



No. PRINC-68-009

May 14, 2025

Subject: Management Discussion and Analysis of the consolidated financial statements for the first quarter of 2025

To: President  
The Stock Exchange of Thailand

Principal Capital Public Company Limited and its subsidiaries ("PRINC") would like to clarify operating results of the quarter one in 2025.

### Operation Results and Major Developments

For the first quarter of 2025, PRINC's consolidated revenues were THB 1,465 million, a 6.3% 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 from January 1, 2025 to the date of this report are as follows.

### **Business Growth**

On March 5, 2025, a new wholly owned subsidiary of Pitsanuvej Hospital ("PSV"), which is a greenfield hospital project in Kamphaeng Phet province, was registered under the name of Principal Healthcare - Kamphaengphet Co., Ltd. Under construction phase, this new hospital is aimed to be an advanced secondary care provider, becoming a network hospital of PSV.



On April 8, 2025, PRINC founded a new company, Principal Healthcare - Kanchanaburi Co., Ltd., to acquire 'Thanakan Hospital', a private hospital located in Kanchanaburi Province which is well-known for its general surgery and orthopedic services. The acquisition value will be approximately THB 577.50 million, and the transaction is targeted to complete within 2025/Q2.

### **Technology Development**

On March 21, 2025, Princ Hospital Suvarnabhumi (“PSUV”) was awarded by the Healthcare Accreditation Institute (Public Organization) (“HA”) at the 25th HA National Forum for (1) application of digital service in medication and blood transfusion to assure patient safety, and (2) utilization of technology to enhance the patient care of ST-elevation acute coronary syndrome (STE-ACS).

On April 11, 2025, 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.

### **Medical Service Advancement**

On January 15, 2025, Princ Sisaket Cancer Center was officially opened to offer comprehensive cancer care in Sisaket and nearby provinces, enhancing the capability of cancer treatment in the lower part of the northeastern 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.



On January 30, 2025, Pitsanuvej Hospital (“PSV”) has been accredited by the Joint Commission International (“JCI”) for the fifth consecutive time. JCI is a globally recognized standard for healthcare quality and patient safety from the United States.

On March 21, 2025, Princ Hospital Uthai Thani (“PUTH”) received the HA Level 2 certificate (HA Level 2) from HA at the 25th HA National Forum.

On March 21, 2025, Princ Hospital Sisaket (“PSSK”) received the HA Level 3 certificate (HA Level 3) from HA at the 25th HA National Forum.

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 for cervical spine surgeries. This established PSUV as one of the leading providers of bone and joint care in Thailand.

## **ESG Development**

On February 27, 2025, Principal Capital Plc. was granted the Leading of ESG for People award at the Future Trends Awards 2025 for people development and contribution to social positive impact.

On April 5, 2025, PSUV received three Challenge certificates of Green & Clean Hospital Challenge 2024 from the Department of Health which are (1) medical waste management, (2) energy utilization management, and (3) occupational health service and environmental management. In addition, one more award was granted to PSUV from the Department of Disease Control for occupational health service and environmental management.

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

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

The Monetary Policy Committee (“MPC”) announced the results of the MPC meeting on April 30, 2025 that the Thai economy is expected to grow at the slower rate, while downside risks are expected to increase. These are due to a decline in the number of foreign tourists, and especially due to the prolonged unsettlement of the U.S. trade policy, which leads to structural changes in global trade and production.

Such U.S. trade policy would have a greater impact in the second half of 2025. If trade negotiations are prolonged and U.S. import tariffs can remain at the same levels as the current rates, in this scenario Thailand’s economy in 2025 might grow at around 2.0%. However, the trade war can be intensified and U.S. import tariffs are at high levels. Thailand’s economic growth in 2025 In this scenario is expected to be at 1.3%.

The headline inflation rate is expected to decline below the target range (below 1%), mainly due to a significant drop in global crude oil prices and government measures that help alleviate the cost of living and reduce business operating costs. Under the monetary policy framework to maintain price stability, to support sustainable economic growth, and to ensure financial system stability, the MPC assesses that economic outlook remains highly uncertain. Therefore, adjustment of monetary policy is required to align with the economic outlook and inflation risks. The majority of the MPC decided to cut the policy interest rate from 2.00% to 1.75% per annum to reflect economic trends and higher downside risks in order to ensure that financial conditions remain appropriate given the evolving outlook for the economy and inflation.

Under these uncertainties of future global trade policies, 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 networks and number of beds to serve unmet demand in many areas/provinces

2. Investing in healthcare related businesses by selective strategies such as merger, acquisition or greenfield.
3. Expanding to new market segments such as international customers.
4. Enhancing sophisticated healthcare services with more specialized treatments, advancing to tertiary care.

Table 1 Comparison the operating performance results between 2025/Q1 and 2024/Q1

Consolidated Profit and Loss Unit : Million Baht	Q1		Change (YoY)	
	2025	2024	Amount	%
Revenues from healthcare services	1,462.2	1,377.8	84.5	6.13
Revenues from sales and services	2.7	0.7	2.0	304.07
Costs of healthcare services	1,172.2	1,091.2	81.0	7.43
Costs of sales and services	2.2	0.9	1.3	150.25
<b>Gross profit (loss)</b>	<b>290.4</b>	<b>286.4</b>	<b>4.1</b>	<b>1.43</b>
Other income	16.0	20.6	(4.6)	-22.36
Selling and Administrative expenses	339.8	330.9	8.8	2.67
Other expenses	6.4	5.6	0.8	14.74
Gain on reversal (loss) on expected credit losses	3.0	10.2	(7.3)	-70.96
Share of profit (loss) from an associate and joint ventures using equity method	(11.9)	(1.8)	(10.2)	n.m.
Finance costs	40.2	59.9	(19.7)	-32.86
<b>Profit (loss) before income tax expense</b>	<b>(88.9)</b>	<b>(80.9)</b>	<b>(7.9)</b>	<b>n.m.</b>
Income tax (expense) income	(24.0)	2.8	(26.8)	-957.14
<b>Profit (Loss) for the period from continuing operations</b>	<b>(112.9)</b>	<b>(78.1)</b>	<b>(34.8)</b>	<b>n.m.</b>
<i>Profit from discontinued operations:</i>				

Consolidated Profit and Loss Unit : Million Baht	Q1		Change (YoY)	
	2025	2024	Amount	%
*Profit for the period from discontinued operations	-	39.8	(39.8)	-100.00
Profit (loss) for the year	(112.9)	(38.3)	(74.6)	n.m.
**Earnings before interest, taxes, depreciation, and amortization from core operations (EBITDA)	(48.7)	(21.1)	(27.6)	n.m.
Profit (loss) attributable non-controlling interests	(13.7)	(0.6)	(13.1)	n.m.
Profit (loss) attributable to owner of the parent	(99.2)	(37.8)	(61.4)	n.m.

Remark

\*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.

2025/Q1 Compared to 2024/Q1

- Revenue from healthcare services was THB 1,462.2 million, an increase by THB 84.5 million or 6.13% growth. This is mainly attributable to organic growth.
- Gross profit equaled THB 290.4 million, a nominal increase by THB 4.1 million while gross profit margin was slightly decreased by 0.95%, which resulted from an increase of direct cost of healthcare services.
- Profit (loss) for the period from continuing operations equaled THB -112.9 million, a reduction of THB 34.8 million from last corresponding period, or a slight decrease in net profit margin of 0.02%. This resulted from operating losses at some hospitals, despite improvements in their profit margins.

However, revenues from medical services in 2025/Q1 increased across all payors segments compared to the same period of the previous year, including insurance, self-pay, contract, and government.

Table 2: Revenue Breakdown by Key Payor Type

The key payor groups can be divided into four types as follows:

Proportion to Revenue of Payor (%)	2025/Q1	2024/Q1
Government	7.26%	6.53%
Contract	12.64%	12.47%
Self-Pay	39.50%	39.75%
Insurance	40.60%	41.25%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Table 3: Financial Positions

Consolidated Balance Sheet Unit : Million Baht	March 31	December 31	Change (YoY)	
	2025	2024	Amount	%
Total Assets	14,864.7	15,024.6	(159.9)	-1.06
Total Liabilities	5,099.3	5,146.2	(47.0)	-0.91
Equity attributable to owners of the parent	9,047.6	9,146.8	(99.2)	-1.08
Debt to Equity Ratio ( Unit : Time)	0.56	0.56	0.00	0.17

Total assets as of March 31, 2025 were THB 14,864.7 million, a decrease of THB169.9 million or 1.06% decrease from the end of 2024. This significant change was attributable to decrease in short-term fixed deposits, offset by an increase of cash and cash equivalents, as well as property, plant and equipment.

Total liabilities as of March 31, 2025 were THB 5,099.3 million, a decrease by THB 47.0 million or 0.91% decrease from the end of 2024. These changes resulted from a decrease in

long-term loans from financial institutions, offset by increase in short-term loans, income tax payable, and accounts payable.

Despite these changes in total assets and total liabilities, debt to equity ratio remains at 0.56x, a slight decrease of 0.17% from the end of 2024.

**Table 4: Financial Ratio Analysis**

Highlight Financial Ratio	Unit	2025/Q1	2024/Q1	Increase (Decrease)
<b>Liquidity Ratio</b>				
Current Ratio	Time	1.03	0.40	0.64 *
Quick Ratio	Time	0.88	0.28	0.59 *
<b>Activity Ratios</b>				
Total Asset Turnover	Time	0.35	0.30	0.05 *
Fixed Asset Turnover	Time	1.04	0.89	0.16 *
Account Receivable Turnover	Time	9.98	6.80	3.17 *
Average Collection Period	Day	36.58	53.64	-17.06 *
Inventory Turnover	Time	60.04	32.92	27.11
Average Sale (Inventory) Period	Day	6.08	11.09	-5.01 *
Account Payable Turnover	Time	10.44	5.92	4.52
Average Payment Period	Day	34.95	61.62	-26.67
Cash Cycle	Day	7.71	3.11	4.60
<b>Leverage Ratios</b>				
Debt /Equity Ratio	Time	0.52	0.96	-0.43 *
Interest Coverage Ratio	Time	-1.21	-0.35	-2.17
<b>Profitability Ratios</b>				

Highlight Financial Ratio	Unit	2025/Q1	2024/Q1	Increase (Decrease)
Gross Profit Margin	%	19.83	20.77	-0.95
EBITDA Margin	%	8.63	9.43	-0.80
Net Profit Margin	%	-0.08	-0.06	-0.02
Return on Assets	%	-1.80	-2.70	0.90 *
Return on Equity	%	-1.10	-0.41	-0.68

\* denotes key financial ratios that performed better in 2025/Q1

### Analysis of Liquidity Ratios

At the end of 2025/Q1, the Current Ratio was 1.03x, increased by 0.64x. Divestment of property businesses helped increase liquidity and reduce short-term loans, resulting in a significant decrease of current liabilities from THB 4,927.2 million in 2024/Q1 to THB 1,560.9 million in 2025/Q1.

### Analysis of Activity Ratios

1. Total Asset Turnover slightly increased from 0.30x in 2024/Q1 to 0.35x in 2025/Q1. The improvement was attributable to the divestment in the property business which had low asset turnover.
2. Cash Cycle in 2025/Q1 slightly increased from 3 days to 8 days, resulting from reduction in supplier payment terms from 60 days to 35 days, despite the efficiency of average collection period improvement from 54 days to 37 days.

### Analysis of Leverage ratios

1. Debt/Equity Ratio improved from 0.96x to 0.52x. This was attributable from divestment in the property business which boosted liquidity leading to reduction of both short-term and long-term loans from financial institutions.
2. Interest Coverage Ratio decreased from -0.35x in 2024/Q1 to -1.21x in 2025/Q1, mainly due to a decrease in EBIT (earning before interest rate and taxes), resulting from higher cost of medical services.

### Analysis of Profitability Ratios

Some of PRINC's hospitals have exhibited continuous improvement on profitability while some newly established hospitals are still operating at a loss, despite an improvement in profit margins.

1. Gross profit margin in 2025/Q1 was at 19.83%, a slight decrease by 0.95% from 2024/Q1 due to higher cost of medical services.
2. Net profit margin in 2025/Q1 was at -0.08%, a slight decrease by 0.2% from 2024/Q1.
3. Return on assets in 2025/Q1 was -1.80%, improved from -2.70% in 2024/Q1. This was mainly attributable to the improvement in profitability after the divestment of property business.
4. Return on equity in 2025/Q1 was -1.10%, a decrease by 0.68% from -0.41% in 2024/Q1.

The 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 -

(Krittavith Lertutsahakul, M.D.)

Managing Director