



No. PRINC-68-014

August 13, 2025

Subject: Management Discussion and Analysis of the consolidated financial statements for the quarter two and the first half period ended June 30, 2025

To: President
The Stock Exchange of Thailand

Principal Capital Public Company Limited and its subsidiaries ("PRINC") would like to clarify operating results for the quarter two and the first half of 2025, ending June 30, 2025, compared with the same period of 2024.

Operation Results and Major Developments in Q2/2025

In Q2/2025, PRINC's consolidated revenues were THB 1,406.9 million, a 7.49% increase year-over-year, whereas in the first half of 2025 the consolidated revenues were THB 2,871.8 million, a 6.86% increase year-over-year. This was mainly due to the continuing growth in hospital and healthcare-related businesses through our four strategic pillars including; **1. business growth, 2. technology development, 3. medical service advancement, and 4. ESG development.** The highlight activities from April 1, 2025 to the date of this report are as follows.

Business Growth

On June 4, 2025 Principal Healthcare - Kanchanaburi Co., Ltd. completely acquired a hospital in Kanchanaburi province which was well-known for its general surgery and orthopedic services. The acquisition would enhance PRINC's service network to Western region and other nearby provinces, with a value of approximately THB 577.50 million.

On June 13, 2025 Principal Next Co., Ltd. ("PNEXT") invested in Serviso Healthcare Solutions Co., Ltd. ("Serviso") by purchasing 40% shares. Serviso provides sterile processing service, medical waste sterilization service, and biomedical engineering service. This transaction would enable PRINC to enter into a new healthcare-related business.

Technology Development

On April 11, 2025, Princ Hospital Suvarnabhumi (“PSUV”) received the Patient Safety Initiative of the Year Award at the Healthcare Asia Awards 2025 for implementing CDSS (Clinical Decision Support System) in cardiology. This award was granted due to its innovative integration of state-of-the-art technology into routine clinical practice. Not only was the CDSS designed to support decision-making but the system also had the flexibility to evolve with advancements in medical science, ensuring its effectiveness as healthcare practices and technologies evolve.

On April 28, 2025, Pitsanuvej Hospital (“PSV”) successfully adopted the full EMR (Electronic Medical Record) approach, a crucial step toward an innovative & smart hospital.

Medical Service Advancement

On April 11, 2025, PSUV received the award of Specialty Clinic of the Year - Thailand at the Healthcare Asia Awards 2025 for revolutionizing orthopedic care excellence, including robot-assisting surgeries, particularly in joint replacement and spine care, and the introduction of total disc replacement (TDR) for cervical spine surgeries. This established PSUV as one of the leading providers of bone and joint care in Thailand.

On August 1, 2025, PSUV and PSV were awarded “Standard Stroke Center Certification (SSCC)” from the Neurological Institute of Thailand, Department of Medical Services, Ministry of Public Health.

ESG Development

On April 11, 2025, PSUV received the ESG Program of the Year Award at The Healthcare Asia Awards 2025 for their remarkable achievements in the past year, with efforts focusing on creating positive environmental such as energy savings by installing a Chiller Plant Management System (CPMS).

On May 29, 2025, PSUV was granted two awards from the Department of Labour Protection and Welfare which were (1) Thailand Labor Management Excellence Award 2025 for the second year and (2) Thailand Safety Award 2025 for the first year.

On June 25, 2025, PRINC was granted a certificate of Carbon Footprint for Organization (“CFO”) for the fourth time. PRINC has won this award four times in a row. Carbon footprint concern is an important goal that PRINC applies to manage and reduce greenhouse gas emissions efficiently, in alignment with the Sustainable Development Goals.

On July 21, 2025, Princ Hospital Paknampo (“PPNP”) was granted the CSR Award 2025 from the Ministry of Social Development and Human Security.

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

The Monetary Policy Committee (“MPC”) announced the results of the MPC meeting on June 30, 2025 that in the past 6 months, Thai economy expanded better than anticipated, owing to manufacturing production and front-loading exports. Nevertheless, going forward, Thai economy was projected to slow down, exposing to higher risk, as a result of tensions of U.S. reciprocal tariff impacting on exports, geopolitics risks and other risks in our country.

Moreover, according to the assumption that U.S. reciprocal tariff would be applied to Thailand at the rate of 18% (half of the announced rate on April 2, 2025) and 10% for other countries, the headline inflation was projected to gradually decrease to 0.5% in 2025 and be approximately 0.8% in 2026. Furthermore, the core inflation was projected to be 1.0% in 2025 and 0.9% in 2026 due to supply-side factors of low price in both crude oil and fresh food. Credit growth was also projected to shrink due to higher credit risk. Lastly, a majority of MPC voted to maintain the policy rate at 1.75% which was considered the proper level for fostering long-term macro-financial stability and improving economic growth.

On July 31, 2025 the US government issued an executive order announcing a new set of reciprocal tariffs. The tariff rate imposed on Thailand has been reduced to 19%, which was close to the rate MPC projected.

Under these current uncertainties, PRINC continues to manage its operations cautiously and prudently in order to achieve steady and sustainable growth through evaluating and mitigating various types of risks. Key growth drivers will come from existing PRINC hospitals, as well as from new investment opportunities in businesses related to medical services.

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

1. Expanding hospital business to enhance our competitive networks providing medical treatments and serving unmet demand in selected areas/provinces.
2. Investing in healthcare related businesses by selective strategies such as merger, acquisition or greenfield to upscale our major business (hospital) and to adapt into the next medical era.
3. Expanding to new market segments such as international customers.

4. Enhancing sophisticated healthcare services with more specialized treatments, advancing to higher level of care.

Comparison the operating performance results between Q2/2025 and Q2/2024

Table 1

Consolidated Profit and Loss Unit: Million Baht	Q2 (3 months)		Change (YoY)	
	2025	2024	Amount	%
Revenues from healthcare services	1,403.9	1,308.3	95.6	7.31
Revenues from sales and services	3.0	0.6	2.4	396.67
Costs of healthcare services	1,186.1	1,084.6	101.5	9.36
Costs of sales and services	2.7	0.4	2.3	563.69
Gross profit (loss)	218.1	223.9	(5.8)	-2.59
Other income	19.5	22.9	(3.3)	-14.52
Selling and Administrative expenses	346.8	350.1	(3.2)	-0.92
Other expenses	7.4	10.6	(3.2)	-29.98
Gain on reversal (loss) on expected credit losses	0.4	2.5	(2.1)	-84.50
Share of profit (loss) from an associate and joint ventures using equity method	(7.8)	(10.2)	2.4	n.m.
Finance costs	41.8	64.4	(22.5)	-35.00
Profit (loss) before income tax expense	(165.8)	(186.0)	20.2	n.m.
Income tax (expense) income	(0.9)	(11.2)	10.2	n.m.
Profit (Loss) for the period from continuing operations	(166.8)	(197.2)	30.4	n.m.
<i>Profit from discontinued operations:</i>				
*Profit for the period from discontinued operations	-	45.0	(45.0)	-100.00
Profit (loss) for the year	(166.8)	(152.1)	(14.7)	n.m.
**Earnings before interest, taxes, depreciation, and amortization from core operations (EBITDA)	55.2	48.5	6.7	13.86
Profit (loss) attributable non-controlling interests	(17.7)	(11.8)	(5.9)	n.m.
Profit (loss) attributable to owner of the parent	(149.0)	(140.3)	(8.7)	n.m.

Remarks

*Profit for the period from discontinued operations: Property business's net value of revenues and expenses were reclassified into this item.

**Earnings before interest, taxes, depreciation, and amortization (EBITDA): This calculation excluded (1) gain on reversal (loss) on expected credit losses and (2) share of profit (loss) from an associate and joint ventures using equity method.

1. Revenue from healthcare services was THB 1,403.9 million, an increase by THB 95.6 million or 7.31% growth. This is mainly attributable to organic growth.
2. Gross profit equaled THB 218.1 million, a decrease by THB 5.8 million, which resulted from an increase of doctor costs and other direct costs in some hospitals.
3. Loss for the period from continuing operations equaled a deficit of THB 166.8 million, an improvement by THB 30.4 million, resulting from a decrease in finance cost which was attributable to the lower amount of interest-bearing debts.

Comparison the operating performance results between H1/2025 and H1/2024

Table 2

Consolidated Profit and Loss Unit: Million Baht	H1 (6 months)		Change (YoY)	
	2025	2024	Amount	%
Revenues from healthcare services	2,866.2	2,686.1	180.1	6.70
Revenues from sales and services	5.6	1.3	4.4	348.38
Costs of healthcare services	2,358.3	2,175.8	182.5	8.39
Costs of sales and services	4.9	1.3	3.6	280.22
Gross profit (loss)	508.6	510.3	(1.7)	-0.33
Other income	35.5	43.5	(7.9)	-18.24
Selling and Administrative expenses	686.6	681.0	5.6	0.83
Other expenses	13.8	16.1	(2.3)	-14.52
Gain on reversal (loss) on expected credit losses	3.4	12.7	(9.3)	-73.58
Share of profit (loss) from an associate and joint ventures using equity method	(19.8)	(12.0)	(7.7)	n.m.
Finance costs	82.0	124.2	(42.2)	-33.97
Profit (loss) before income tax expense	(254.7)	(266.9)	12.2	n.m.
Income tax (expense) income	(25.0)	(8.4)	(16.6)	n.m.
Profit (Loss) for the period from continuing operations	(279.7)	(275.3)	(4.4)	n.m.
<i>Profit from discontinued operations:</i>				
*Profit for the period from discontinued operations	-	84.9	(84.9)	-100.00
Profit (loss) for the year	(279.7)	(190.4)	(89.2)	n.m.
**Earnings before interest, taxes, depreciation, and amortization from core operations (EBITDA)	183.0	202.7	(19.8)	-9.76
Profit (loss) attributable non-controlling interests	(31.4)	(12.4)	(19.1)	n.m.
Profit (loss) attributable to owner of the parent	(248.2)	(178.1)	(70.1)	n.m.

Remarks

*Profit for the period from discontinued operations: Property business's net value of revenues and expenses were reclassified into this item.

**Earnings before interest, taxes, depreciation, and amortization (EBITDA): This calculation excluded (1) gain on reversal (loss) on expected credit losses and (2) share of profit (loss) from an associate and joint ventures using equity method.

1. Revenue from healthcare services was THB 2,866.2 million, an increase by THB 180.1 million or 6.7% growth. This is mainly attributable to organic growth.
2. Gross profit equaled THB 508.6 million, a decrease by THB 1.7 million, resulting from higher medical costs in some hospitals.
3. Although earnings before taxes increased by THB 12.2 million, income tax expense was a THB 16.6 million increase from the same period of previous year, resulting in further loss for the period from continuing operations of a THB 4.4 million.

Revenue Breakdown by Key Payor Type

The key payor groups can be divided into five types of which four major types are selfpay, insurance, government and contract. Revenue breakdown are as follows:

Table 3

Payor	2025/Q2	2024/Q2	2025/H1	2024/H1
Selfpay	42.08%	42.11%	40.76%	40.89%
Insurance	36.93%	38.37%	38.81%	39.86%
Government	14.72%	13.07%	14.33%	12.85%
Contract	5.30%	5.32%	5.27%	5.05%
Others	0.97%	1.13%	0.83%	1.35%
Total	100.00%	100.00%	100.00%	100.00%

Financial Positions

Table 4

Consolidated Balance Sheet Unit: Baht Million, except noted	June 30, 2025	Dec 31, 2024	Change (YoY)	
			Amount	%
Total Assets	15,003.4	15,024.6	(21.2)	-0.14
Interest-Bearing Debts	3,881.4	3,673.1	208.4	5.67
Total Liabilities	5,373.7	5,146.2	227.5	4.42
Equity Attributable to the Parent Company	8,860.5	9,146.8	(286.3)	-3.13
Interest-Bearing Debts to Shareholder's Equity of the Parent Company (Unit: Time)	0.44	0.40	0.04	9.09
Debt to Equity Ratio (Unit: Time)	0.61	0.56	0.04	7.79

Total assets as of June 30, 2025 were THB 15,003.4 million, a slight decrease of THB 21.2 million or 0.14% drop from the end of 2024. This change was mainly from PRINC's business expansion, resulting in an increase of non-current assets; hence, a decrease of short-term investment & deposits.

As of June 30, 2025, interest-bearing debts were THB 3,881.4 million, an increase of THB 208.4 million or a 5.67% rise from the end of 2024. While total liabilities as of June 30, 2025 were THB 5,373.7 million, an increase by THB 227.5 million or a 4.42% rise from the end of 2024. This increase was primarily from long-term loans from financial institutions to support business expansions.

Therefore, interest-bearing debts to shareholders' equity of the parent company was 0.44x or a 9.09% rise. And debt to equity ratio was 0.61x, a 7.79% increase from December 31, 2024.

Financial Ratio Analysis

Table 5

Highlight Financial Ratio	Unit	2025/H1	2024/H1	Increase (Decrease)
Liquidity Ratio				
Current Ratio ¹	Time	0.68	1.16	-0.48
Quick Ratio ¹	Time	0.55	1.10	-0.55
Activity Ratios				
* Total Asset Turnover ²	Time	0.35	0.31	+0.04
Fixed Asset Turnover ²	Time	0.59	0.60	-0.00
* Account Receivable Turnover ²	Time	10.35	9.84	+0.51
* Average Collection Period ²	Day	35	37	-2
* Inventory Turnover ²	Time	34.33	33.69	+0.64
* Average Sale (Inventory) Period) ²	Day	11	11	0
* Account Payable Turnover ²	Time	6.27	5.97	+0.30
Average Payment Period ²	Day	58.18	61.09	-3
Cash Cycle ²	Day	-12	-13	+1
Leverage Ratios				
Debt /Equity Ratio ¹	Time	0.61	1.05	-0.44
Interest Coverage Ratio ²	Time	-1.81	-1.15	-0.66
Profitability Ratios				
Gross Profit Margin ³	%	17.71	18.99	-1.28
EBITDA Margin ³	%	6.29	6.95	-0.66
Net Profit Margin ³	%	-9.74	-7.09	-2.65
Return on Assets ²	%	-1.81	-1.43	-0.37
* Return on Equity ²	%	3.22	-4.02	+7.24

Remark: (*) denotes key financial ratios that performed better in 2025/H1

1: Data as of June 30, 2025 or 2024

2: Data for the 4-quarter period ending June 30, 2025 or 2024

3: Data for the 6-month period ending June 30, 2025 or 2024

Analysis of Liquidity Ratios

At the end of June 30, 2025, current ratio was 0.68x, a decrease from 1.16x. quick ratio also decreased from 1.10x to 0.55x. This was attributable to business expansion as current assets were converted to non-current assets subsequently.

Analysis of Activity Ratios

1. Total asset turnover increased to 0.35x from 0.31x for the trailing-4-quarter period ended June 30, 2025. The increase was attributable to the divestment in the property business which had low asset turnover.
2. Fixed assets turnover slightly dropped from 0.60x to 0.59x. This is mainly due to active investments and expansions in hospitals and related healthcare businesses. Fixed assets were increased subsequently.
3. Cash cycle day for trailing-4-quarter period ended June 30, 2025 slightly changed from negative 13 to negative 12 which was attributable to the shorter of average collection period.

Analysis of Leverage Ratios

Interest coverage ratio decreased from negative 1.15x to negative 1.81x for trailing-4-quarter period ended June 30, 2025, mainly due to a decrease in EBIT (earnings before interest and taxes), resulting from higher cost of medical services.

Analysis of Profitability Ratio

1. Due to the higher cost of medical services, gross profit margin, EBITDA margin and net profit margin were dropped by 1.28%, 0.66% and 2.65% accordingly.
2. Return on assets decreased from negative 1.43% to negative 1.81% for trailing-4-quarter period ended June 30, 2025 due to a decrease in EBIT.
3. Return on equity for trailing-4-quarter period ended June 30, 2025 improved from negative 4.02% to 3.22%. This is mainly due to gain on divestment in 2024/Q3.



Our continuous and rapid business expansion has been aimed to achieve economies of scale that play an important role in profitability ratio improvement and to accomplish long-term sustainable growth.

For your kind acknowledgement.

Yours respectfully,

– Signature –

(Mr. Tharin Eampetcharapong)

Chief Financial Officer