpatient (IPD) revenue increased by 7.2% YoY. Consequently, the revenue mix between OPD and IPD stood at 28% and 72%, respectively, remaining stable compared to the same period last year.

When categorized by payment type, revenue from medical treatments demonstrated solid growth across all payment channels. The self-pay segment expanded by 5.1% YoY, while the insurance and corporate contract segment grew by 8.4% YoY.

By nationality, revenue from Thai patients decreased slightly by 0.5% YoY. Conversely, international patient revenue surged by 18.3% YoY, driven by sustained growth in foreign patient volumes across both the parent company and its subsidiaries. This expansion was anchored primarily by Wattanapat Samui Hospital Co., Ltd., which demonstrated outstanding performance in both domestic and international patient segments.

**Cost of medical treatments and SG&A Expens**

| Unit: million baht | 1H2026 | 1H2025 | Change (YoY) |
|---|---|---|---|
| Cost of medical treatment | 853 | 776 | 2.8% |
| Gross Profit | 436 | 424 | -10.7% |
| Gross Profit  Margin | 34% | 35% | -1.0% |
| Selling and Administrative Expense | 189 | 155 | 21.7% |

**Cost of medical treatment**

For the six-month period ended June 30, 2026, the cost of medical treatments increased by 2.8% YoY, aligned with overall revenue growth and business expansion. Consequently, the gross profit margin contracted by 1.0%. The cost rise was primarily driven by higher doctor fees, personnel expenses, and depreciation from new clinic openings, alongside pre-operating manpower preparation costs (physicians, staff) for a new subsidiary scheduled to launch in 2026.

**Selling and Administrative Expense**

For the six-month period ended June 30, 2026, Selling, General, and Administrative (SG&A) expenses increased by 21.7% YoY. Primary growth drivers included higher promotional costs aligned with international patient revenue growth, as well as marketing and public relations expenses for launching new specialized medical services. Additionally, administrative costs rose due to expanded headcount, travel and accommodation expenses for assisting group affiliates, higher bank fees from increased collection volumes, and pre-operating personnel costs incurred ahead of a new subsidiary's launch in 2026.

| Unit: million baht | 1H2026 | 1H2025 | Change (YoY) |
|---|---|---|---|
| Profit from operating activities | 253 | 277 | -8.9% |
| Financial cost | 17 | 19 | -12.9% |
| Tax Expense | 32 | 39 | -18.8% |
| Net Profit | 205 | 219 | -6.7% |
| Net Profit Margin | 15.9% | 18.3% | -2.4% |

**Financial Cost**

For the six-month period ended June 30, 2026, finance costs decreased by 12.9% YoY. This reduction was primarily attributable to optimized cash cycle management and enhanced collection efficiency from insurance providers and corporate partners. The resulting strong operational cash flows enabled the Group to continuously repay both short-term and long-term borrowings.

**Tax Expense**

For the six-month period ended June 30, 2026, income tax expense decreased by 18.8% YoY, aligning with lower Earnings Before Taxes (EBT) due to higher medical treatment costs.

**Net Profit**

For the six-month period ended June 30, 2026, the Company reported a 6.7% YoY decline in net profit, resulting in a net profit margin of 15.9%. This reflects a 2.40% contraction in net margin compared to the same period last year.

***Excluding pre-operating expenses*** for the new subsidiary, ***the Company reported a normalized net profit of THB 223 million*** for the six-month period ended June 30, 2026, ***representing a 1.6% YoY increase. The normalized net profit margin remained solid at 17.2***% .

**Statement of Financial Position**

**Unit: million baht**

| Statement of Financial Position | 30/06/2026 | 31/12/2025 | Change (%) |
|---|---|---|---|
| Total Asset | 3,928 | 3,582 | 9.6 |
| Total Liabilities | 1,738 | 1,536 | 13.2 |
| Total Equities | 2,189 | 2,047 | 7.0 |

**Total Assets**

As of June 30, 2026, the Company's total assets reached THB 3,928 million, representing an increase of 9.6% from the end of the previous year. This growth was primarily driven by capital expenditures in land, buildings, and equipment. Key investments included land acquisition and ongoing construction for Wattanapat Hospital Phuket and Koon Wattanapat Hospital, alongside renovations of inpatient (IPD) wards, the establishment of new specialized medical centers, and purchases of high-value medical equipment across both the parent company and its subsidiaries.

**Total Liabilities**

As of June 30, 2026, the Company's total liabilities stood at THB 1,738 million, representing a 13.2% increase from the end of the previous year. This rise was primarily driven by long-term loan drawdowns by a subsidiary to fund the ongoing construction of Wattanapat Phuket Hospital.

**Total Shareholders'Equities**

As of June 30, 2026, the Company's total shareholders' equity reached THB 2,189 million, representing a 7.0% increase from the end of the previous year. This growth was primarily driven by net profit generated in the first half of 2026, alongside paid-up capital increases in Wattanapat Hospital Phuket Co., Ltd. to support pre-operating preparations ahead of its official launch in late 2026.

**Key Financial Ratio:**

| | 2Q2026 | 2Q2025 |
|---|---|---|
| Gross Profit Margin (GPM)(%) | 21.3 | 25 |
| Net Profit Margin (NPM) (%) | 3.4 | 8 |
| EBITDA Margin (%) | 66.1 | 32 |
| Debt to Equity Ratio (times) (D/E Ratio) | 0.8 | 0.8 |
| Interest Bearing Debt to Equity Ratio (times) (IBD/E) | 0.6 | 0.6 |
| Current Ratio (times) | 0.6 | 1.2 |
| Quick Ratio (times) | 0.6 | 1.0 |
| Cash Cycle (day) | 49 | 58 |
| Accounts Receivable Turnover | 12.8 | 11.9 |
| Average Collection Period (day) | 28 | 31 |
| Inventory Turnover | 5.8 | 6.3 |
| Average Inventory Period (day) | 63 | 58 |
| Accounts Payable Turnover | 8.7 | 10.3 |
| Average Payment Period (day) | 42 | 35 |
| Average Return on Assets (%) | 11.1 | 12.8 |
| Average Return on Shareholder's Equity (%) | 16.8 | 22.6 |

*The Company has received an Environmental, Social, and Governance (ESG) rating from FTSE Russell, with an ESG Score of 3.5 (Rating Date: March 23, 2026). The Company's commitment to transparency is reflected in our* **'A'** *ESG Rating and* **5-star** *(Excellent) Corporate Governance (CG) Report for 2025. Furthermore, we have been a certified member of the Thai Private Sector Collective Action Against Corruption (CAC) since 2024.*

**Sustainability Performance**

The Company is committed to conducting its business responsibly in regard to the environment, society, and good corporate governance (ESG: Environment, Social, Governance). It adheres to the principles of sustainable development while continuously enhancing the quality of healthcare services to deliver long-term benefits to the organization, the community, and society as a whole.

**Environment**

The Company places great importance on efficient resource utilization, minimizing environmental impact, and creating a livable and eco-friendly workplace. These goals are pursued through key environmental initiatives, including:

1. **"W-Green Resource" Project**
   Focused on promoting clean energy, particularly through the implementation of *Solar Rooftop* systems. This initiative helps reduce dependence on fossil fuels and significantly lowers greenhouse gas emissions.
2. **"W-Green Home" Project**
   Aimed at creating a pleasant and environmentally friendly atmosphere within the hospital through the following key activities:
   - **"Ting to Trash" Waste Separation Initiative**: Encourages waste sorting at the source to reduce overall waste volume and increase recycling rates.
   - **Energy Conservation Activities**: Promotes energy-saving practices and enhances implementation efforts to ensure more efficient energy usage through department-level energy management.
   - **5S Workplace Organization Activities**: Enhances workplace cleanliness, safety, and operational efficiency through the adoption of 5S principles (Sort, Set in order, Shine, Standardize, Sustain).

**Social**

The Company focuses on people development, community engagement, and service with compassion through the following key initiatives:

**1. "W-Life" – Specialized Staff Development and Retention Program**

- The organization provides both internal and external training programs, with 82 participants from clinical departments and 28 from non-clinical departments.
- Recruitment & Selection focuses on *finding the right people, in sufficient numbers* to attract and hire talented individuals with a growth mindset and relevant experience to join the organization.

**2. "W-Strong" Sustainable Partnership Network**

Focused on building strong networks and promoting public health in collaboration with local stakeholders. Key activities include:

- Establishing community health surveillance networks (e.g., village health volunteers and local police)
- Organizing basic life support (CPR) training units
- Implementing the **"Baworn" model** (Home - Hospital - Temple - School): A community initiative promoting environmental awareness through waste segregation at the source

**3. "We Truly Care" Program**

Enhancing the patient experience by applying the **AIDET communication framework** (Acknowledge, Introduce, Duration, Explanation, Thank You), ensuring compassionate and personalized care.

- The **WTC – We Truly Care Committee** serves as the key driver for embedding this culture of empathy and service excellence across the organization.

**Governance**

The Company is committed to developing and elevating healthcare services to meet international standards, with the goal of building trust and confidence among patients and service users. This commitment is driven through the **"W-Trust" Program**, which includes the following key initiatives:

- **W-Trust Pediatric**: Enhancing pediatric care capabilities to provide comprehensive and specialized treatment for children.
- **W-Trust ICU MED:** Upgrading the medical intensive care unit to improve care for critically ill adult patients.
- **W-Trust GI:** Improving the efficiency and effectiveness of diagnosis and treatment for gastrointestinal diseases.
- **Comprehensive Trauma Care:** Providing integrated, multidisciplinary care for trauma patients to ensure the highest level of treatment efficiency and patient outcomes.

The implementation of various initiatives under the ESG framework reflects the Company's commitment to being more than just a provider of quality healthcare services. It demonstrates a deep concern for the environment, society, and transparent governance. Through these efforts, the Company aims to generate a positive impact and achieve sustainable, long-term growth.

Please be informed accordingly

Yours Sincrely,

( Mr.Chane Laosonthorn)

Director