

## Part 3 Financial Position and Operating Performance

<b>13. Key Financial Information</b>
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### 13.1 Financial Statement

#### 13.1.1 Auditor's Report

Auditor's report in the past 3 years, financial statement for the year 2018-2020 was audited by Mr. Chanchai Chaiprasit, a certified auditor number 3760 from PriceWaterhouse Coopers ABAS Co., Ltd. which was in the approved list of Securities and Exchange Commission, give an unqualified opinion with the comment that the consolidated financial statement of Principal Capital Public Company Limited (Company) and its subsidiaries (business group) as well as the financial statement for the Company show the financial position of business group of the Company, operating result and cash flow statement of the Company only and were prepared accurately in substance based on standard of financial report. This financial statement was verified and certified by the Board of Directors

### 13.1.2 Financial Statements

#### Principal Capital Public Company Limited and it Subsidiaries

#### Statement of Financial Position

As of December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>												
Current assets												
Cash and cash equivalents	176,319	1.14	395,865	2.71	449,319	3.14	20,859	0.16	53,080	0.41	91,810	0.81
Financial assets measured at fair value through profit or loss	34,007	0.22	-	-	-	-	18,000	0.14	-	-	-	-
Short-term fixed deposits	1,388	0.01	-	-	-	-	-	-	-	-	-	-
Short-term investments	-	-	525,827	3.60	6,064	0.04	-	-	484,568	3.72	3,930	0.03
Restricted deposits at a financial institution - currents	5,000	0.03	5,000	0.03	5,446	0.04	5,000	0.04	5,000	0.04	5,000	0.04
Trade and other receivables, net	342,837	2.22	233,450	1.60	267,617	1.87	49,513	0.39	48,066	0.37	43,687	0.38
Current portion of receivables-under lease agreement, net	-	-	-	-	-	-	1,670	0.01	1,611	0.01	-	-
Short-term loans to a subsidiary	-	-	-		-	-	10	0.00	1,355,989	10.42	520,836	4.57
Short-term loan to third party	-	-	39,044	0.27	-	-	-	-	39,044	0.30	-	-
Inventories - net	71,903	0.47	59,120	0.40	49,572	0.35	6,013	0.05	5,059	0.04	5,891	0.05
Other current assets	18,604	0.12	54,495	0.37	96,599	0.67	4,281	0.03	12,505	0.10	9,016	0.08

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total current assets	650,058	4.22	1,312,801	8.98	874,616	6.11	105,346	0.83	2,004,922	15.40	680,169	5.97
Non-current assets												
Restricted deposits at a financial institutions	2,803	0.02	2,800	0.02	12,166	0.08	5,074	0.04	-	-	-	-
Receivables under finance lease, net	-	-	-	-	-	-	-	-	6,744	0.05	-	-
Investment in an associate	300	0.00	411	0.00	-	-	7,976,853	62.84	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	330	0.00	7,963,253	61.17	8,013,254	70.34
Financial assets measured at fair value through profit or loss	330	0.00	-	-	-	-	-	-	-	-	-	-
Long-term investments	-	-	330	0.00	330	0.00	-	-	330	0.00	330	0.00
Long-term loans to subsidiaries	-	-	-	-	-	-	2,629,296	20.71	-	-	-	-
Investment property - net	1,155,055	7.49	1,576,376	10.78	2,719,903	19.00	1,848,742	14.57	-	-	-	-
Property, plant and equipment – net	10,987,585	71.28	9,896,170	67.69	8,942,750	62.46	2,922	0.02	3,033,819	23.31	2,679,825	23.52
Intangible assets – net	286,875	1.86	93,977	0.64	69,632	0.49	116,668	0.92	4,631	0.04	3,677	0.03
Right-of-use assets - net	425,305	2.76	-	-	-	-	-	-	-	-	-	-
Leasehold rights	-	-	26,513	0.18	25,222	0.18	-	-	-	-	-	-
Goodwill	1,823,978	11.83	1,657,153	11.33	1,648,636	11.51	-	-	-	-	-	-
Deferred tax assets	11,524	0.07	23,278	0.16	4,604	0.03	7,723	0.06	-	-	-	-
Other non-current assets	71,298	0.46	30,236	0.21	20,222	0.14	12,587,608	99.17	3,534	0.03	14,492	0.13
Total Non-Current Assets	14,765,053	95.78	13,307,244	91.02	13,443,465	93.89	12,692,954	100.00	11,012,311	84.60	10,711,578	94.03

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Total Assets</b>	15,415,111	100.00	14,620,045	100.00	14,318,081	100.00			13,017,233	100.00	11,391,747	100.00
<b>Liabilities and shareholders' equity</b>												
<b>Current Liabilities</b>												
Overdraft	-	-	-	-	7,415	0.05	-	-	-	-	-	-
Short-term borrowing from financial institutions	-	-	50,011	0.34	1,030,400	7.20	-	-	-	-	1,000,400	8.78
Trade and other payables	921,420	5.98	485,985	3.32	463,546	3.24	100,270	0.79	91,470	0.70	98,774	0.87
Advanced received from customer-current	32,882	0.23	36,797	0.25	24,502	0.17	1,846	0.01	10,560	0.08	6,076	0.05
Short-term loan from a related party	298,258	1.93	348,416	2.38	461,891	3.23	482,382	3.80	1,886,111	14.49	614,851	5.40
Current portion of lease liabilities	68,709	0.45	64,812	0.44	26,437	0.18	29,294	0.23	27,249	0.21	-	-
Current portion of long-term borrowings from financial institutions	273,323	1.77	260,325	1.78	184,000	1.29	181,467	1.43	95,611	0.73	32,818	0.29
Current portion of promissory notes from a related party	120,973	0.78	539,338	3.69	530,404	3.70	120,973	0.95	539,338	4.14	530,404	4.66
Income tax payable	9,474	0.06	15,458	0.11	18,944	0.13	720	0.01	-	-	-	-
Deposits received from customers – current	29,444	0.19	24,638	0.17	30,674	0.21	-	-	7,187	0.06	9,203	0.08
Other current liabilities	92,596	0.60	92,631	0.63	75,224	0.53	18,132	0.14	6,446	0.05	5,830	0.05
<b>Total current liabilities</b>	<b>1,849,079</b>	<b>12.00</b>	<b>1,918,411</b>	<b>13.12</b>	<b>2,853,437</b>	<b>19.93</b>	<b>935,084</b>	<b>7.37</b>	<b>2,663,972</b>	<b>20.46</b>	<b>2,307,636</b>	<b>20.26</b>
<b>Non-current liabilities</b>												

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Financial lease liabilities	224,059	1.45	204,918	1.40	74,640	0.52	82,104	0.65	90,692	0.70	31,522	0.28
Long-term borrowings from a financial institution	3,406,617	22.10	2,267,471	15.51	2,063,843	14.41	2,170,080	17.10	1,457,763	11.20	915,501	8.04
Long-term borrowings from related party	-	-	-	-	-	-	300,000	2.36	-	-	-	-
Advances received from customers	-	-	-	-	3,320	0.02	-	-	-	-	-	-
Deposits received from customers	19,070	0.12	24,479	0.17	19,193	0.13	-	-	-	-	-	-
Deferred tax liabilities	382,868	2.48	333,880	2.28	333,153	2.33	158,365	1.25	164,790	1.27	170,322	1.50
Employee benefit obligations	144,586	0.94	117,847	0.81	85,163	0.59	21,079	0.17	18,535	0.14	15,152	0.13
Hospital acquisition payables	46,675	0.30	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	17,240	0.11	41,812	0.29	43,713	0.31	7,295	0.06	17,437	0.13	3,446	0.03
<b>Total non-current liabilities</b>	<b>4,241,115</b>	<b>27.51</b>	<b>2,990,407</b>	<b>20.45</b>	<b>2,623,025</b>	<b>18.32</b>	<b>2,739,922</b>	<b>21.59</b>	<b>1,749,216</b>	<b>13.44</b>	<b>1,135,945</b>	<b>9.97</b>
<b>Total liabilities</b>	<b>6,090,194</b>	<b>39.51</b>	<b>4,908,818</b>	<b>33.58</b>	<b>5,476,462</b>	<b>38.25</b>	<b>3,675,006</b>	<b>28.95</b>	<b>4,413,189</b>	<b>33.90</b>	<b>3,443,581</b>	<b>30.23</b>
<b>Equity</b>												
Issued and paid up capital	3,462,337	22.46	3,462,337	23.68	3,240,088	22.63	3,462,337	27.28	3,462,337	26.60	3,240,088	28.44
Premium on share capital	5,163,517	33.50	5,163,517	35.32	4,476,767	31.27	5,163,517	40.68	5,163,517	39.67	4,476,767	39.30
Retained earnings												
Appropriated – legal reserve	61,736	0.40	44,200	0.30	44,200	0.31	61,736	0.49	44,200	0.34	44,200	0.39
Unappropriated	(1,155,337)	(7.49)	(626,349)	(4.28)	(447,623)	(3.13)	330,358	2.60	(66,010)	(0.51)	187,112	1.64
Other components of equity	764,873	4.96	766,023	5.24	764,130	5.34	-	-	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Equity attributable to owners of the parent	8,297,126	53.83	8,809,728	60.26	8,077,561	56.42	9,017,948	71.05	8,604,044	66.10	7,948,166	69.77
Non-controlling interests	1,027,791	6.67	901,499	6.17	764,058	5.34	-	-	-	-	-	-
Total equity	9,324,917	60.50	9,711,227	66.42	8,841,619	61.75	9,017,948	71.05	8,604,044	66.10	7,948,166	69.77
Total liabilities and equity	15,415,111	100.00	14,620,045	100.00	14,318,081	100.00	12,692,954	100.00	13,017,233	100.00	11,391,747	100.00

## Principal Capital Public Company Limited and it Subsidiaries

## Statement of Comprehensive Income

For the year ended December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from hospital business	2,290,329	86.40	2,296,171	79.97	2,084,631	76.56	184,675	52.38	227,379	44.05	206,947	41.91
Revenue from sale and services	360,377	13.60	575,270	20.03	574,240	21.60	167,890	47.62	288,754	55.95	286,784	58.09
Cost of hospital business	(2,025,166)	(76.40)	(1,879,283)	(65.45)	(1,577,358)	(59.32)	(261,760)	(74.24)	(251,700)	(48.77)	(172,493)	(34.94)
Costs of sales and services	(307,009)	(11.58)	(353,286)	(12.30)	(376,029)	(14.14)	(118,739)	(33.68)	(137,816)	(26.70)	(162,004)	(32.81)
Gross profit	318,531	12.02	638,872	22.25	705,484	26.53	(27,954)	(7.92)	126,617	24.53	159,234	32.25
Other income	59,685	2.25	46,890	1.63	51,145	1.92	94,047	26.68	30,703	5.95	23,846	4.83
Gain on disposal of a business unit	-	-	-	-	-	-	704,703	199.98	-	-	-	-
Gain on bargain purchase	30,696	1.16	-	-	82,544	3.10	-	-	-	-	82,544	16.72
Gain (loss) on disposal of investment in subsidiaries	17,0798	0.64	240,375	8.37	-	-	-	-	(45,000)	(8.72)	-	-
Selling expenses	(56,160)	(2.12)	(66,870)	(2.33)	(60,303)	(2.27)	(13,377)	(3.79)	(20,485)	(3.97)	(18,370)	(3.72)
Administrative expenses	(714,666)	(26.96)	(842,341)	(29.34)	(725,419)	(27.28)	(207,623)	(58.89)	(250,915)	(48.61)	(212,042)	(42.95)
Other expenses	(15,780)	(0.60)	(16,965)	(0.59)	(16,579)	(0.62)	-	-	-	-	-	-
Finance costs	(132,591)	(5.00)	(153,190)	(5.33)	(126,109)	(4.74)	(115,066)	(32.64)	(100,982)	(19.57)	(74,702)	(15.13)
Share of profit from an associate	(111)	(0.00)	161	0.01	-	-	-	-	-	-	-	-
Profit (loss) before income tax expenses	(493,318)	(18.61)	(153,069)	(5.33)	(89,237)	(3.36)	434,751	123.31	(260,061)	(50.39)	(39,488)	(8.00)

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
In come tax (expense) income	(44,174)	(1.67)	(2,434)	(0.08)	(31,211)	(1.17)	434,751	123.31	5,814	1.13	4,253	0.86
Loss from continuing operations	(537,493)	(20.28)	(155,503)	(5.42)	(120,448)	(4.53)	416,732	118.20	(254,247)	(49.26)	(35,235)	(7.14)
Loss from discontinued operations	-	-	(31,439)	(1.09)	(32,195)	(1.21)	-	-	-	-	-	-
Loss for the year	(537,493)	(20.28)	(186,942)	(6.51)	(152,643)	(5.74)	416,732	118.20	(254,247)	(49.26)	(35,235)	(7.14)
Other comprehensive income												
Remeasurements of employee benefit obligations	293	0.01	4,155	0.14	4,702	0.18	(3,535)	(1.00)	1,406	0.27	2,277	0.46
Deferred income tax on Remeasurements of employee benefit obligations	(59)	(0.00)	(831)	(0.03)	(940)	(0.04)	707	0.20	(281)	(0.05)	(455)	(0.09)
Items that will not be reclassified to profit or loss	234	0.01	3,324	0.12	3,761	0.14	(2,828)	(0.80)	1,125	0.22	1,822	0.37
Other comprehensive income (expense) for the year, net of tax	234	0.01	3,324	0.12	3,761	0.14	(2,828)	(0.80)	1,125	0.22	1,822	0.37
Total comprehensive income (expense) for the year	(537,258)	(20.27)	(183,618)	(6.39)	(148,882)	(5.60)	413,904	117.40	(253,122)	(49.04)	(33,413)	(6.77)
Profit (loss) attributable to												
Owner of the parent	(511,686)	(19.30)	(181,717)	(6.33)	(173,397)	(6.52)	416,732	118.20	(254,247)	(49.26)	(35,235)	(7.14)
Non-controlling interests	(25,806)	(0.97)	(5,225)	(0.18)	20,754	0.78	-	-	-	-	-	-
	(26,318)	(0.99)	(186,942)	(6.51)	(152,643)	(5.74)	416,732	118.20	(254,247)	(49.26)	(35,235)	(7.14)

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2020		2019		2018		2020		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total comprehensive income (expense) attributable to												
Owner of the parent	(511,452)	(19.29)	(178,726)	(6.22)	(168,727)	(6.35)	413,904	117.40	(253,122)	(49.04)	(33,413)	(6.77)
Non-controlling interests	(25,806)	(0.97)	(4,892)	(0.17)	19,845	0.75	-	-	-	-	-	-
	(537,493)	(20.28)	(183,618)	(6.39)	(148,882)	(5.60)	413,904	117.40	(253,122)	(49.04)	(33,413)	(6.77)
Earnings (loss) per share (Baht)	(0.148)		(0.056)		(0.054)		0.12		(0.078)		(0.011)	

## Principal Capital Public Company Limited and its Subsidiaries

## Summary of Statement of Cash Flow

For the Year ended December 31

Unit : Baht in thousand	Consolidated Financial Statement			Separated Financial Statement		
	2020	2019	2018	2020	2019	2018
Cash flows from operating activities	(158,153)	193,019	15,459	(308,586)	(79,702)	(112,893)
Cash flows from investing activities	(1,119,975)	(400,965)	(2,001,298)	994,316	(1,708,802)	(2,412,100)
Cash flows from financing activities	1,058,582	161,906	2,057,270	(717,951)	1,749,774	2,545,065
Net increase (decrease) in cash and cash equivalents	(219,546)	(46,040)	71,431	(32,221)	(38,730)	20,072
Cash and cash equivalents at the beginning of the year	395,864	441,905	370,474	53,080	91,810	71,738
Cash and cash equivalents at the end of the year	176,319	395,865	441,905	20,859	53,080	91,810

## 13.1.3 Significant Financial Ratio

	Unit	Consolidated Financial Statement			Separated Financial Statement		
		2020	2019	2018	2020	2019	2018
<b>Liquidity Ratio</b>							
Current Ratio	Times	0.35	0.68	0.31	0.11	0.75	0.29
Quick Ratio	Times	0.30	0.60	0.25	0.09	0.22	0.06
<b>Activity Ratio</b>							
Accounts Receivables turnover	Times	12.44	17.76	21.46	8.45	14.97	25.58
Average collection period	Days	29	21	17	43	24	14
Total assets turnover	Days	0.26	0.34	0.35	0.18	0.19	0.30
Accounts payable turnover	Times	15.45	16.60	12.83	15.90	15.00	16.89
Average payment period	Days	24	22	28	23	24	22
Cash cycle	Days	16	7	(2)	26	5	(4)
Inventory turnover	Times	35.60	41.08	40.75	68.73	71.14	107.92
Average selling period	Days	10	9	9	5	5	3
<b>Profitability Ratio</b>							
Gross profit margin	%	12.02	22.25	26.53	(7.92)	24.53	32.25
Net profit margin	%	(18.55)	(5.75)	(6.21)	93.31	(46.49)	(5.87)
Return on equity	%	(5.98)	(2.15)	(2.12)	4.73	(3.07)	(0.44)
Return on assets	%	(3.58)	(1.29)	(1.11)	3.24	(2.08)	(0.34)
<b>Financial Policy Ratio</b>							
Debt to equity ratio	Times	0.73	0.56	0.68	0.41	0.51	0.43
Interest coverage ratio	Times	0.42	2.61	1.90	(1.01)	0.06	(0.74)
<b>Information per share</b>							
Earnings (losses) per share	Baht	(0.148)	(0.056)	(0.054)	0.120	(0.078)	(0.011)
Book value per share	Baht	2.40	2.54	2.49	2.60	2.49	2.45

**14. Management Discussion and Analysis****Major developments in 2020**

On March 2, 2020, Principal Healthcare - Chumphon Co., Ltd., a subsidiary of which shares are held indirectly by the Company, acquired and accepted the Entire Business Transfer (EBT) of "Virajsilp Hospital", located in Chumphon Province. The objective was to expand the coverage of the Business Group's private hospital business network, especially in southern area of Thailand, in order to enhance the Group's future revenue generating capability also enhance effectiveness and competitiveness to gain more revenue. The subsidiary paid a consideration of Baht 512.2 million. The transaction resulted in a intangible assets of Baht 298.3 million, including goodwill of Baht 166.8 million, trademarks Baht 101.5 million and customers relationship Baht 30.0 million in the Consolidate Financial Statement.

On March 18, 2020, the Company incorporated a new subsidiary, Principal NKG Company Limited, with the objective of investing in elderly care business. The Company holds 51% of the shares in the new company and the other 49% is held by Nihon Keiei (Thailand) Company Limited. The company's concept of elderly care focuses on self-reliance, whereby elderly people resume their healthy condition and capability of conducting their Activities of Daily Living (ADL) with their family members. The aim is to assist the elderly in rehabilitating their physical and mental strength for maximum self-reliance.

The AGM of the Company year 2020 on August 10, 2020 resolved to approve V Brilliant Group Holding Co., Ltd., the Company's subsidiary to dispose of assets to Miss Satita Viddayakorn who is a related person of the Company, as comply with the sales and purchase agreement of the shares on 8 August 2016, details are as follow;

1. Ordinary shares in V33 Company Limited and Udon Business District Company Limited, both are V Brilliant Group Holding Co., Ltd.'s subsidiaries which held 99.99 % of shares. The selling are higher than the fair value of the two subsidiaries.
2. Vacant lands in Ang-Thong province and Saraburi province, owned by V Brilliant Group Holding Co., Ltd. The selling price are higher than the book value.

The Board of Directors' meeting of V Brilliant Group Holding Co., Ltd. on August 10, 2020 resolved to approved to set up VMEA Company Limited, registered capital Baht 1 Million comprising of 100,000 ordinary shares of par Baht 10 each. V Brilliant Group Holding Co., Ltd. held 99.99% of shares. The subsidiary was registered with the Ministry of Commerce on August 20, 2020 and increase its authorised share capital to be 200,000,000 ordinary shares of par Baht 10 each. The subsidiary registered the increased share capital with the Ministry of Commerce on October 28, 2020. This subsidiary set up for acceptance of Partial Business Transfer (PRT) of the Marriott Executive Apartment Sathorn Vista-Bangkok from the Company as the approval of the AGM on August 10, 2020

On December 29, 2020 the indirect holding company (VMEA Co., Ltd.) has approved the acquisition and accepted the Partial Business Transfer (PBT) of the property rental business from the Company under the name “The Marriott Executive Apartment Sathorn Vista – Bangkok” in order to re-structure the business to achieve the Company’s strategy plan for managing each business clearly, which would build the sustainable business and enhance the growth, also increase the opportunities to expand the business, as the subsidiaries paid a consideration of Baht 1,966.0 million. The transaction resulted in gain from disposal of a business unit in the amount of Baht 704.7 in the separate financial statements since this list is an inter-company transaction, it does not affect the operating results in the consolidated financial statements.

On September 1, 2020, the subsidiary that the Company held share indirectly (Principal Healthcare -Ubon Ratchathani Company Limited) acquired and accepted the Entire Business Transfer (EBT) of a private hospital name “Sunpasitinter Hospital” in Ubon Ratchathani Province which would enhance the growth, capability and competitiveness of the Group as well as increase its future potential profitability. The subsidiary paid a consideration of 494.3 million Baht. The transaction resulted in gain on bargain purchase of Baht 30.7 million in the Consolidate Financial Statement.

#### **The economic and industrial situations affecting the operation and business policies, strategies and decisions**

The outbreak Covid-19 in early 2020 has adverse effects on operating results for the year ended 31 December 2020.

The global and Thailand Covid-19 outbreak initiated government-imposed traveling restrictions and controls as well as upended the normal way of living and economic activities. As a result, hotel revenue significantly dropped by Baht 207.5 million which is 47.2% compared to 2019. This is due to temporary operational closures as well as previously suspended and currently diminished domestic and international travels. In response, the Group offered various promotions such as room and food and beverage discount to attract customers. Also, the protocol to prevent the spread of Covid-19 enforced restriction on transportation in many areas. The nationwide Covid-19 outbreak and decline in domestic economic resulted in dramatic decrease in hospital revenue by Baht 278.8 million which is 13.1% compared to prior period. For hospital business, Covid-19 outbreak affected the demand for medical services as seen from the reduction in number of patients. This was due to 1) the patients were afraid of the infection of Covid-19 at the hospital as a resulting in the usage of medical services as necessary; 2) the Covid-19 preventive measures by wearing masks and social distancing apparently lower the case of respiratory system infection; 3) The close of the school and online study reduced the contagious disease in children resulting in the reduction in number of child patients. As a result, the revenue from hospital business decreased by Baht 278.8 million or 13.1% compared to last year. In addition, the cost of PPE increase substantially due to higher

demand with limited supply. Such factors caused higher loss from operation. The management expects that both of operating results and revenue will be recover after vaccine rollout in the second half year of 2021.

### 2020 operating results

Statement of Comprehensive Income	Year 2020	Year 2019	Increase (decrease)	Change %
Unit: million				
Revenues from hospital operations	2,290.3	2,296.2	(5.8)	-0.3
Revenues from sales and services	360.4	575.3	(214.9)	-37.4
Costs of hospital operations	2,025.2	1,879.3	145.9	7.8
Costs of sales and services	<u>307.0</u>	<u>353.3</u>	<u>(46.3)</u>	<u>-13.1</u>
Gross profit	318.5	638.9	(320.3)	-50.1
Other income	59.7	46.9	12.8	27.3
Gain on disposal of investment in subsidiaries	17.1	240.4	(223.3)	(92.9)
Gain on bargain purchase	30.7	-	30.7	100.0
Selling and Administrative expenses	786.6	926.2	(139.6)	(15.1)
Finance costs	<u>132.6</u>	<u>153.2</u>	<u>(20.6)</u>	<u>(13.4)</u>
(Loss) before income tax expense	(493.3)	(153.1)	(340.2)	(222.3)
Income tax expense	<u>44.2</u>	<u>(2.4)</u>	<u>41.7</u>	<u>1,714.8</u>
(Loss) from continuing operations	(537.5)	(155.5)	(382.0)	(245.6)
Loss from discontinued operations	-	<u>(31.4)</u>	<u>31.4</u>	<u>100.0</u>
Loss for the year	<u>(537.5)</u>	(186.9)	<u>(350.5)</u>	<u>(187.5)</u>
Total comprehensive expense for the year	<u>(537.3)</u>	(183.6)	<u>(353.6)</u>	<u>(192.6)</u>

In 2020, the Company and the subsidiaries generated revenues totaling Baht 2,290.3 million from the hospital business and incurred costs totaling Baht 2,025.2 million from the hospital business, and revenues from sales and services totaling Baht 360.4 million and incurred costs of sales and services totaled Baht. 307.0 million Gain from disposal of a business unit and gain on disposal of investment in subsidiaries totaling Baht.47.8 million Selling and administrative expenses totaled Baht 786.6 million and financial costs totaled Baht.132.6 million As a result, the Company's loss for the year totaled Baht 537.5 million.

The following explains the operating results by business group.

#### Revenues from sales and services

Unit: million	Year 2020		Year 2019		Change
	Amount	%	Amount	%	%
Hospital business	2,290.3	86.4	2,296.2	80.0	-0.3
Property development and property rental business	360.4	13.6	575.3	20.0	-37.4
Total	2,650.7	100.0	2,871.5	100.0	-7.7

The Company and the subsidiaries generated revenues from sales and the rendering of services totaling Baht 2,650.7 million, decrease of Baht 220.7 million or 7.7% resulted from the following:

- The hospital business' revenues decreased by Baht 5.8 million, or 0.3% due mainly to:
  - Revenues of existing hospitals – Pitsanuvej Hospital, Princ Hospital Paknampo, Princ Hospital Suvarnabhumi, Pitsanuvej Pichit Hospital, – decreasing totaled Baht 278.8 million from the Covid-19 situation.
  - Revenues of the hospitals opened during 2019 and the new hospital opened in 2020 – Sirivej Lamphum Hospital, Pitsanuvej Uttaradit Hospital, Princ Hospital Uthai Thani, Virajsilp Hospital and, Princ Hospital Ubonratchathani - increasing totaled Baht 275.8 million.
- The property development, rental business and others had a revenue decrease of 214.9 million Baht, or 37.4%, due mainly to the following:
  - The Marriott Executive Apartment Sathorn Vista – Bangkok Project, had a revenue decrease of Baht 124.2 million because the occupancy rate reduces from 86.8% in 2019 to 47.9% in 2020, Average Daily Revenue (ADR) was reduced from Baht 4,093 to Baht 3,478 because the tourism business has been affected by the Covid-19 situation continuously.
  - The Somerset Ekamai Bangkok Project had a revenue decrease of Baht 83.2 million because the occupancy rate reduces from 78.0% in 2019 to 46.3% in 2020, from the

impact of Covid-19 Pandemic and the current situation of the hotel that slow down, the customers in long-term rental was reduced especially Japanese customers.

**Gross profit** was Baht 320.3 million (50.1%) lower than 2019, for the following main reasons:

- Revenue from both businesses extremely decreased from the spreading of Covid-19 with the major impact to the business.
- Costs of the hospitals decreased less than the revenue that decreased from the new opened hospitals which is cost from doctor and medical staff that increasing to enhance the efficiency to provide the service and support the customer need.
- Depreciation of both new and existing hospitals increased.

**Gain on bargain purchase** were Baht 30.7 million caused by approved the acquisition and accepted the transfer of Principal Healthcare – Ubon Ratchathani Co., Ltd. in Q3/2020

**Gain on disposal of investment in subsidiaries** were Baht 17.1 million arising from the disposal of the ordinary shares of V33 Co., Ltd. and Udon Business District Co., Ltd. While in 2019, were Baht 240.4 million because of the disposal of the ordinary shares of Bangkok Management Co., Ltd.

**Selling and administrative expenses in 2020** were Baht 786.8 million lower than 2019 in the amount of Baht 139.6 million (15.1%) because the Company aware of the impact of Covid-19 to the revenue. The Company and its subsidiaries highly pay attention to reduce cost by announcing the policy such as partially close the service area or temporary close some departments to reduce the cost from operation, reduce the temporary staff wage and reduce hiring of replacement employees and voluntary leave without pay and also the executives and employees are voluntary reduce the salary to reduce the cost of the Company.

#### EBITDA:

Unit: million	Year 2020	Year 2019	Increase (decrease)	Change %
EBITDA	211.1	472.5	(261.5)	-55.3
Finance costs	132.6	153.2	(20.6)	-13.4
Depreciation and amortisation	571.9	472.4	99.5	21.1
Profit before income tax	(493.3)	(153.1)	(340.2)	-222.3
Income tax expense	44.2	(2.4)	41.7	1714.8
Loss for the year	(537.5)	(155.5)	(382.0)	-245.6
<b>**EBITDA excluded adjustment transaction</b>	<b>163.3</b>	<b>232.1</b>	<b>(68.9)</b>	<b>(29.7)</b>

EBITDA for 2019 totaled Baht 472.5 million which was Baht 14.1 million, or 3.1% higher than the previous year because:

- There was a one-off item – a gain on disposal of investment in a subsidiary of Baht 240.4 million.
- There were direct costs, marketing and public relations expenses as well as other expenses of newly opened hospitals, increasing selling and administrative expenses.

EBITDA of the Company and the subsidiaries, excluding this adjusting entry, totaled Baht 232.1 million Baht 143.8 million lower than the previous year due to lower gross profits and the increases in the expenses of newly opened hospitals, and investment in physicians and medical units.

Interest expenses rose by Baht 27.1 million, as a result of the increase in borrowings from financial institutions for the newly opened hospitals and renovation and modernization of hospital buildings to suit customers' requirements.

Appreciation increased by Baht 50.9 million as there were three new hospitals and innovation work at some hospitals had been completed; hence, higher depreciation was booked.

**Loss for the year** The Company and the subsidiaries incurred a loss of Baht 155.5 million in 2019 (excluding the losses incurred from discontinued operations). The loss amount is greater than that of 2018 and resulted from the increases in the costs of sales and services, expenses of the subsidiaries, interest expenses and depreciation.

#### Financial Position

Statement of Financial Position	31 December	31 December	Increase	Change
Unit: million	2020	2019	(Decrease)	%
Total assets	15,415.1	14,620.0	795.1	5.4
Total liabilities	6,090.2	4,908.8	1,181.4	24.1
Equity attributable to owners of the parent	8,297.1	8,809.7	(512.6)	-5.8
Debt to Equity Ratio (times)	0.73	0.56		

As at 31 December 2020, the Company and the subsidiaries has assets totaling Baht 15,415.1 million, increasing from total assets as at 31 December 2019 by Baht 795.1 million, resulting from:

- Property, plant and equipment increased by Baht 1,091.4 million from the purchase of Virajsilp Hospital and Princ Hospital Ubonratchathani, totaling Baht 735.6 million and from the Princ Hospital Sisaket where land was purchased and under the building construction, which was expected opening in the second quarter of 2021 amounting to Baht 356.5 million.

- Right-of-use assets increased by Baht 425.3 million resulting from the adoption of TFRS 16 (leases standard) as of 1 January 2020, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases under the principles of TAS 17 Leases and for leases previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability.
- Intangible assets increased by Baht 192.9 million from the acquisition of Virajsilp Hospital, which caused to the trademark and customers relationship totaling Baht 124.8 million.
- Goodwill increased by Baht 166.8 million from the acquisition of Virajsilp Hospital
- Short-term Investment decreased Baht 525.8 million, from the adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) by the adjustments to financial assets measured at fair value through profit or loss and Short-term fixed deposits totally Baht.35.4 million. While there are some parts that the company sold for use in investing in new projects and investing in new hospitals.
- Investment properties decreased by Baht 421.3 million from the disposal of the subsidiaries and vacant land of the group's subsidiaries for resale to Miss Satita Viddayakorn.

Liabilities of the Company and the subsidiaries as at 31 December 2020 totaled Baht 6,090.2 million, increasing from total liabilities as at 31 December 2019 by Baht 1,181.4 million for the following reason:

- Long-term borrowing from the financial institutions, increased by Baht 1,139.1 million, resulting from investment in new hospitals and renovating the existing hospitals.
- Hospital acquisition payables of Princ Hospital Ubonratchathani, an increase of Baht 294.1 million.
- Current portion of promissory notes from a related party decreased by Baht 418.4 million from the selling of assets to related party and pay long-term promissory notes.

Shareholders' equity decreased by Baht 512.6 million from the losses incurred by the Company during the year.

The debt-to-equity (D/E) ratio stood at 0.73, rise from 0.56 on 31 December 2019, resulting from the long-term borrowing from the financial institutions, while the shareholders' equity decreased from the operating results during the year.

## Commitments and contingencies

### Contingent liabilities for capital expenditure

Unit: Baht in million	2020	2019
Building and equipment	132.36	21.91

### Operating lease commitments

The Company and its subsidiaries entered into non-cancellable operating lease agreements with respect to leases of equipment and service agreements. The terms of the agreements generally range between 1 to 13 years.

Unit: Baht in million	2020	2019
Not later than 1 year	21.62	33.64
More than 1 year but not later than 5 years	9.40	16.89
More than 5 years	-	8.34
Total	31.02	58.88

### Long-term service commitments

On January 24, 2007, the Company entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, with the right to extend for a period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended December 31, 2020, was Baht 5.8 million.

On January 14, 2016, the Group entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations with the right to extend for a period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended December 31, 2020, were Baht 7.5 million.