

Doctors Hospital Health System Limited

Interim report

Quarter ended October 31, 2024

Chairman's Report

Doctors Hospital Health System Limited

Dear Shareholder,

On behalf of the Board of Directors of Doctors Hospital Health System, I report on your company's financial results for the nine months ended October 31, 2024.

Consolidated net profit for the nine months was \$2,941,248 compared to a profit of \$7,302,365 for the comparable period in 2023. Consolidated net patient services revenue increased \$3,853,890 or 4.54% over the 3rd quarter last year. The increase in revenue is primarily a result of the uptick in outpatient activity, combined with a decline in the inpatient admissions. There was an increase of \$4,911,510 or 66.53% on net patient services revenue from the outpatient facilities. Total inpatient days for the nine months ended October 31, 2024 were 7,997 compared to 10,794 the year prior, a reduction of 2,797 days or 25.91%.

Consolidated expenses rose by \$8,120,654 or 9.96%, over the comparable period last year. The increase was driven primarily by increases in personnel cost, medical supplies and other operating expenses, combined with a decrease in provision for doubtful accounts as delineated below:

- Higher salaries and benefits: Increased \$6,604,277 or 19.11% over the 3rd quarter last year. During the year the Group increased its headcount as operations were expanded with the opening of additional facilities in New Providence and Grand Bahama as well as increases in employee benefits borne by the Group.
- Higher medical supplies: Increased \$3,837,341 or 52.08% compared to the same period in 2023. The increase in this expense is a result of adjustments made to medical supplies inventory during the prior year, combined with the increased utilization of supplies due to the additional outpatient locations.
- Higher other operating expenses: Increased \$1,307,561 or 24.22% over the 3rd quarter last year. The primary driving factor for this expense is the number of locations increased, the expenses relating to operations also increased.
- Lower bad debt expense: Decreased \$3,550,047 or 61.14% compared to the same period last year. The Group made changes to its collection process which drove a reduction in the loss rates on its portfolio of receivables, which is reflected in the decrease in the provision for doubtful accounts in the current fiscal year when compared to the prior fiscal year.

On a consolidated basis, return on sales (net income margin) dropped to 3.18% for the nine months ended October 31, 2024, a decline of 61.36% compared to the same period last year. This decrease was driven primarily by the decline in inpatient admissions, which impacted net patient service revenues.

The Board and Management team thank you, our valued shareholders, Physicians, and all Associates for your continued support and loyalty to the Health System. We look forward to continuing to provide an excellent customer experience to our patients and visitors whose loyalty we also appreciate and value.

Felix Stubbs
Chairman
March 31, 2025

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

October 31, 2024 with comparative figures at January 31, 2024

(Expressed in thousands of Bahamian dollars)

	October 31, 2024	January 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ –	1,981
Trade receivables, net (note 2)	46,752	42,041
Inventories	6,684	6,470
Prepaid expenses & other assets	3,285	4,343
	56,721	54,835
Non-current assets:		
Other assets	598	539
Investments	6,792	7,097
Investment property	915	955
Goodwill, net	3,758	431
Other intangible assets	240	246
Right of use assets	3,570	3,759
Property, plant and equipment	79,186	62,678
	95,059	75,705
Total assets	\$ 151,780	130,540
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft	\$ 2,815	–
Accounts payable and other liabilities	29,693	19,868
Lease liabilities, current portion	1,647	1,447
Long-term debt, current portion	354	262
	34,509	21,577
Long-term liabilities:		
Lease liabilities	2,169	2,571
Long-term debt	14,300	7,693
	16,469	10,264
Total liabilities	50,978	31,841
Shareholders' equity:		
Share capital:		
Authorized 18,750,000 common shares at par value of B\$0.04 each (January 31, 2024 – 18,750,000 shares)		
Issued and fully paid 11,971,634 shares (January 31, 2024 – 11,971,634 shares)	479	479
Contributed surplus	25,778	25,778
Retained earnings	74,545	72,442
	100,802	98,699
Total liabilities and shareholders' equity	\$ 151,780	130,540

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended October 31, 2024 with comparative figures for the three months ended October 31, 2023
(Expressed in thousands of Bahamian dollars)

	October 31, 2024	October 31, 2023
Revenues		
Patient service revenue, net	\$ 28,776	26,197
Other	704	1,230
Total revenues	29,480	27,427
Expenses		
Salaries and benefits	14,193	11,194
Medical supplies	3,530	3,471
Medical services	3,002	2,874
Bad debt expense, net of recoveries	(209)	1,776
Depreciation and amortization	1,332	1,122
Other operating	2,263	2,121
Utilities	870	742
Government taxes and fees	422	697
Contracted services	1,488	916
Insurance	713	340
Repairs and maintenance	820	986
Rent	258	155
Dietary expenses	192	194
Legal expenses	322	150
Interest expense	81	73
Total expenses	29,277	26,811
Net income & total comprehensive income for the period	\$ 203	616
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.02	0.05

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Nine months ended October 31, 2024 with comparative figures for the nine months ended October 31, 2023
(Expressed in thousands of Bahamian dollars)

	October 31, 2024	October 31, 2023
Revenues		
Patient service revenue, net	\$ 88,673	84,819
Other	1,804	4,002
Total revenues	90,477	88,821
Expenses		
Salaries and benefits	41,171	34,567
Medical supplies	11,206	7,369
Medical services	8,959	9,460
Bad debt expense, net of recoveries	2,256	5,806
Depreciation and amortization	4,509	3,355
Other operating	6,706	5,398
Utilities	2,369	2,188
Government taxes and fees	1,521	2,218
Contracted services	3,087	6,245
Insurance	1,953	1,372
Repairs and maintenance	1,997	2,004
Rent	238	341
Dietary expenses	500	689
Legal expenses	721	271
Interest expense	343	236
Total expenses	87,536	81,519
Net income & total comprehensive income for the period	\$ 2,941	7,302
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.25	0.61

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Nine months ended October 31, 2024

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total
Balance at January 31, 2024	11,971,634	\$ 479	\$ 25,778	\$ 72,442	\$ 98,699
Net income for the period	–	–	–	2,941	2,941
Dividends paid	–	–	–	(838)	(838)
Balance at October 31, 2024	11,971,634	\$ 479	\$ 25,778	\$ 74,588	\$ 100,802

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Nine months ended October 31, 2024 with comparative figures for the nine months ended October 31, 2023
(Expressed in thousands of Bahamian dollars)

	October 31, 2024	October 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,941	7,302
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,509	3,355
Provision for doubtful accounts	2,256	5,806
Interest income	(263)	(252)
Interest expense	343	239
Operating income before working capital changes	9,786	16,450
Increase in accounts receivable	(8,310)	(15,945)
Increase in inventories	(214)	(2,660)
Decrease in prepaid expenses and other assets	999	636
Increase in accounts payable and other liabilities	9,825	6,920
Cash generated from operating activities	12,086	5,401
Interest paid	(343)	(239)
Net cash from operating activities	11,743	5,162
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, net	(21,011)	(24,377)
Purchase of intangible assets, net	–	(3)
Maturity of investments, net	(84)	(116)
Interest received	285	484
Net cash used in investing activities	(20,810)	(24,012)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(195)	(144)
Issuance of long-term debt	6,594	5,000
Lease liabilities, net	(1,290)	(870)
Dividends paid to shareholders	(838)	–
Net cash from financing activities	4,271	3,986
Decrease in cash and cash equivalents	(4,796)	(14,864)
Cash and cash equivalents at beginning of period	1,981	18,172
Cash and cash equivalents at end of period	\$ (2,815)	3,308

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Nine months ended October 31, 2024

1. Significant accounting policies

These interim financial statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting; using the same accounting policies applied in the January 31, 2024 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$15.4 million.