No. PRINC-69-009

August 14, 2026

Subject: Management Discussion and Analysis of the Consolidated Financial Statements for the Second Quarter and the Six-Month Period Ending June 30, 2026

To: President
The Stock Exchange of Thailand

Principal Capital Public Company Limited and its subsidiaries ("PRINC") would like to clarify operating results for the second quarter and the six-month period ending June 30, 2026, as follows.

1. **Economic and industry conditions affecting operations, policies, strategies, and business decisions, including business operation results in the second quarter of 2026.**

In Q2/2026, PRINC reported the consolidated revenues from healthcare services of THB 1,558.8 million, a 11.03% increase year-over-year (YoY). While in the first half of 2026, the consolidated revenues were THB 3,101.7 million or an 8.22% increase YoY. This marked that PRINC could deliver a growth in topline performance in 2026 despite continued macroeconomic headwinds. Moreover, PRINC has implemented prudent cost strategies, along with continued management of operating expenses. In Q2/2026, PRINC could achieve EBITDA of THB 106.7 million, a 93.39% increase YoY, while in H1/2026, EBITDA were THB 232 million, a THB 49.1 million or 26.82% increase YoY.

During the first six months, there were uncertain circumstances that affected our patients' healthcare spending behavior and our operating costs as follows;

- In the past second quarter, the conflict in the Middle East remained unlikely to reach a consensus, causing widespread volatilities of energy costs, global economy, and the Thai economy. Subsequently, many patients decided to defer or skip medical treatments, leading to a decline in the number of patients particularly in inpatient admissions. In addition, our operating and service costs were increased relatively to the rising energy costs. Therefore, geopolitical risk is still one of the key risks that PRINC closely monitors and mitigates in the coming future.

- Although the conflict at Thailand-Cambodia border during the past quarter did not escalate into a larger scale, the tensions remained at high level. As a result, patients from this neighboring country were still unable to return for services. PRINC have adapted our strategies to broaden other nationality customer base, which has currently been ramp up to compensate for those impacts.
- The latest meeting of the Monetary Policy Committee (MPC), no. 3/2026 in June 2026, voted to maintain the policy interest rate at 1.0% as the same rate as the prior meeting. As a result, interest rates are expected to remain at a low level.

Amid ongoing economic uncertainties, PRINC could deliver revenue growth in the second quarter and the first six months of 2026. Such growth was primarily driven by the addition of four hospitals as follows: the acquisitions of Thanakarn Hospital (“PKAN”) in Kanchanaburi Province in June 2025, and the acquisitions of Por Phat 1 Hospital (“PPAT”) and Por Phat 2 Hospital (“PKRT”) in Nakhon Ratchasima Province in January 2026, as well as the greenfield hospital in Kamphaeng Phet Province, Pitsanuvej Kamphaengphet Hospital (“PKPP”), commencing operations in June 2026.

2. Major developments in Q2/2026 & after the reporting period

In the second quarter, the strategic drivers were completed within timeframe for both revenue generation and medical service advancement through the following activities:

Q2/2026

- On June 1, 2026, PKPP commenced its operations, resulting PRINC officially operates 19 hospitals locating in 15 provinces.
- Baanmhor Pongsak Company Limited, operating senior care and nursing home, opened the second branch on May 7, 2026 after the opening of the first branch in March 2026, at Muang Thong Thani. Thus far, it has 2 branches at Greater Bangkok.

In addition, there are ongoing growth drivers through the following initiatives:

- In October 2026, Pitsanuvej Hospital ("PSV") will open additional outpatient service areas in its new building. And in January 2027, PSV plans to launch full-scale cancer treatment services, including radiation therapy, which will enhance its capability and quality of cancer care. Currently, the construction progress of this new building is at 80 percent.
- In October 2026, Pitsanuvej Phichit Hospital ("PPCH") will open additional service areas in its new building, including outpatient services, emergency services, and operating rooms. Currently, the construction progress of this new building is at 98 percent.

In addition, PRINC continues to focus on strategies to enhance medical service capabilities and to be responsible for business practices and sustainable growth in line with ESG principles. Our hospitals have received various quality certifications and achievements as follows:

	PSUV	PSV	PPRP	PPNP1	PPNP2	PPCH	PUTD	PUTH	PCPN	PSSK	PUBN	PSNK	PLPN1	PLPN2	PMDH	PPAT	PKRT
Joint Commission International (JCI): การรับรองคุณภาพสถานพยาบาลในระดับสากล																	
Healthcare Accreditation (HA): การรับรองคุณภาพจากสถาบันรับรองสถานพยาบาล	Level 2		Level 2	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 2	Level 2	Level 2		Level 2	Level 2
Himss Analystics Stage 7:มาตรฐานสูงสุดด้านเทคโนโลยีสารสนเทศโรงพยาบาล																	
Healthcare Asia Awards 2026:รางวัลเชิดชูความสำเร็จของโรงพยาบาลและบริการด้านการแพทย์ในเอเชีย																	
Green & Clean Hospital Challenge: การรับรองมาตรฐานจากกรมอนามัย	3 Challenge	2 Challenge		Excellent	Excellent	Excellent	Excellent	Excellent	Standard	Excellent	Standard	Excellent	Excellent		Excellent		

Remark:

1. Princ Hospital Suvarnabhumi (“PSUV”)
2. Pitsanuvej Hospital (“PSV”)
3. Ruamphat Phitsanulok Hospital (“PPRP”)
4. Pitsanuvej Phichit Hospital (“PPCH”)
5. Pitsanuvej Uttaradit Hospital) (“PUTD”)
6. Princ Hospital Paknampo 1 (“PPNP1”)
7. Princ Hospital Paknampo 2 (“PPNP2”)
8. Princ Hospital Uthai Thani (“PUTH”)
9. Princ Hospital Lamphun (“PLPN1”)
10. Sirivej Lamphun Hospital (“PLPN2”)
11. Virajsilp Hospital (“PCPN”)
12. Princ Hospital Sisaket (“PSSK”)
13. Princ Hospital Ubonratchathani (“PUBN”)
14. Princ Hospital Sakon Nakhon (“PSNK”)
15. Princ Hospital Mukdahan (“PMDH”)
16. Thanakarn Hospital (“PKAN”)
17. Por Phat 1 Hospital (“PPAT”)
18. Por Phat 2 Hospital (“PKRT”)

3. Operational Summary

- Comparison of the operating performance for the three months ending June 30, 2026

Table 1

Consolidated Profit and Loss Unit: Million Baht	2Q2026	2Q2025	Change (YoY)		1Q2026	Change (QoQ)	
			Amount	%		Amount	%
Revenues from healthcare services	1,558.8	1,403.9	154.8	11.03	1,542.9	15.9	1.03
Gross profit (loss)	278.6	218.1	60.5	27.74	274.2	4.4	1.62
Earnings before interest, taxes, depreciation, and amortization from core operations (EBITDA)	106.7	55.2	51.5	93.39	125.3	(18.5)	-14.80
Profit (loss) before income tax expense	(138.7)	(165.8)	27.1	n.m.	(117.0)	(21.6)	n.m.
Profit (loss) for this period	**(154.1)**	**(166.8)**	**12.7**	**n.m.**	**(127.8)**	**(26.3)**	**n.m.**

*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 associates and joint ventures using equity method.

The continued conflicts in the Middle East have led to higher inflation, hence elevated costs of living, causing widespread impacts not only on healthcare consumption decision making but also on our operating & service costs. As a result, the margin optimization in Q2/2026 became more challenging than the first quarter as follows.

- Revenues from healthcare services for this Q2/2026 amounted to THB 1,558.8 million, an increase by THB 154.8 million or 11.03% YoY. Although healthcare service revenues in the second quarter is typically lower than those in the first quarter, PRINC could manage to have QoQ growth in revenues by THB 15.9 million or 1.03%. This is primarily attributable to the addition of 4 hospitals as mentioned earlier.

- Gross profit for the Q2/2026 amounted to THB 278.6 million, increasing by THB 60.5 million or 27.74% YoY. Moreover, gross profit in Q2/2026 was an increase by THB 4.4 million or 1.62% QoQ. These were attributable to our topline growth along with direct cost management improvement.

- EBITDA for the Q2/2026 was THB 106.7 million, increasing by THB 51.5 million or 93.39% YoY. This improvement was driven by overall topline growth, enhanced operating cost management across most of our hospitals, and improved economies of scale from better optimization of our network synergies. However, EBITDA for the Q2/2026 decreased by THB 18.5 million or 14.8% from Q1/2026. The QoQ decrease in EBITDA was due to the impact of new affiliated hospitals where revenue growth has yet covered operating costs especially fixed cost.

- Net profit before tax and after tax for the Q2/2026 represented a reduction in loss by THB 27.1 million YoY and a reduction in loss by THB 12.7 million YoY, respectively. However, net profit before tax and after tax for this Q2/2026 period reported an increase in loss by THB 21.6 million QoQ and an increase in loss by THB 26.3 million QoQ, respectively. Such QoQ increase in loss was due to the underperformance of certain affiliated hospitals as mentioned earlier.

- <u>Comparison of the operating performance for the first half of the year ending June 30, 2026</u>

Table 2

Consolidated Profit and Loss (YTD) Unit: Million Baht	**YTD**		**Change (YoY)**	
	H1/2026	**H1/2025**	**Amount**	**%**
Revenues from healthcare services	3,101.7	2,866.2	235.5	8.22
Gross profit (loss)	552.8	508.6	44.3	8.70
Earnings before interest, taxes, depreciation, and amortization from core operations (EBITDA)	232.0	183.0	49.1	26.82
Profit (loss) before income tax expense	(255.7)	(254.7)	(1.0)	n.m.
Profit (loss) for this period	(281.9)	(279.7)	(2.3)	n.m.
Depreciation and amortization	374.9	339.2	35.6	10.50

- Revenues from healthcare services for the H1/2026 amounted to THB 3,101.7 million, increasing by THB 235.5 million or 8.22% YoY. It was mainly driven by the addition of 4 hospitals as mentioned earlier.

○ Gross profit for the H1/2026 amounted to THB 552.8 million, increasing by THB 44.3 million or 8.7% from H1/2025. This was attributable to our topline growth along with direct cost management improvement.

○ EBITDA for the H1/2026 amounted to THB 232.0 million, increasing by THB 49.1 million or 26.82% YoY. This resulted from the combination of the topline growth along with direct cost and SG&A cost management improvement.

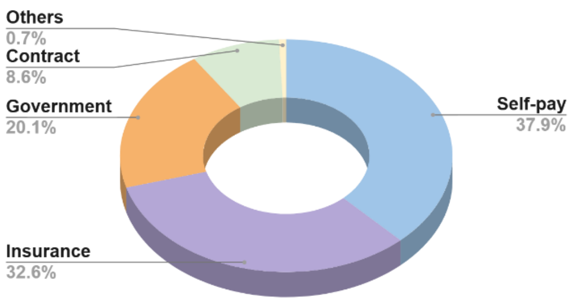
○ Net profit before tax and after tax for the H1/2026 were a loss increase by THB 1.0 million YoY and a loss increase by 2.3 million YoY, respectively. The increase in loss in H1/2026 was primarily due to increase in depreciation and amortization expenses resulting from our recent business expansions.

PRINC is conscious of current economic sensitivities and has implemented various cost management measures alongside accelerated efforts to reduce expenses. Furthermore, PRINC continues to take proactive approaches to attract additional customers.

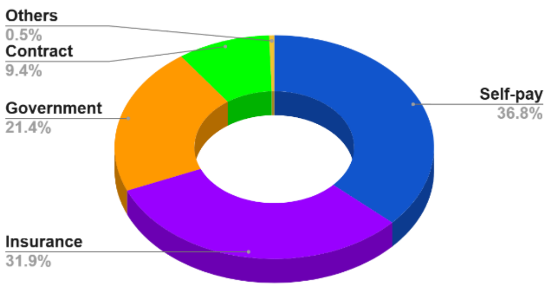
- <u>Revenue Breakdown by Key Payor Type</u>

The key payor groups can be classified into five types of which four major types are self-pay, insurance, government, and contract. Revenue breakdown is as follows:

H1/2025



H1/2026



Note: Data excluded PPAT's & PKRT's.

4. Financial Summary

- <u>Financial Position Highlights</u>

Total assets amounted to THB 16,282.0 million, increasing by THB 1,012.8 million from the end of 2025, whereas interest-bearing debts amounted to THB 5,197.8 million, increasing by THB 977.3 million from the end of 2025. This reflected our business expansion activities over the past periods were funded principally by borrowings from financial institutions. Hence, the ratio of interest-bearing debts to shareholders' equity for the parent company increased from 0.48x to 0.62x or by 0.13x. And debt to equity ratio increased from 0.66x to 0.82x or by 0.15x.

Table 3

Consolidated Balance Sheet, Selected Items Unit: Baht Million, except noted	June 30, 2026	Dec 31, 2025	Change	
			Amount	%
Property, plant and equipment, net	10,819.8	9,857.4	962.4	9.76
Assets acquired in business combination - under purchase price allocation	330.6	0.0	330.6	n.m.
Total Assets	16,282.0	15,269.2	1,012.8	6.63
Short-term borrowings from financial institutions	1,458.3	656.3	802.0	122.19
Long-term borrowings from financial institutions	2,743.0	2,637.4	105.6	4.00
Current portion of long-term borrowings - from financial institutions	559.1	492.7	66.4	13.48
Lease liabilities	328.5	333.1	(4.6)	-1.37
Current portion of lease liabilities	103.9	95.4	8.5	8.86
Borrowings from an other party	5.1	5.7	(0.6)	-10.53
Interest-Bearing Debts	5,197.8	4,220.6	977.3	23.15
Total Liabilities	6,870.4	5,787.9	1,082.5	18.70
Equity Attributable to the Parent Company	8,429.7	8,727.0	(297.3)	-3.41
Interest-Bearing Debts to Equity* (Unit: Time)	0.62	0.48	0.13	27.50
Debt to Equity* Ratio (Unit: Time)	0.82	0.66	0.15	22.89

* Refer to: Equity Attributable to the Parent Company

- Financial Ratio Analysis

Table 4

	Financial Ratio Highlight	Unit	2026/Q2	2025/Q2	Change (YoY)
	Liquidity Ratio				
	Current Ratio [1]	Time	**0.32**	0.68	-0.37
	Quick Ratio [1]	Time	**0.24**	0.55	-0.31
*	AR Turnover [2]	Time	**11.06**	10.37	+0.70
*	Average Collection Period [2]	Day	**33.00**	35.21	-2.22
	Inventory Turnover [2]	Time	**34.02**	34.33	-0.31
	Average Sale (Inventory) Period [2]	Day	**10.73**	10.63	+0.10
*	AP Turnover [2]	Time	**6.08**	6.27	-0.20
*	Average Payment Period [2]	Day	**60.08**	58.18	+1.89
*	Cash Cycle [2]	Day	**-16.35**	-12.34	-4.01
	Activity Ratios				
*	Total Asset Turnover [2]	Time	**0.40**	0.35	+0.05
	Fixed Asset Turnover [2]	Time	**0.57**	0.59	-0.02
	Leverage Ratios				
	Debt /Equity Ratio [1]	Time	**0.82**	0.61	+0.21
*	Interest Coverage Ratio [2]	Time	**-1.68**	-2.11	n.m.
*	Debt Service Coverage Ratio [2]	Time	**0.36**	0.24	+0.13
	Profitability Ratios				
*	Gross Profit Margin [3]	%	**17.79**	17.71	+0.08
*	Operating Margin [3]	%	**-4.60**	-5.44	+0.85
*	EBITDA Margin [3]	%	**7.33**	6.29	+1.03
*	Net Profit Margin [3]	%	**-8.90**	-9.62	+0.72
*	Return on Assets [2]	%	**-1.50**	-1.81	+0.31
	Return on Equity [2]	%	**-4.74**	3.22	-7.96

Remark: (*) denotes key financial ratios that performed relatively better than Q2/2025
1: Data as of June 30, 2026 or 2025
2: Data for the 4-quarter period ending June 30, 2026 or 2025 (Trailing-Four-Quarters)
3: Data for the 6-month period ending June 30, 2026 or 2025 (Year-to-Date)

Analysis of Liquidity Ratios

(1) Current ratio decreased from 0.68x to 0.32x. And quick ratio decreased from 0.55x to 0.24x. These were mainly due to our business expansions, leading to the increase in short-term borrowings.

(2) It is expected that prolonging Middle East conflicts could lead to shortage of imported medicines and medical supplies. As a result, our hospitals increased higher amount of such items than our normal practice. Nevertheless, inventory turnover days increased slightly from 10.63 days to 10.73 days, whereas cash cycle days for the trailing-4-quarter period ending June 30, 2026 improved by 4 days. This improvement was attributable to the more efficient management of receivable collections and longer payment period to suppliers.

Analysis of Efficiency Ratios

(1) Total asset turnover for the trailing-4-quarter period ending June 30, 2026 increased from 0.35x to 0.40x, reflecting the improvement in utilizing total assets, particularly current assets turnover management, to drive revenue growth.

(2) Fixed asset turnover for the trailing-4-quarter period ending June 30, 2026 dropped from 0.59x to 0.57x. This was mainly due to recent investments and expansions in hospitals and healthcare related businesses, leading to increase in fixed assets, which have yet to be fully utilized for revenue generation in the short run.

Analysis of Leverage Ratios

(1) Debt to equity ratio increased to 0.82x from 0.61x in FY2025. This was mainly due to increase in loans from financial institutions to support business expansions as mentioned earlier.

(2) Interest coverage ratio improved from negative 2.1x to negative1.68x, due to a decrease in negative EBIT.

(3) Debt service coverage ratio increased from 0.24x to 0.36x, representing the improvement of debt repayment capacity to meet its shot-term debt obligations.

Analysis of Profitability Ratios

(1) Return on assets for trailing-4-quarter period ending June 30, 2026 improved from negative 1.81% to negative 1.50%. It was driven by topline growth along with better cost optimization, reflecting an improvement in profitability from both existing assets and additional investments made during the past periods.

(2) Topline growth along with prudent cost management improved our margins at several levels. Gross profit margin rose from 17.71 to 17.79%. Operating profit margin improved from negative 5.44% to negative 4.60% and net profit margin improved from negative 9.62% to negative 8.90%.

(3) Return on equity for trailing-4-quarter period ending June 30, 2026 declined from 3.22% to negative 4.74%. Such a decline was mainly from the fact that in Q3 of 2024, there was a huge extraordinary gain on property divestment.

Intense competition and unfavorable economic conditions have urged us to balance growth, profitability and disciplined cost management in order to achieve sustainable performance. We believe that this commitment can lead us through uncertain times.

For your kind acknowledgement.

Yours respectfully,

– Signature –

(Mr. Tharin Eampetcharapong)

Chief Financial Officer