

NAM 2024/043

February 27, 2024

Subject: Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ending December 31, 2023

To: The President of The Stock Exchange of Thailand

Namwivat Medical Corporation Public Company Limited ("the company") would like to explain the company's operating results for the year 2023 ending December 31, 2023, The details are as follows.

Operating Results for the year 2023

Statement of Earnings

List (Unit: Million Baht)	Y2022		Y2023		YoY	
	Amount	%	Amount	%	Amount	%
Revenues from sales and services	1,099.36	98.89%	1,100.75	98.56%	1.39	0.13%
Cost of sales and services	(696.29)	62.63%	(620.70)	55.57%	(75.59)	(10.86%)
Gross profit	403.08	36.26%	480.05	42.98%	76.98	19.10%
Other income	12.39	1.11%	16.12	1.44%	3.73	30.11%
Total revenues	1,111.75	100.00%	1,116.87	100.00%	5.12	0.46%
Distribution costs	(76.62)	6.89%	(96.94)	8.68%	20.32	26.52%
Administrative expenses	(104.09)	9.36%	(133.18)	11.92%	29.09	27.95%
Profit before finance costs, and income tax	234.76	21.12%	266.06	23.82%	31.30	13.33%
Finance costs	(12.99)	1.17%	(15.73)	1.41%	2.74	21.12%
Profit before income tax	221.77	19.95%	250.33	22.41%	28.56	12.88%
Tax expense	(46.20)	4.16%	(49.54)	4.44%	3.35	7.24%
Profit for the year	175.57	15.79%	200.78	17.98%	25.21	14.36%

Revenue from sales and services

For the year 2022 and 2023, the Company had a net sales and service income of 1,099.36 million baht and 1,100.75 million baht respectively. The income increased by 1.39 million baht, an increase of 0.13 percent. The main reason of the increase came from sales of medical equipment in the product group of automatic steam sterilizer which the growth rate increased by 78.01 million baht. As for income from sales of medical consumables, it decreased by 47.41 million. Income from sterilization services, medical equipment

maintenance and waste disposal services increased by 22.91 million baht, while construction contract income decreased by 44.72 million baht due to no additional new projects in 2023.

Revenue structure categorized by business groups

List (Unit: Million Baht)	Y2022		Y2023		YoY	
	Amount	%	Amount	%	Amount	%
Manufacture and distribute of medical equipment	590.65	53.73%	668.66	60.75%	78.01	13.21%
Manufacture and distribute of medical supplies	296.42	26.96%	249.01	22.62%	(47.41)	(15.99%)
CSSD disinfection services medical equipment maintenance services and infectious waste services	129.79	11.81%	152.7	13.87%	22.91	17.65%
Revenues from construction	70.48	6.41%	25.76	2.34%	(44.72)	(63.45%)
Others	12.01	1.09%	4.62	0.42%	(7.39)	(61.53%)
Revenues from sales and services	1,099.36	100.00%	1100.75	100.00%	1.39	0.13%

Gross Profit

Gross profit for the year 2023 amounted to 480.05 million baht, an increase from the previous year of 76.98 million baht, representing a gross profit ratio of 42.98 percent, compared to gross profit for 2022 of 403.08 million baht or 36.26 percent. The main reason of the gross profit increase is the growth of the sale of medical equipment.

Other income

In 2023, the Company had other income of 16.12 million baht, an increase of 3.73 million baht from the previous year. This is mainly due to profits from other current financial assets (Trading securities) amounting to 2.32 million baht.

Distribution Costs

For operating results of 2022 and 2023, the Company had distribution costs of 76.62 million baht and 96.94 million baht, respectively, with distribution costs increasing by 20.32 million baht or 26.52 percent. Increased expenses which correspond to higher income was mainly due to an increase in the number of salespeople especially in the sales section of medical equipment and sales coordination to support the expansion of the Company's business. The increase in the distribution costs was also explained by

compensation in the form of commissions to employees for sales of medical devices and medical consumables including maintenance and repair services, entertainment costs, public relation and promotion which included cost of organizing seminars, training, supporting activities including customer welfare which was in line with the Company's policy of building proactive customer relationships in order to be able to offer products and services to them to use in their work most efficiently.

Administrative expenses

The Company had administrative expenses of 104.09 million baht and 133.18 million baht in 2022 and 2023, respectively. Administrative expenses increased by 29.09 million baht, representing 27.95 percent, with the main reasons as follows:

- Employee salaries and compensation increased by 19.68 million baht as a result of hiring more personnel to support the expansion of the business and annual increase of employees' compensation.
- The Company had a loss on exchange rate of 3.99 million baht since the Company was affected by the recognition of losses from the adjustment of foreign exchange rates resulting in an increase of losses on exchange rates.

Net profit

The Company had a net profit of 175.57 million baht and 200.78 million baht for operating results for the year 2022 and 2023, respectively. Net profit increased by 25.21 million baht, representing an increase of 14.36 percent, which is in line with the growth of sales and service income.

Statements of Financial Position

List (Unit : Million Baht)	Financial Information		Increase (Decrease)	
	Y2022	Y2023	Amount	%
Total Assets	1,697.19	2,349.67	652.47	38.44
Total Liabilities	487.03	386.88	(100.15)	(20.56)
Shareholders' Equity	1,210.16	1,962.78	752.63	62.19
Debt-to-equity ratio (times)	0.40	0.20	(0.20)	(50.00)

List (Unit : Million Baht)	Financial Information		Increase (Decrease)	
	Y2022	Y2023	Amount	%
Current assets				
Cash and cash equivalents	59.02	994.66	935.64	1,585.33%
Trade and other current receivables	439.47	394.37	(45.10)	(10.26%)
Current contract assets	60.76	0.00	(60.76)	(100.00%)

List (Unit : Million Baht)	Financial Information		Increase (Decrease)	
	Y2022	Y2023	Amount	%
Other current financial assets	300.59	102.91	(197.68)	(65.76%)
Inventories	368.62	353.74	(14.87)	(4.03%)
Non-current assets held for sale	2.28	2.12	(0.16)	(7.10%)
Total current assets	1,230.73	1,847.80	617.07	50.14%
Non-current assets				
Other non-current financial assets	0.00	4.28	4.28	100.00%
Investments in joint ventures	0.00	1.00	1.00	100.00%
Property, plant and equipment	382.89	387.20	4.31	1.13%
Right-of-use assets	7.13	7.85	0.72	10.08%
Other intangible assets	56.06	63.99	7.93	14.14%
Deferred tax assets	3.43	4.85	1.42	41.58%
Deposits at financial institution with obligations	10.00	25.02	15.01	150.13%
Other non-current assets	6.95	7.68	0.72	10.42%
Total non-current assets	466.46	501.86	35.40	7.59%
Total assets	1,697.19	2,349.67	652.47	38.44%
Current liabilities				
Overdraft and short-term borrowings from financial institutions	118.71	119.06	0.34	0.29%
Trade and other current payables	135.17	80.10	(55.07)	(40.74%)
Current contract liabilities	8.78	0.00	(8.78)	(100.00%)
Current portion of long-term liabilities	33.29	23.84	(9.45)	(28.37%)
Current portion of lease liabilities	4.85	6.82	1.97	40.59%
Current portion of deferred services income	19.84	8.18	(11.65)	(58.75%)
Current income tax payable	18.92	19.42	0.50	2.64%
Other current provisions	5.47	3.16	(2.31)	(42.20%)
Total current liabilities	345.03	260.59	(84.44)	(24.47%)
Non-current liabilities				
Long-term borrowings	96.68	74.68	(22.00)	(22.76%)
Lease liabilities	9.73	6.95	(2.78)	(28.60%)
Non-current provisions for employee benefit	23.26	26.62	3.37	14.47%
Deferred services income	11.23	17.04	5.81	51.69%
Long-term provisions	1.11	1.01	(0.10)	(9.22%)
Total non-current liabilities	142.01	126.30	(15.71)	(11.06%)
Total liabilities	487.03	386.88	(100.15)	(20.56%)

List (Unit : Million Baht)	Financial Information		Increase (Decrease)	
	Y2022	Y2023	Amount	%
Shareholders' equity				
Issued and paid-up share capital	297.50	350.00	52.50	17.65%
Share premium on ordinary share	728.14	1,459.72	731.58	100.47%
Legal reserve	35.00	35.00	0.00	0.00%
Unappropriated	149.52	118.07	(31.45)	(21.03%)
Total shareholders' equity	1,210.16	1,962.78	752.63	62.19%
Total liabilities and shareholders' equity	1,697.19	2,349.67	652.47	38.44%

Total Assets

As of December 31, 2023, the Company had total assets equal to 2,349.67 million baht, and increase from total assets as of December 31, 2022 in the amount of 652.47 million baht, mainly due to:

- An increase in cash and cash equivalents of 935.64 million baht derived from cash flows from operations amounting to 258.68 million baht, net cash inflows from investments of 161.28 million baht (sale of trading securities), net cash inflows from financing amounting to 515.67 million baht. Cash inflows were also contributed by capital increase in the amount of 784.08 million baht and most of the cash flow was used to pay dividends (232.05 million baht). The cash flow was also used to repay loans and debts under the lease agreement.
- A decrease in trade and other current receivables in the amount of 45.10 million baht as a result of an increase in payment received from customers.
- Deposits at financial institutions that were collateralized increased by 15.01 million baht due to a change in collateral from the use of directors' personal real estate to the Company's fixed deposits, in order to reduce reliance on the directors' guaranteeing on the Company's credit lines.
- The decrease in the other current financial assets in the amount of 197.68 million baht resulted from the sale of investment units of the Company.
- The decrease in assets from revolving contracts in the amount of 60.76 million baht resulted from the recognition of increased income from project work.

Total Liabilities

As of December 31, 2023, the Company had total liabilities equal to 386.88 million baht, a decrease from total liabilities as of December 31, 2022 in the amount of 100.15 million baht, mainly due to:

- A decrease in long-term loans and lease liabilities in the amount of 24.78 million baht due to repayment of loans in a specified period.

- The decrease in trade payables and other current payables in the amount of 55.07 million baht was mainly due to trade payables decreased in the amount of 17.11 million baht, unbilled costs decreased in the amount of 28.73 million baht due to receipt of billing from contractors, and the payables to the Revenue Department decreased in the amount of 14.42 million baht.
- Contract-current liabilities decreased by 8.78 million baht due to the construction project work was completely delivered.

Shareholders' Equity

As of December 31, 2023, the Company had shareholders' equity equal to 1,962.78 million baht, an increase of 752.63 million baht from December 31, 2022. An increase of 62.19 percent mainly was due to additional issued and paid-in capital of 52.50 million baht, premium on common shares of 731.58 million baht. In 2023, the Company operated with net comprehensive profit of 200.60 million baht. The Company paid dividend amounting to 232.05 million baht.

Debt-to-equity ratio

As of December 31, 2023 compared to December 31, 2022, the Company's debt-to-equity ratios decreased by 0.20 times and 0.40 times, respectively, due to an increase in additional issued and paid-in capital, premium on common shares. These ratios show the stability of the Company's capital structure and the ability to raise additional debt to support future growth.

Yours Respectfully,



(Mr.Sukhum Phothisawasdee)

Chief Financial Officer

Namwiwat Medical Corporation Public Company Limited