

# SAINTMED

SAINTMED Public Company Limited

management discussion and analysis for 4Q/2023 & Year 2023

Ending 31 December 2023

## Critical Care



## Cardiology



## General Medical Device



## Sleep Medicine



## Smart Hospital and AI



## Wellness

No. SMD 06/2024

29 February 2023

SAINTMED Public Company Limited presents the management discussion and analysis for the 4th quarter of 2023 and full year 2023, ending 31 December 2023, with the following details:-

## Executive Summary, Key Events, and Business Strategies

The Company had a net profit of THB 79.24mn in 2023, a decrease of 73.29% compared to the previous year. However, for 4Q/2023, the Company had a net profit of THB 30.36mn for the 3-month period, an increase of 536.48% compared to 4Q/2022 (YoY), and the profit increased by 148.03% compared to the previous quarter (QoQ).

The net profit for 4Q/2023 increased YoY and QoQ, primarily due to the sales of the crisis medical treatment group, which saw increased demand as Thailand moves towards an aging society and the rise in medical tourism. This was coupled with a decrease in cost of goods sold and services, as well as selling and administrative expenses, which decreased by a higher proportion than the increase in revenue for this quarter.

For the net profit in 2023, there was a decrease from the previous year, primarily due to a decline in sales of general medical equipment, especially the COVID-19 ATK Test-Kit, which led to increased competition in pricing and put pressure on the company's profit margins. Additionally, the demand for crisis medical treatment products decreased compared to 2022, a year marked by a severe COVID-19 outbreak with patients experiencing more severe symptoms than in 2023.

According to the company's dividend policy, it is set to pay dividends of no less than 30% of net profit. In 2023, the company's board of directors resolved to propose to the annual general meeting of shareholders in 2024 the payment of dividends from the 2023 operations at 0.30 baht per share. On 13 December 2023, the board had already approved an interim dividend payment of 0.15 baht per share, leaving a second dividend payment at the rate of 0.15 baht per share. The company has set the record date for shareholders entitled to receive dividends on 15 March 2024, and scheduled the dividend payment for 8 May 2024, which will be proposed for approval at the annual general meeting of shareholders in 2024.

### Key Events and Business Strategy

1. In 2023, the company underwent a major strategic adjustment by shifting its policy from focusing on revenue from trading activities to emphasizing on generating sustainable revenue streams through rental of medical equipment, hire purchase options for medical devices, and/or revenue sharing with partners instead of outright sales. This approach was taken in collaboration with various stakeholders to increase accessibility to medical equipment for end users, aiming to create more widespread access to medical tools and ensure mutual, sustainable benefits for all parties involved.

- The Company negotiated with partners from various medical equipment product groups, including leading medical equipment importers for which the company is not yet a distributor, to join as business partners.
  - For business customer groups (B2B), the Company negotiated collaborations with partners that are hospitals, both public and private, to expand the business base for rentals and hire purchase of equipment, reducing the risk from high one-time investments.
2. The Company expanded its medical equipment business into specialized wellness areas to cater to the trends in medical tourism and preventive healthcare, such as equipment like the Mild Hyperbaric Oxygen Chamber.
  3. The Company focused on sourcing medical equipment that benefits from the aging society trend, and medical devices for treating rare and complex diseases, to contribute to promoting Thailand as a Medical Hub. This includes signing exclusive distribution agreements for AI systems that detect lung cancer (Lung CA) from CT images of all brands.
  4. With preventive healthcare becoming a mainstream approach globally in 2023, social security agencies began discussions to revise the criteria for reimbursing benefits for insured individuals who suffer from sleep apnea and require the use of CPAP (Continuous Positive Airway Pressure) devices. As a result, the company anticipates benefiting from these changes in 2024, given its position as a leading importer of such medical equipment for over 10 years, and its expertise in caring for patients with this condition. The company has collaborated with medical service providers to open sleep disorder treatment centers since 2019 and plans to expand its comprehensive sleep study centers to meet future demand.



## Key Factors Affecting the Company's Performance in the 2023

### Economy / Society

#### Aging Society

The aging population trend is increasing both in Thailand and globally, leading to a higher demand for sleep quality assessment services (SleepLab) and CPAP (Continuous Positive Airway Pressure) products. Additionally, this trend has a knock-on effect on the demand for medical devices used in the treatment of NCDs (Non-Communicable Diseases) in the elderly.

#### The depreciation of the Thai Baht against the US dollar

The depreciation of the Thai Baht leads to increased overall costs for imported medical devices that must be paid for in US dollars, resulting in a decrease in gross profit margins. The company tries to manage the risk of

exchange rate fluctuations by entering into forward foreign exchange contracts, without any policy of speculating on exchange rate volatility.

## Technology

### **The trend towards preventive healthcare**

Improved medical technology, combined with a growing public interest in disease prevention, has led to a positive market response for various diagnostic tools, as early detection can lead to quicker treatment and recovery. This trend benefits products such as flu A/B testing kits, which have received a favorable response. Additionally, it positively impacts medical equipment in the Wellness category used for various health care purposes.

## Law / Politics

### **Promoting medical tourism and establishing Thailand as a Medical Hub**

The influx of foreigners seeking medical treatment in Thailand has significantly increased the demand for medical equipment, particularly for treating rare and complex diseases. This trend gradually leads to a higher demand, creating business opportunities for leasing high-value medical equipment for complex disease treatments to hospitals.

### **The Social Security Act has been amended to include CPAP**

The Social Security Act has been amended to include additional criteria and rates for compensatory benefits in cases of Social Security insurer suffering from sleep apnea who require the use of Continuous Positive Airway Pressure (CPAP) devices. These amendments hospitals and clinics that designated by the Social Security Office the right to medical services for Social Security insurer, including the ability to claim costs for diagnosis and treatment at specified rates. This results in higher demand for products distributed by the company. However, these regulations came into effect on 1 January 2024, which means the company will benefit from these changes in the operational period of 2024.

## Environment

### **The easing of the COVID-19 pandemic situation**

In 2023, the demand for ATK test kits decreased along with the easing of the COVID-19 pandemic situation, which led to COVID-19 being declared an endemic disease. This change meant that the use of ATK test kits was no longer required under the strict regulations imposed during the peak of the outbreak. Over the past year, the company quickly adapted its strategy and managed its distribution channels efficiently, resulting in very minimal outdated stock.

## Financial Performance

### Statement of Profit and Loss

	Consolidated FS 4Q/2023		Separate FS 4Q/2022		Changes (YoY)		Consolidated FS 2023		Separate FS 2022		Changes (YoY)	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
<b>Revenue</b>												
Sales revenue	235.14	95.54%	161.04	95.59%	74.10	46.01%	789.49	95.42%	1,985.20	98.79%	(1,195.71)	(60.23%)
Services revenue	10.97	4.46%	7.43	4.41%	3.54	47.64%	37.86	4.58%	24.40	1.21%	13.46	55.16%
<b>Total sales and services revenue</b>	<b>246.11</b>	<b>100.00%</b>	<b>168.47</b>	<b>100.00%</b>	<b>77.64</b>	<b>46.09%</b>	<b>827.35</b>	<b>100.00%</b>	<b>2,009.60</b>	<b>100.00%</b>	<b>(1,182.25)</b>	<b>(58.83%)</b>
Costs of sales and services	157.48	63.99%	111.97	66.46%	45.51	40.64%	530.24	64.09%	1417.76	70.55%	(887.52)	(62.60%)
<b>Gross profit</b>	<b>88.63</b>	<b>36.01%</b>	<b>56.50</b>	<b>33.54%</b>	<b>32.13</b>	<b>56.87%</b>	<b>297.11</b>	<b>35.91%</b>	<b>591.84</b>	<b>29.45%</b>	<b>(294.73)</b>	<b>(49.80%)</b>
Other incomes	2.03	0.82%	0.48	0.28%	1.55	322.92%	6.49	0.78%	4.18	0.21%	2.31	55.26%
<b>Profit before expenses</b>	<b>90.66</b>	<b>36.84%</b>	<b>56.98</b>	<b>33.82%</b>	<b>33.68</b>	<b>59.11%</b>	<b>303.60</b>	<b>36.70%</b>	<b>596.02</b>	<b>29.66%</b>	<b>(292.42)</b>	<b>(49.06%)</b>
Selling expenses	33.17	13.48%	30.42	18.06%	2.75	9.04%	117.20	14.17%	128.85	6.41%	(11.65)	(9.04%)
Administrative expenses	21.07	8.56%	19.75	11.72%	1.32	6.68%	89.89	10.86%	89.14	4.44%	0.75	0.84%
(Gain) loss on exchange rate	(0.45)	(0.18%)	(0.14)	(0.08%)	(0.31)	221.43%	(0.43)	(0.05%)	3.17	0.16%	(3.60)	(113.56%)
<b>Total expenses</b>	<b>53.79</b>	<b>21.86%</b>	<b>50.03</b>	<b>29.70%</b>	<b>3.76</b>	<b>7.52%</b>	<b>206.67</b>	<b>24.98%</b>	<b>221.16</b>	<b>11.01%</b>	<b>(14.50)</b>	<b>(6.56%)</b>
<b>Profit before finance costs and income tax</b>	<b>36.87</b>	<b>14.98%</b>	<b>6.95</b>	<b>4.12%</b>	<b>29.92</b>	<b>430.50%</b>	<b>96.93</b>	<b>11.72%</b>	<b>374.86</b>	<b>18.65%</b>	<b>(277.92)</b>	<b>(74.14%)</b>
Finance costs	1.14	0.46%	0.78	0.46%	0.36	46.15%	3.34	0.40%	8.55	0.43%	(5.21)	(60.94%)
<b>Profit before income tax</b>	<b>35.73</b>	<b>14.52%</b>	<b>6.17</b>	<b>3.66%</b>	<b>29.56</b>	<b>479.09%</b>	<b>93.59</b>	<b>11.31%</b>	<b>366.31</b>	<b>18.23%</b>	<b>(272.71)</b>	<b>(74.45%)</b>
Income tax	5.37	2.18%	1.39	0.83%	3.98	286.33%	14.35	1.73%	69.65	3.47%	(55.30)	(79.40%)
<b>Profit (loss) for the period</b>	<b>30.36</b>	<b>12.34%</b>	<b>4.77</b>	<b>2.83%</b>	<b>25.59</b>	<b>536.48%</b>	<b>79.25</b>	<b>9.58%</b>	<b>296.66</b>	<b>14.76%</b>	<b>(217.41)</b>	<b>(73.29%)</b>

### Summary of Profit and Loss 2023

#### Revenue from core operation

In 2023, the company's revenue from sales and services was THB 827.35 million, a decrease of THB 1,182.25mn or 58.83% from THB 2,009.60mn in 2022. The majority of the revenue, accounting for 53.69%, came from government sector clients. The decline in revenue was due to a decrease in sales of general medical equipment, particularly COVID-19 test kits (ATK), which had seen significant sales in 2022. However, in 2023, as the COVID-19 pandemic began to subside, the demand for such products significantly decreased.

## 1) Revenue from sales

Revenue from sales, categorized by groups of medical equipment and medical devices of the Company, can be divided into 5 groups based on their usage characteristics, as shown in the following income structure table.

Medical Devices	Consolidated FS 4Q/2023		Separate FS 4Q/2022		Changes (YoY)		Consolidated FS 2023		Separate FS 2022		Changes (YoY)	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
1. Critical Care	136.06	57.86%	81.29	50.48%	54.77	67.38%	390.72	49.49%	567.00	28.56%	(176.28)	(31.09%)
2. Respiration	57.73	24.55%	49.96	31.02%	7.77	15.55%	235.66	29.85%	176.87	8.91%	58.79	33.24%
3. Cardiology	25.62	10.90%	16.21	10.07%	9.41	58.05%	104.55	13.24%	79.75	4.02%	24.80	31.10%
4. General	12.81	5.45%	10.17	6.32%	2.64	25.96%	40.88	5.18%	1,145.09	57.68%	(1,104.21)	(96.43%)
5. Smart Hospital	2.92	1.24%	3.41	2.12%	(0.49)	(14.37%)	17.68	2.24%	16.49	0.83%	1.19	7.22%
<b>Total Revenue from sales</b>	<b>235.14</b>	<b>100.00%</b>	<b>161.04</b>	<b>100.00%</b>	<b>74.10</b>	<b>46.01%</b>	<b>789.49</b>	<b>100.00%</b>	<b>1,985.20</b>	<b>100.00%</b>	<b>(1,195.71)</b>	<b>(60.23%)</b>

In 2023, the company's revenue from product sales was THB 789.49mn, a decrease of THB 1,195.71mn or 60.23% from 2022. The primary reason for this decline was the decrease in sales of general medical equipment, such as COVID-19 ATK test kits, following the subsidence of the COVID-19 pandemic, and the reduction in sales of crisis medical treatment products as hospitals had previously purchased a large quantity of such medical equipment during the pandemic and have not reached a new purchasing cycle due to sufficient existing supplies.

However, the product group of medical devices for sleep medicine showed a positive trend, as the public became more aware of the importance of quality sleep and showed increased interest in sleep studies. Additionally, sales of cardiology medical devices improved due to the aging society trend, leading to higher demand for devices used in the diagnosis and treatment of heart-related diseases.

## 2) Revenue from services

Medical Services	Consolidated FS 4Q/2023		Separate FS 4Q/2022		Changes (YoY)		Consolidated FS 2023		Separate FS 2022		Changes (YoY)	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
1. Rental and Fixing	7.77	70.83%	5.66	76.18%	2.11	37.28%	26.22	69.26%	17.81	72.99%	8.41	47.22%
2. Sleepstest	3.20	29.17%	1.77	23.82%	1.43	80.79%	11.64	30.74%	6.59	27.01%	5.05	76.63%
<b>Total Revenue from Services</b>	<b>10.97</b>	<b>100.00%</b>	<b>7.43</b>	<b>100.00%</b>	<b>3.54</b>	<b>47.64%</b>	<b>37.86</b>	<b>100.00%</b>	<b>24.40</b>	<b>100.00%</b>	<b>13.46</b>	<b>55.16%</b>

In 2023, the Company's revenue from services was THB 37.86mn, an increase of THB 13.46mn or 55.16% from the previous year. The primary reason for this increase was the revenue from leasing medical equipment and maintenance

services, which amounted to THB 26.22mn, up by THB 8.41mn or 47.22% from the previous year. Additionally, revenue from sleep study center services was THB 11.64mn, an increase of THB 5.05mn or 76.63% from 2022.

The increase in revenue from sleep study services is attributed to a greater societal awareness of the importance of quality sleep than in the past, along with a growing trend towards preventive healthcare. This has led to a higher demand for sleep study services.

### **Other Income**

In 2023, the Company's other income, which primarily includes interest income, profits from the cessation of a subsidiary's operations, and profits from the sale of fixed assets, amounted to THB 6.49mn. This represents an increase of THB 2.30mn or 54.90% from THB 4.19mn in 2022. The increase was due to higher lease income from medical equipment, leading to increased interest income from leased assets. Additionally, the company saw an increase in interest income from financial institutions due to excess liquidity. The other income in 2022 was largely comprised of a profit of THB 3.14mn from the cessation of a subsidiary's operations, which had formally registered its dissolution with the Ministry of Commerce on 3 December 2021, and had settled its accounts and returned the full investment to the company by 9 February 2022. The cessation of the subsidiary's operations did not significantly impact on the group's operations.

### **Cost of goods sold and services**

The company's cost of sales and services consists of two main components: 1) the cost of medical devices and equipment, which includes the cost of goods, import fees for products from abroad, and shipping costs. This category accounts for more than 80% of the total cost of sales and services, and 2) the cost of service and installation fees, which includes the cost of consumables and installation equipment, repair costs, employee-related expenses, and product testing costs.

In 2023, the company's total cost of sales and services was THB 530.24mn, a decrease of THB 887.52mn or 62.60% from 2022. The reduction in cost of sales was in line with the decrease in product sales, particularly in the categories of general medical equipment and crisis medical treatment products.

### **Gross Profit and Gross Profit Margin**

In 2023, the company's initial profit from sales and services was THB 297.11mn, a decrease of THB 294.72mn or 49.80% from 2022. The main reason for this decrease was the reduction in sales of general medical equipment, especially Covid-19 ATK, due to the easing and decreased severity of the Covid-19 pandemic compared to the previous year. However, the initial profit margin in 2023 was 35.91%, which increased from 29.45% in 2022 due to various factors.

- In 2023, the majority of products sold were durable medical equipment, which typically have higher initial profit margins compared to the sale of ATK.
- The adjustment of the business model as mentioned earlier in the year improved the profit margins.
- The depreciation of the Thai baht against the US dollar increased the overall product costs, putting pressure on the initial profit margins to decrease.

## Selling Expenses

In 2023, the company's sales expenses amounted to THB 117.20mn, a decrease of THB 11.65mn or 9.04% from 2022. This reduction was due to lower commissions, transportation costs, and other related expenses, which decreased in line with sales volume this year. However, the proportion of sales expenses to total revenue increased from 6.40% in 2022 to 14.06% in 2023, mainly because of the significant decrease in sales.

### Details of Selling Expenses

	Consolidated FS 4Q/2023		Separate FS 4Q/2022		Changes (YoY)		Consolidated FS 2023		Separate FS 2022		Changes (YoY)	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
1. Salary for Sales persons	12.92	38.95	11.34	37.28	1.58	13.93	49.68	42.39	49.22	38.20	0.46	0.93
2. Commission and Rewards	6.57	19.81	6.81	22.39	(0.24)	(3.52)	22.62	19.30	33.73	26.18	(11.10)	(32.91)
3. Depreciation of Medical Equipment for customers trial	2.82	8.50	3.02	9.93	(0.20)	(6.62)	11.08	9.45	11.58	8.99	(0.50)	(4.32)
4. PR Expenses	5.72	17.24	4.38	14.40	1.34	30.59	12.91	11.02	9.92	7.70	2.99	30.14
5. Other Selling Expenses <sup>1/</sup>	5.14	15.50	4.87	16.00	0.27	5.54	20.91	17.84	24.40	18.93	(3.50)	(14.34)
<b>Selling Expenses</b>	<b>33.17</b>	<b>100</b>	<b>30.42</b>	<b>100</b>	<b>2.75</b>	<b>9.04</b>	<b>117.20</b>	<b>100.00</b>	<b>128.85</b>	<b>100</b>	<b>(11.65)</b>	<b>(9.04)</b>

Note: <sup>1/</sup> Other sales expenses include sales representatives' travel expenses, shipping costs for sales department, accommodation expenses for sales representatives, and miscellaneous expenses.

## Administrative Expenses

Expenses for company management include salaries of management staff, administrative expenses, and depreciation and amortization costs. Among these, salaries of management staff account for the majority of the company's management expenses.

In 2023, the company incurred management expenses of THB 89.89mn, increasing by THB 0.75mn or 0.84% from 2022. This increase is considered relatively stable compared to the previous year. The company was able to control management expenses at an appropriate level. Management expenses for 2023 accounted for 10.78% of total revenue, up from 4.43% in the previous year, due to the decrease in revenue.

	Consolidated FS 4Q/2023		Separate FS 4Q/2022		Changes (YoY)		Consolidated FS 2023		Separate FS 2022		Changes (YoY)	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
1. Salary of Management	11.96	56.76	12.22	61.87	(0.26)	(2.13)	48.49	53.94	55.26	61.99	(6.77)	(12.25)
2. Administration Expenses	6.36	30.19	3.84	19.45	2.52	65.62	21.01	23.37	19.61	22.00	1.40	7.14
3. Depreciation and Amortization	2.91	13.81	3.47	17.57	(0.56)	(16.12)	12.25	13.63	13.38	15.01	(1.13)	-8.44
4. Other Administrative Expenses <sup>1/</sup>	(0.16)	(0.76)	0.22	1.11	(0.38)	(172.73)	8.14	9.06	0.89	1.00	7.25	814.61
<b>Administrative Expenses</b>	<b>21.07</b>	<b>100.00</b>	<b>19.75</b>	<b>100.00</b>	<b>1.32</b>	<b>6.68</b>	<b>89.89</b>	<b>100.00</b>	<b>89.14</b>	<b>100.00</b>	<b>0.75</b>	<b>0.84</b>

Note: <sup>1/</sup> Other Administrative Expenses includes Repair and maintenance costs, rental fees, provisions for doubtful debts, and others.



**Profit/Loss on the foreign exchange rate**

In 2023, the Company had a gain from the exchange rate of THB 0.43mn, reversing the loss from exchange rate of THB 3.17mn in the previous year. This profit/loss from exchange rate resulted from risk management of exchange rate fluctuations through forward contracts for the purchase and sale of foreign currency. The Company used these tools to manage the risk arising from conducting its core business of purchasing medical equipment, which is denominated in foreign currencies. There is no policy to speculate on profits from exchange rate in any way.

**Finance Costs**

In 2023, the company had financial costs of THB 3.34mn, decreasing by THB 5.21mn from financial costs of THB 8.55mn in the previous year. The main reason for this decrease was the gradual repayment of short-term loans from financial institutions until fully repaid during the year. This led to a reduction in interest expenses on loans from financial institutions. As of 31 December 2023, the company had a low debt-to-equity ratio and had no short-term or long-term loans from financial institutions.

**Net Profit and Net Profit Margin**

In the year 2023, the company had a net profit of THB 79.25mn, a decrease of THB 217.41mn or 73.29% from the previous year. The net profit margin was 9.50%, down from 14.73% in 2022. The main reason for this decline was a decrease in sales, particularly in the sales of general medical equipment, due to the less severe situation of the Covid-19 pandemic compared to 2022. This resulted in a reduction in the selling price of Covid-19 ATK test kits due to price competition, especially in sales to general retail customers.

The decrease in net profit margin is due to a reduction in sales in 2023, while the company's expenses remained relatively constant. This led to a decrease in the net profit margin.

**Summary of Profit and Loss in 4Q/2023, 3 months period**

The Company had sales and service revenue in 4Q/2023 totaling THB 246.11mn. Revenue from government clients accounted for 53.7% of the total sales and service revenue, with the majority coming from state hospitals that purchased the Company's products. Revenue for this period increased by THB 77.64mn, or 46.09% YoY, and increased by THB 63.19mn, or 34.55% QoQ. The main reason for the increase in sales of emergency medical products is due to Thailand's transition to an aging society and its support for medical tourism.

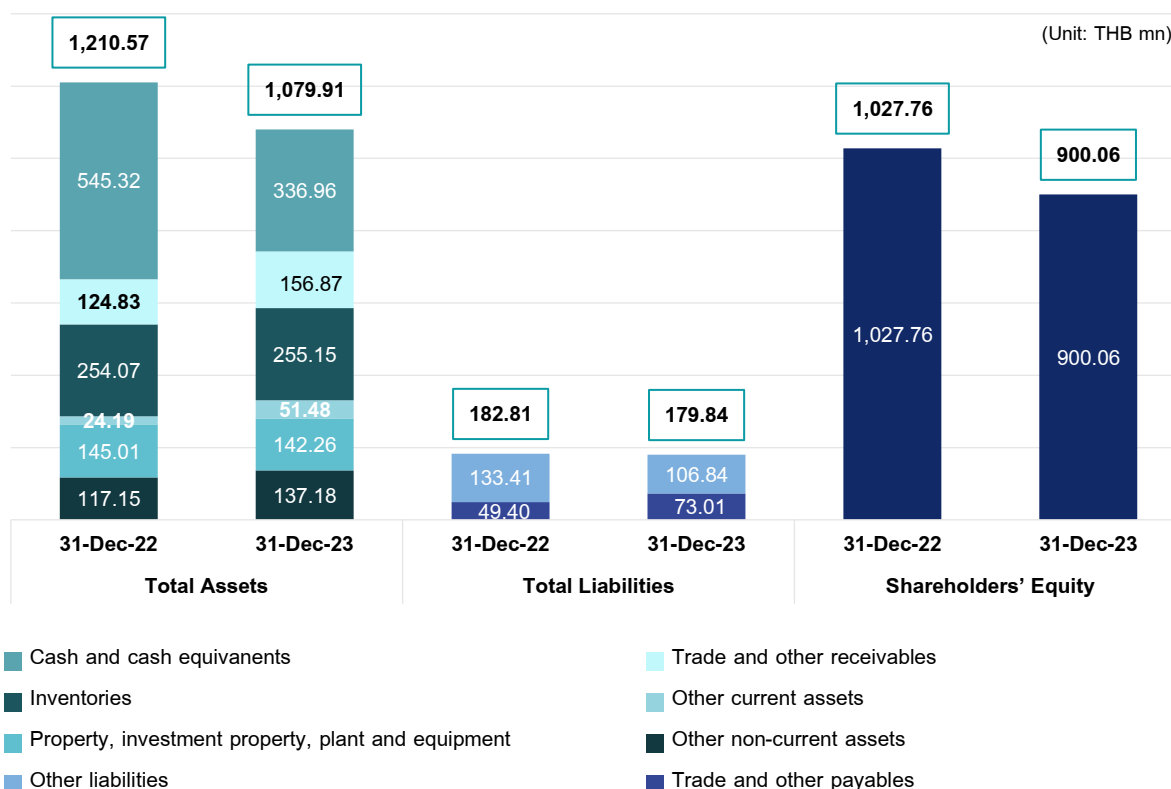
During Q4/2023, the Gross Profit Margin was 36.01%, up from 33.54% in the same period of the previous year. This increase is attributed to the fact that in this quarter, the majority of sales came from the sales of regular medical equipment, which have a higher profit margin compared to the sales of ATK test kits for Covid-19 in the previous year. Additionally, gross profit margin increased from 34.90% in the previous quarter due to the increase in sales in this quarter.

The Selling and Administrative Expenses in 4Q/2023 amounted to THB 54.24mn, an increase of THB 4.07mn or 8.11% YoY, and an increase of THB 4.93mn or 10.90% QoQ. However, when compared as a proportion of total revenue, these expenses decreased by 21.86% from 29.70% in the same period of the previous year and from 26.76% in the previous quarter. This decrease is due to increased sales combined with cost control measures implemented by the company.

In Q4/2023, the company had a net profit of THB 30.36mn, an increase of THB 25.59mn or 536.48% from the same period of the previous year, and an increase of THB 18.12mn or 148.04% from the previous quarter.

## Statement of Financial Position

### Assets and Capital Structure as of 31 December 2023



#### Total Assets

As of 31 December 2023, the company's total assets amounted to THB 1,079.90mn, decreasing by THB 130.76mn or 10.79% from the end of 2022. The significant decrease was mainly attributed to cash and cash equivalents, which decreased by THB 208.36mn. This will be further explained in the cash flow section below. The net decrease in cash and the increase in certain asset categories, notably accounts receivable from trade and other debtors, as well as lease receivables, resulted from the company's operational strategy shift. The company transitioned from trading activities to focusing on generating continuous revenue streams through rental, hire purchase of medical equipment, and/or revenue sharing arrangements with partners, as explained earlier.

#### Total Liabilities

The Company had total liabilities of THB 179.84mn, decreasing by THB 2.97mn or 1.62% from the end of 2022. All of the company's liabilities are interest-free.

In addition, the Company has a credit term from suppliers on average of 45 days, depending on the policy of each medical equipment manufacturer. However, in 2023, the company's average credit term was 50 days, an increase/decrease of 10 days from 2022. This change occurred because in 2022, the company purchased products related to the screening and care of COVID-19 patients, which were in demand at that time. As a result, the company had to pay upfront for the goods when the COVID-19 situation began to ease, leading to a return to normal ordering conditions and adherence to the credit term.

### Total Shareholders' Equity

At the end of 2023, the Company's Shareholders' Equity stood at THB 900.06mn, a decrease of THB 127.70mn or 12.43% from THB 1,027.76mn at the end of 2022 due to dividend payments. Additionally, in 2023, the company repurchased shares according to the criteria set by the stock market to manage liquidity and support stock prices during market volatility. The share repurchase program of the company was conducted from 9 October 2023, to 30 March 2024, with a maximum amount used for repurchase not exceeding 120 million or a number of repurchased shares not exceeding 22 million shares (calculated as not exceeding 9.79% of total shares sold). The company conducted repurchases from 9 October 2023, to 31 December 2023, with a total of 10.26 million repurchased shares (calculated as 4.56% of total shares sold), with a total repurchase value of THB 60.25mn.

The company maintains a stable capital structure, with its working capital mainly derived from shareholders' equity. As of 31 December 2023, the company's debt-to-equity ratio stood at 0.20 times, increased from 0.18 times as of 31 December 2022. This increase is attributed to the company's repayment of loans from financial institutions, both short-term and long-term. Additionally, the company conducted share buybacks for financial management purposes and distributed dividends continuously, leading to a decrease in shareholders' equity in 2023.

## Statement of Cash Flow

Items	Consolidated FS 2023	Separate FS 2022
Net cash generated from operating activities	17.73	466.09
Net cash used in investing activities	(12.96)	(6.21)
Net cash used in financing activities	(213.13)	(396.83)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(208.36)</b>	<b>63.05</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>545.32</b>	<b>482.28</b>
<b>Cash and cash equivalents at ending of period</b>	<b>336.96</b>	<b>545.32</b>

For 2023, the Company's cash flows from various activities were as follows:

- **Net cash generated from operating activities** was THB 17.73mn. The main item was the decreased in operational performance and reductions in trade receivables, lease liabilities, inventory, and advance payments for goods, offset by increased trade payables and other payables.
- **Net cash used in investing activities** amount of THB 12.96mn. It was primarily for experimental medical equipment, which are medical devices used for product testing or kept as reserves during repairs, including leased medical equipment.
- **Net cash used in financing activities** was THB 213.13mn. The main items include dividend payments of THB 145.49mn and share buybacks of THB 60.25mn, as mentioned above.

As a result of the above activities, the company had a net decrease of THB 208.36mn in cash and cash equivalents, and had cash and cash equivalents totaling THB 336.96mn as of 31 December 2023.

## Sustainability Development (ESG)

The Company recognizes the importance of sustainable operations, believing that delivering high-quality, modern medical equipment will contribute significantly to Thailand's public health system. Moreover, the Company is continually seeking new medical equipment innovations to enhance patient treatment efficiency and reduce the workload of doctors and medical staff. An example is the AI system for detecting lung cancer (Lung CA) from CT images. The Company earnestly hopes that its medical equipment will play a role in supporting Thailand's development as a Medical Hub and assist in caring for the population in an aging society, thereby improving their quality of life.

(Viroje Vasusuttikulant)

Chief Executive Officer

SAINTMED Public Company Limited

