

NAM 2024/065

Dated 14 May 2024

Re: Management's Discussion and Analysis for 3-month period ended as of March 31, 2024

To: President

Stock Exchange of Thailand

Namwiwat Medical Corporation Public Company Limited (the "Company") wishes to clarify the Company's operating result for 3-month period ended as of March 31, 2024 as follows:

Income Statement

List (Unit : Million Baht)	Q1/2024		Q1/2023		YoY	
	Amount	%	Amount	%	Amount	%
Sales and service income	200.45	97.33%	278.80	99.66%	(78.35)	(28.10%)
Cost of sales and services	109.38	53.11%	150.69	53.86%	(41.31)	(27.41%)
Gross profit	91.06	44.22%	128.11	45.79%	(37.05)	(28.92%)
Other income	5.50	2.67%	0.96	0.34%	4.54	475.79%
Total income	205.95	100.00%	279.76	100.00%	(73.81)	(26.38%)
Distribution costs	24.22	11.95%	20.73	7.41%	3.49	16.82%
Administrative expenses	47.76	23.56%	34.08	12.18%	13.68	40.15%
Profit before finance costs and income tax	24.59	11.94%	74.26	26.54%	(49.67)	(66.88%)
Financial costs	3.33	1.61%	3.44	1.23%	(0.11)	(3.23%)
Profit before income tax	21.27	10.33%	70.82	25.32%	(49.56)	69.97%
Tax expense	8.00	3.88%	13.21	4.72%	(5.21)	(39.44%)
Profit for the period	13.27	6.44%	57.62	20.60%	(44.35)	(76.97%)

Sales and service income:

Operating results for 3-month period, Quarter 1 of 2024 and 2023: the Company earned net sales and service income in an amount of Baht 200.45 million and Baht 278.80 million, respectively, with income decreasing in an amount of Baht 78.35 million or 28.10 percent due to a decrease of medical equipment manufacturing and distribution income in Quarter 1 of 2024 in an amount of Baht 66.05 million or 42.42 percent as a result of failure to enact the annual government budget for year 2024 and there was no new construction

work resulting in no construction income was derived in Quarter 1 of 2024. Accordingly, the total income decreased by 28.10 percent as compared to Quarter 1 of 2023.

Revenue structure categorized by business groups

List (Unit : Million Baht)	Q1/2024		Q1/2023		YoY	
	Amount	%	Amount	%	Amount	%
Manufacture and distribute of medical equipment	89.65	44.72%	155.70	55.85%	(66.05)	(42.42%)
Manufacture and distribute of medical supplies	68.41	34.13%	63.48	22.77%	4.93	7.77%
CSSD disinfection services medical equipment maintenance services and infectious waste services	41.23	20.57%	37.83	13.57%	3.40	8.99%
Revenues from construction	-	0.00%	19.26	6.91%	(19.26)	(100.00%)
Others	1.16	0.58%	2.53	0.91%	(1.37)	(54.15%)
Revenues from sales and services	200.45	100.00%	278.80	100.00%	(78.35)	(28.10%)

Gross profit:

Gross profit generated in Quarter 1 of 2024 was in an amount of Baht 91.06 million, decreasing of Baht 37.05 million from the previous year. The gross profit ratio of Quarter 1 of 2024 was 44.22 percent as compared to gross profit for Quarter 1 of 2023 in an amount of Baht 128.11 million or 45.79 percent. However, the gross profit ratio of Quarter 1 of 2024 was still in the same ratio as the previous year.

Other income:

The Company earned other income in an amount of Baht 5.50 million in Quarter 1 of 2024, being an increase of Baht 4.54 million from the previous year, mainly as a result of the interest on bank deposits in an amount of Baht 3.26 million and profits derived from other current financial assets (Trading securities) in an amount of Baht 0.54 million.

Distribution costs:

The Company had distribution costs of Baht 24.22 million and Baht 20.73 million, respectively, in Quarter 1 of 2024 and 2023 with distribution costs increasing by Baht 3.49 million or 16.82 percent. The reason of such was that the Company had paid compensation in the form of commissions for its employees from sales of products in both the medical equipment and medical consumables groups as well as maintenance and repair services, entertainment and public relations expenses which was in accordance with

the Company's policy of building more proactive relationships in order to be able to offer products and services to the customers efficiently.

Administrative expenses:

The administrative expenses of the Company in Quarter 1 of 2024 and 2023 was of Baht 47.76 million and Baht 34.08 million, respectively being an increase of Baht 13.68 million or 40.15 percent, mainly as a result of :

- a determination of an allowance for doubtful debts that have not yet been paid from trade receivables of Baht 12.41 million, resulting in an increase in total administrative expenses. However it was anticipated that the Company would receive payment from such government debtor within 2024.

Net profit:

The Company generated a net profit of Baht 13.27 million and Baht 57.62 million in Quarter 1 of 2024 and 2023, respectively. Net profit in Quarter 1 of 2024 decreased by Baht 44.35 million or 76.97 percent.

Statement of financial position:

List (Unit : Million Baht)	Financial Information		increase (Decrease)	
	Q1/2024	Y2023	Amount	%
Total Assets	2,299.58	2,349.67	(50.09)	(2.13%)
Total Liabilities	323.48	386.88	(63.40)	(16.39%)
Shareholders' Equity	1,976.11	1,962.78	13.33	0.68%
Debt-to-equity ratio (times)	0.16	0.20	(0.04)	(16.95%)

List (Unit : Million Baht)	Financial Information		increase (Decrease)	
	Q1/2024	Y2023	Amount	%
Current assets				
Cash and cash equivalents	804.50	994.66	(190.16)	(19.12%)
Trade and other current receivables	394.21	394.37	(0.16)	(0.04%)
Other current financial assets	203.45	102.91	100.54	97.70%
Inventories	349.42	353.74	(4.32)	(1.22%)
Non-current assets held for sale	-	2.12	(2.12)	(100.00%)
Total current assets	1,751.58	1,847.80	(96.22)	(5.21%)
Non-current assets				
Other non-current financial assets	4.30	4.28	0.02	0.47%

List (Unit : Million Baht)	Financial Information		increase (Decrease)	
	Q1/2024	Y2023	Amount	%
Investments in joint ventures	5.00	1.00	4.00	400.00%
Property, plant and equipment	414.37	387.20	27.17	7.02%
Right of use assets	8.25	7.85	0.41	5.22%
Other intangible assets	23.58	23.44	0.14	0.60%
Prototype assets	43.77	40.55	3.22	7.94%
Deferred tax assets	4.95	4.85	0.10	2.06%
Deposits at financial institutions - with obligations	35.07	25.02	10.05	40.17%
Other non-current assets	8.72	7.68	1.04	13.54%
Total non-current assets	548.01	501.87	46.14	9.19%
Total assets	2,299.59	2,349.67	(50.08)	(2.13%)
Current liabilities				
Overdraft and short-term borrowings from financial institutions	59.03	119.06	(60.03)	(50.42%)
Trade and other current payables	73.12	80.10	(6.98)	(8.71%)
Current portion of long-term liabilities	23.87	23.84	0.02	0.08%
Current portion of lease liabilities	6.64	6.82	(0.18)	(2.64%)
Current portion of deferred services income	5.21	8.18	(2.97)	(36.31%)
Current income tax payable	26.30	19.42	6.88	35.37%
Other current provisions	2.89	3.16	(0.27)	(8.54%)
Total current liabilities	197.06	260.58	(63.52)	(24.38%)
Non-current liabilities				
Long-term borrowings	69.98	74.68	(4.70)	(6.29%)
Lease liabilities	10.71	6.95	3.76	54.10%
Non-current provisions for employee benefit	27.94	26.62	1.31	4.92%
Deferred services income	16.89	17.04	(0.15)	(0.88%)
Long-term provisions	0.90	1.01	(0.11)	(10.89%)
Total non-current liabilities	126.42	126.30	0.12	0.10%
Total liabilities	323.48	386.88	(63.41)	(16.39%)
Shareholder's equity				
Issued and paid-up share capital	350.00	350.00	0.00	0.00%
Share premium on ordinary share	1,459.72	1,459.72	0.00	0.00%
Legal reserve	35.00	35.00	0.00	0.00%
Unappropriated	131.39	118.07	13.32	11.28%
Total shareholders' equity	1,976.11	1,962.79	13.32	0.68%
Total assets and shareholders' equity	2,299.59	2,349.67	(50.08)	(2.13%)

Assets:

As of March 31, 2024, the Company's total assets was in an amount of Baht 2,299.59 million, a decrease from December 31, 2023 in an amount of Baht 50.08 million, mainly due to:

- A decrease in cash and cash equivalents of Baht 190.16 million because the Company had Cash from operating activities of Baht (48.08) million and net cash inflows from investments of Baht (135.53) million from investments in current financial assets in form of 3-month fixed deposits, in the amount of Baht 100.00 million. The Company also purchased a land and buildings in an amount of Baht 21.64 million. The Company's net cash inflow from financing was Baht (6.55) million.
- Land, buildings and equipment was increased by Baht 27.16 million due to the purchase of land and buildings in the amount of Baht 21.64 million for use in the Company's operations.
- Collateral Deposits at financial institutions increased by Baht 10.00 million due to the Company had requested for additional credit facility by pledging the Company's deposit as collateral.

Liabilities:

As of March 31, 2024, the Company's total liabilities was in an amount of Baht 323.48 million, a decrease from December 31, 2023 in an amount of Baht 63.41 million, mainly due to

- A decrease in overdrafts and short-term loans from financial institutions by Baht 60.03 million due to repayment of loans within the specified period.
- A decrease in trade and other current payables in the amount of Baht 6.98 million, mainly due to a decrease in accrued expenses in the amount of Baht 12.34 million and an increase in payables to the Revenue Department in the amount of Baht 4.32 million.

Shareholder's equity:

As of March 31, 2024, the Company's shareholder's equity was in an amount of Baht 1,976.11 million, an increase from December 31, 2023 in an amount of Baht 13.32 million or 0.68 percent, due to the Company generated net profit in Quarter 1 of 2024 in an amount of Baht 13.32 million from its operation.

Debt-to-Equity Ratio:

As of March 31, 2024 as compared to December 31, 2023, the Company's Debt-to-Equity Ratio was decreased to 0.16 and 0.20 respectively showing the stability of the Company's capital structure and the ability to raise additional debt to support future growth.

Executive Summary explaining the change of more than 20% in the Company's operating results for three-month period ended March 31, 2024:

Sales and service income derived from the operating results for 3-month period, Quarter 1 of 2024 and 2023 was in an amount of Baht 200.45 million and Baht 278.80 million, respectively, a decrease of Baht 78.35 million due to the decrease in income derived from the manufacturing and distribution of medical equipment (SM) in Quarter 1 of 2024 in an amount of Baht (66.05) million, representing 42.42 percent, as a result of failure to enact the annual government budget for year 2024. While income derived from manufacturing and distribution medical consumable products (CS), was increased 7.77 percent, amount of Baht 4.93 million as well as income derived from CSSD sterilization services, medical equipment maintenance services and waste disposal (SV) was increased 8.99 percent, amount of Baht 3.40 million and there was no new construction contracting work, resulting in no construction income in Quarter 1 of 2024, causing the decrease in sales and service income by 28.10 percent as compared to Quarter 1 of 2023.

The ratio of gross profit to sales and service income from the operating results for 3-month period of Quarter 1 of 2024: the Company had a gross profit of Baht 91.06 million, or 44.22 percent, compared to the Quarter 1 of 2023. The Company's gross profit was still at the same ratio as compared to the previous year.

Administrative expenses was in an amount of Baht 47.76 million, or 23.56 percent of total income, compared to the Quarter 1 of 2023 being an amount of Baht 34.08 million, or 12.18 percent due to the determination of an allowance for doubtful debts that have not yet been paid longer than 1 year from governmental customers an amount of Baht 15.00 million, or 31.41 percent of administrative expenses. As a result, total administrative expenses increased by 7.28 percent, whereby it was anticipated that the Company would receive payment from such government customers within 2024.

In summary, given to the above, the Company's net profit for Quarter 1 of 2024 was in an amount of Baht 13.27 million, representing 6.44 percent of total income, compared to Quarter 1 of 2023, where the Company's net profit was in an amount of Baht 57.62 million, a net profit for Quarter 1 of 2024 decreased of Baht 44.35 million representing 76.97 percent.

Yours Respectfully,



(Mr.Sukhum Phothisawasdee)

Chief Financial Officer

Namwiwat Medical Corporation Public Company Limited