



No. PRINC-68-004

February 26, 2025

Subject: Management Discussion and Analysis of the consolidated financial statements for the fiscal year ended December 31, 2024

To: President
The Stock Exchange of Thailand

Principal Capital Public Company Limited and its subsidiaries ("PRINC") would like to clarify operating results ended December 31, 2024, compared with the same period of 2023.

Operation Results in 2024 and Major Developments in Q4/2024

In 2024, PRINC's consolidated revenues were THB 5,702.9 million, a 12.24% increase year-over-year. This was mainly due to the continuing growth in hospital and healthcare-related businesses through our four-pillar strategic approaches including; **1. business growth, 2. technology development, 3. medical service advancement, and 4. ESG development.** The highlight activities in Q4/2024 are as follows.

Business Growth

On November 27, 2024, Princ Hospital Suvarnabhumi ("PSUV") officially opened PNKG Recovery Ward, the rehabilitation ward for stroke patients and elderly people using the Kaigo-Do style of the Japanese way.



On December 12, 2024, Princ Hospital Mukdahan (“PMDH”) started commencing its operation. PMDH is a joint venture between Principal Healthcare Company Limited (“PRINH”) and Ratch Group Public Company Limited (“RATCH”). PRINH is holding 75% of PMDH’s shares while RATCH’s holding is 25%.

Technology Development

On December 2, 2024, Digital Patient Journey system was initiated in PMDH to help transform PMDH into a “smart hospital”. This initiative aims to enhance convenience for both patients, doctors, and clinical staff, covering the entire process from appointments to medical treatments.

On December 6, 2024, PRINC initiated testing an AI Assistant system, an add-on to the hospital information systems (“HIS”). This system is capable of recording conversations between doctors and patients automatically, helping reduce the burden of and time consumed for manual data input. This helps enhance both the medical service efficiency and the quality of patient care.

Medical Service Advancement

On November 17, 2024, Princ Hospital Uthai Thani (“PUTH”) was awarded a certificate for Laboratory Accreditation (LA) from the The Medical Technology Council of Thailand.

On January 15, 2025, Princ Srisaket Cancer Center was officially opened to offer centralized comprehensive cancer care in Sisaket province, enhancing the capability of cancer treatment in the lower part of Northeast region.

On January 21, 2025, cardiac catheterization lab (Cath Lab) service was launched at Princ Hospital Paknampo (“PPNP”). This specialized heart center successfully treated a patient with an acute ST-elevation myocardial infarction (STEMI), reflecting PPNP’s capability of providing medical care for complex diseases. This enables PPNP to be one of the leading private hospitals in the Northern Central region.

ESG Development

On October 9, 2024 PSUV received 2 awards from Green & Clean Hospital Challenge which include Medical Waste Management, and Energy Utilization Management.

On October 11, 2024, Pitsanuvej Hospital (“PSV”) received Customer Service Award from Bangkok Life Assurance Public Company Limited.

On December 2, 2024, PSV was granted Human Rights Award 2024.

On December 12, 2024, PSUV received 2 awards which are (1) Thailand Labor Management Excellence Award 2024 and (2) Outstanding Award in Samutprakarn for Safety, Occupational Health and Work Environment Award 2024.

Economic and industry conditions affecting operations, policies, strategies, and business decisions

The Monetary Policy Committee (“MPC”) announced the results of the MPC meeting on December 18, 2024 that the Thai economy was facing challenges from intensifying external competition and heightened uncertainties. However, the overall Thai economy was projected to grow in line with the previous forecast since tourism related services continue to improve, despite slow recovery in many industrial sectors, especially in those pressured by declining competitiveness.

From the economic and inflation forecasts by the Bank of Thailand (“BOT”), the Thai economy could maintain a predicted GDP growth rate of 2.7% in 2024 and 2.9% in 2025 year-over-year. Such a growth was driven by continued recovery in the tourism sector, continued growth in private consumption and improvement in exports, especially from higher demand for electronic products.

Whereas, the headline inflation was projected to slightly decrease at 0.4% in 2024 and 1.1% in 2025, compared with the previous forecast, due to the lower energy prices following the low global crude oil prices. Whereas, the core inflation was projected to gradually increase towards the target range around 0.6% in 2024 and 1.0% in 2025. This core inflation estimate is in line with economic trends and cost pass-through in the food sector.

For the monetary policy decision at the meeting on December 18, 2024, the committee voted to maintain the policy rate at 0.25%. A majority of committee members deemed that a neutral stance of policy rate remains appropriate and consistent with the economic trajectory and inflation outlook, while fostering long-term macro-financial stability.

PRINC is still continuously focusing on healthcare service business expansions, with key strategies as follows:

1. Expanding hospital networks to serve unmet demand in many areas/provinces e.g. setup new hospitals in smaller cities.
2. Enhancing sophisticated healthcare services with more specialized treatments such as development of radiation oncology centers and expansion of heart (cardiology) centers.
3. Investing in healthcare related businesses such as elderly care centers and nursing home

Table 1 Comparison the operating performance results between 2024 and 2023

	Annual		Change (YOY)	
	2024	2023	Amount	%
Consolidated Profit and Loss				
Unit : Million Baht				
Revenues from healthcare services	5,697.3	5,077.7	619.7	12.2
Revenues from sales and services	5.5	3.3	2.2	67.6
Costs of healthcare services	4,557.8	4,200.3	357.6	8.5
Costs of sales and services	4.4	3.0	1.4	48.8
Gross profit (loss)	1,140.6	877.8	262.9	29.9
Other income	84.7	95.4	(10.7)	-11.2
Selling and Administrative expenses	1,438.2	1,314.1	124.1	9.4
Other expenses	31.1	133.1	(102.0)	-76.6

	Annual		Change (YOY)	
	2024	2023	Amount	%
Consolidated Profit and Loss				
Unit : Million Baht				
Gain on reversal (loss) on expected credit losses	19.1	(133.7)	152.8	n.m.
Share of profit (loss) from an associate and joint ventures using equity method	(46.9)	0.5	(47.3)	n.m.
Finance costs	207.2	199.6	7.6	3.8
Profit (loss) before income tax expense	(479.0)	(806.8)	327.9	40.6
Income tax expense (income)	19.1	44.4	(25.3)	-57.0
Profit (Loss) for the period from continuing operations	(498.1)	(851.2)	353.1	41.5
*Profit from discontinued operations:				
Profit for the period from discontinued operations	123.8	120.9	2.9	2.4
Gain on disposal of discontinued operations	700.8	-	700.8	n.m.
Profit (loss) before non-controlling interests	326.6	(730.3)	1,056.9	n.m.
Non-controlling interests	(24.9)	(40.0)	15.1	37.8
Profit (loss) attributable to owner of the parent	351.4	(690.3)	1,041.7	n.m.
**Earnings before interest, taxes, depreciation, and amortization (EBITDA)	628.7	316.9	311.8	98.4

Remark

*Profit for the period from discontinued operation : Property business's net value of revenues and expenses were reclassified into this item, including gain on disposal of discontinued operations - net of tax.

**Earnings before interest, taxes, depreciation, and amortization (EBITDA): this included property business's EBITDA, but excluded gain on disposal of discontinued operations - net of tax.

2024 Compared to 2023

- Revenue from healthcare services was THB 5,697.3 million, an increase by THB 619.7 million or 12.2% growth.

- Gross profit equaled THB 1,140.6 million, an increase by THB 262.9 million or 29.9% growth, resulting from improvement of revenue generation and direct cost containment.
- Loss for the period from continuing operations equaled THB -498.1 million, an increase by THB 353.1 million, resulting from improvement of revenue generation, direct and SG&A cost containment.
- EBITDA equaled THB 628.7 million, an increase by THB 311.8 million or 98.4% growth, which excluded gain on disposal of discontinued operations at THB 700.85 million.
- Profit from reversal of expected credit losses was THB 19.1 million. This was mainly due to additional collection from NHSO doubtful debts.
- Profit attributable to owner of the parent company equaled THB 351.4 million, an increase from loss at THB 690.3 million, This is mainly due to gains from divestments with the value of THB 700.85 million.

Table 2: Revenue Breakdown by Key Payor Type

The key payors can be divided into four types as follows, ordered by revenue proportion.

Proportion to Revenue (%)	2024	2023
Insurance	40.4%	39.4%
General Patients (Self-Pay)	40.3%	42.7%
Contract	12.5%	12.5%
Government	6.8%	5.4%
Total	100.00%	100.00%

Table 3: Financial Positions

Consolidated Financial Position	31 December 2024	31 December 2023	Change	
			Amount	%
Total Assets (Unit: Million Baht)	15,024.6	17,883.5	(2,859.0)	-16.0
Total Liabilities (Unit: Million Baht)	5,146.2	8,315.9	(3,169.7)	-38.1
Shareholder's Equity (Unit: Million Baht)	9,146.8	8,790.0	356.8	4.1

Total assets as of December 31, 2024 were THB 15,024.6 million, a decrease of THB 2,859.0 million from the end of 2023. This significant change was due to property business divestment, resulting in: (1) property, plant and equipment, and investment in property were decreased by THB 3,538.3 million, (2) short-term fixed deposits were increased by THB 398.0 million, and (3) financial assets measured at fair value were increased by THB 422.1 million.

Total liabilities as of December 31, 2024 were THB 5,146.2 million, a decrease by THB 3,169.7 million from the end of 2023. These significant changes resulted from a THB 3,250.2 million decrease in loans from financial institutions, both short-term and long-term. These loan repayments help reduce the ratios of debt to equity and interest bearing debt to equity to 0.52x and 0.37x, respectively as shown in Table 4.

Table 4: Financial Ratio Analysis

Highlight Financial Ratio	Unit	31 December 2024	31 December 2023	Change
Liquidity Ratio				
Current Ratio	Time	1.24	0.44	0.80 *
Quick Ratio	Time	1.10	0.39	0.71 *
Activity Ratios				
Total Asset Turnover	Time	0.37	0.32	0.05 *
Fixed Asset Turnover	Time	0.52	0.47	0.05 *
AR Turnover	Time	10.09	6.78	3.31 *
Average Collection Period	Time	36.18	54.00	-17.82 *
Inventory Turnover	Time	32.91	32.57	0.34
Average Sale (Inventory) Period	Day	11.09	11.00	0.09
AP Turnover	Time	6.34	6.05	0.29
Average Payment Period	Day	57.55	60.00	-2.45
Cash Cycle	Day	-10.27	5.00	-15.27 *
Leverage Ratios				
Debt /Equity Ratio	Time	0.52	0.87	-0.35 *
Interest Bearing Debt to Equity	Time	0.37	0.71	-0.34 *
Interest coverage Ratio	Time	2.67	-1.93	4.60 *
Profitability Ratios				
Gross Profit Margin	%	20.00	17.28	2.73
EBITDA Margin	%	10.33	5.61	4.71 *

Highlight Financial Ratio	Unit	31 December 2024	31 December 2023	Change
Net Profit Margin	%	5.73	-12.72	18.45 *
Return on Assets	%	-1.42	-2.53	1.11 *
Return on Equity	%	3.92	-7.55	11.47 *

* denotes key financial ratios that performed better in 2024

Analysis of Liquidity Ratios

At the end of 2024, the current ratio was 1.24x, increasing from 0.44x. This resulted from divestment of property businesses which increased cash and cash equivalent, while reduced short-term loans.

1. The value of short-term fixed deposits and financial assets in current assets were increased by THB 820 million.
2. Short-term borrowings from financial institutions decreased by THB 1,446.2 million.

Analysis of Activity Ratios

1. Total asset turnover slightly increased from 0.32 in 2023 to 0.37 in 2024. The improvement was attributable to the increase in revenues from healthcare services, and divestment in property business which had lower total asset turnover.

2. Cash cycle in 2024 decreased by 15 days, representing an increase of liquidity. The change was mainly due to a decrease of account receivable, causing the average collection period in 2024 reduced to 36 days from 54 days in the previous year.

Analysis of Leverage ratios

Interest coverage ratio improved from -1.93x in 2023 to 2.67x in 2024. This was attributed to the continuous improvement in revenue generation and cost containment, and gain on disposal of discontinued operations.

Analysis of Profitability Ratios

1. Gross profit margin in 2024 was at 20.0%, a decrease by 0.14% from 2023.
2. Net profit margin in 2024 was at 5.73%, an increase by 18.44% from 2023.
3. Return on assets in 2024 was -1.42%, increased from -2.53% in 2023. This was mainly attributable to the improvement in profitability.
4. Return on equity in 2024 was 3.92%, improved from -7.55% in 2023. Key drivers for this continuous improvement included revenue generation, cost containment, and gain on disposal of discontinued operations.

Continuous business expansion at a rapid pace, plus ability to achieve economies of scale played an important role in profitability ratio improvement. In addition, the divestment of property businesses would enhance healthcare business prospects in terms of business growth and expansion of specialized medical care, which will further strengthen our profitability.

For your kind acknowledgement.

Yours respectfully,

- Signature -

(Krittavith Lertutsahakul, M.D.)

Managing Director