

No. SMD 03/2021

February 28, 2022

Subject: Management Discussion and Analysis for the year ended December 31, 2021

To: The President  
The Stock Exchange of Thailand

Saintmed Public Company Limited ("company") would like to submit these Management Discussion and Analysis of the company's operation for the year ended December 31, 2021 with details as follows:

**Overview 2021 Performance**

Saintmed Public Company Limited reported consolidated net profit for the year 2021 of THB 319.84 million, an increase of 311.39% YoY. The key factors affecting the company's performance are as follows:

- 1) **The COVID-19 outbreak** had a positive impact on increasing demand for products, especially critical care, respiration, and general medical devices, which are necessary for the screening and treatment of COVID-19. However, the negative impact of the outbreak caused delays in the process of considering relevant licenses, making contracts, and delivery of goods due to the "Work From Home" policy of customers and related agencies to reduce disease spreading.
- 2) **Penalties for delayed delivery of goods** were caused by delays in the process of considering relevant licenses and delayed shipment from the manufacturer, which is a continuation of the backlogs, as a result of constraints on the allocation of goods.
- 3) **Loss on foreign exchange rate** due to the continued depreciation of the Thai baht against the US dollar.

**Statement of Comprehensive Income for the fourth quarter and the year ended December 31, 2021**

Statement of Comprehensive Income	4Q2021		4Q2020		Chg. (YoY)		2021		2020		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenue</b>												
Revenue from sales	430.56	98.65%	225.42	98.61%	205.13	91.00%	1,601.94	98.82%	645.50	97.66%	956.44	148.17%
Revenue from services	5.90	1.35%	3.17	1.39%	2.73	86.04%	19.16	1.18%	15.44	2.34%	3.72	24.11%
<b>Revenue from sales and services</b>	<b>436.46</b>	<b>100.00%</b>	<b>228.59</b>	<b>100.00%</b>	<b>207.86</b>	<b>90.93%</b>	<b>1,621.11</b>	<b>100.00%</b>	<b>660.94</b>	<b>100.00%</b>	<b>960.17</b>	<b>145.27%</b>
Cost of goods sold and services	(312.07)	71.50%	(138.39)	60.54%	173.68	125.51%	(990.09)	61.07%	(383.92)	58.09%	606.17	157.89%
<b>Gross Profit</b>	<b>124.38</b>	<b>28.50%</b>	<b>90.21</b>	<b>39.46%</b>	<b>34.18</b>	<b>37.89%</b>	<b>631.02</b>	<b>38.93%</b>	<b>277.02</b>	<b>41.91%</b>	<b>354.00</b>	<b>127.79%</b>
Other Income	0.81	0.19%	0.06	0.03%	0.74	1,166.95%	1.62	0.10%	0.25	0.04%	1.36	537.14%
<b>Earnings before expenses</b>	<b>125.19</b>	<b>28.68%</b>	<b>90.27</b>	<b>39.49%</b>	<b>34.92</b>	<b>38.69%</b>	<b>632.64</b>	<b>39.02%</b>	<b>277.28</b>	<b>41.95%</b>	<b>355.36</b>	<b>128.16%</b>
Selling Expenses	(32.91)	7.54%	(27.03)	11.82%	5.88	21.76%	(126.40)	7.80%	(95.50)	14.45%	30.90	32.36%
Administrative Expenses	(21.45)	4.92%	(17.90)	7.83%	3.56	19.88%	(90.86)	5.61%	(76.19)	11.53%	14.68	19.27%
Gain (loss) on exchange rate	0.94	0.22%	4.12	1.80%	(3.18)	(77.21%)	(8.51)	0.52%	0.22	0.03%	(8.73)	(3,994.55%)
<b>Total Expenses</b>	<b>(53.42)</b>	<b>12.24%</b>	<b>(40.80)</b>	<b>17.85%</b>	<b>12.62</b>	<b>30.93%</b>	<b>(225.77)</b>	<b>13.93%</b>	<b>(171.47)</b>	<b>25.94%</b>	<b>54.30</b>	<b>31.67%</b>
<b>Earnings before interest and tax</b>	<b>71.77</b>	<b>16.44%</b>	<b>49.47</b>	<b>21.64%</b>	<b>22.30</b>	<b>45.09%</b>	<b>406.87</b>	<b>25.10%</b>	<b>105.81</b>	<b>16.01%</b>	<b>301.06</b>	<b>284.53%</b>
Finance Costs	(3.01)	0.69%	(2.30)	1.00%	0.72	31.27%	(11.14)	0.69%	(9.31)	1.41%	1.83	19.64%
<b>Earnings before tax</b>	<b>68.76</b>	<b>15.75%</b>	<b>47.17</b>	<b>20.64%</b>	<b>21.59</b>	<b>45.76%</b>	<b>395.73</b>	<b>24.41%</b>	<b>96.50</b>	<b>14.60%</b>	<b>299.23</b>	<b>310.08%</b>
Tax Expenses	(13.74)	3.15%	(9.25)	4.05%	4.49	48.53%	(75.89)	4.68%	(18.76)	2.84%	57.13	304.63%
<b>Net Profit (Loss)</b>	<b>55.02</b>	<b>12.61%</b>	<b>37.92</b>	<b>16.59%</b>	<b>17.10</b>	<b>45.09%</b>	<b>319.84</b>	<b>19.73%</b>	<b>77.75</b>	<b>11.76%</b>	<b>242.10</b>	<b>311.39%</b>

**Revenue from core operation**

In the fourth quarter of 2021 ("4Q21"), the company generated revenue from sales and services of THB 436.46 million, increased by THB 207.86 million or 90.93% YoY. The proportion of revenue from private customers increased to 32.21% from 24.76% in 4Q20 due to the sale of COVID-19 Antigen Test Kit (ATK) for a large corporate to distribute through convenience stores.

For the year 2021, the company generated revenue from sales and services of THB 1,621.11 million, an increase of THB 960.17 million or 145.27% YoY, with the major proportion of revenue coming from government customers, which was 67.55%. The government primarily allocated budgets to purchase medical equipment that is necessary for the treatment of COVID-19. In addition, the company has delivered goods according to the investment budget in the backlog. However, with the donations from large corporates for setting up field hospitals and ATK distribution through convenience stores, resulting in the proportion of government customers declined from 71.06% in 2020.

 1) Revenue from sales

The company's revenue structure was classified into 6 product groups by usage as following table:

Revenue breakdown by product group	4Q2021		4Q2020		Chg. (YoY)		2021		2020		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	190.40	44.22%	127.39	56.51%	63.01	49.47%	614.74	38.37%	259.42	40.19%	355.32	136.97%
2. Respiration medical devices	76.13	17.68%	53.99	23.95%	22.14	41.01%	610.88	38.13%	226.37	35.07%	384.51	169.86%
3. Cardiology medical devices	18.44	4.28%	17.60	7.81%	0.84	4.75%	97.46	6.08%	74.56	11.55%	22.90	30.71%
4. General medical devices	99.45	23.10%	13.04	5.78%	86.41	662.62%	181.27	11.32%	54.44	8.43%	126.83	232.96%
5. Smart hospital medical devices	13.59	3.16%	12.53	5.56%	1.06	8.47%	56.87	3.55%	26.77	4.15%	30.11	112.48%
6. Others <sup>1/</sup>	32.55	7.56%	0.87	0.39%	31.67	3,631.11%	40.72	2.54%	3.94	0.61%	36.79	934.27%
<b>Total revenue from sales</b>	<b>430.56</b>	<b>100.00%</b>	<b>225.42</b>	<b>100.00%</b>	<b>205.13</b>	<b>91.00%</b>	<b>1,601.94</b>	<b>100.00%</b>	<b>645.50</b>	<b>100.00%</b>	<b>956.44</b>	<b>148.17%</b>

Remark: <sup>1/</sup> device for use with other medical devices such as batteries and gels, including equipment for COVID-19 prevention such as hand sanitizer gel and masks.

In 4Q21, the company had revenue from sales of THB 430.56 million. An increase of THB 205.13 million or 91.00% YoY was mainly due to sales growth of critical care and general medical devices, which were delivered backlog and ATK purchasing orders from a large corporate for distribution through convenience stores. For 2021, the company generated THB 1,601.94 million of revenue from sales. An increase of THB 956.44 million or 148.17% YoY was driven by sales growth of all product groups, especially critical care, respiration, and general medical devices, which are necessary for COVID-19 screening and treatment. As the number of cases has increased after the new wave of outbreaks, field hospitals were set up by various departments, and VUCA (Vaccine, Universal Prevention, COVID-19 Free Setting, and ATK) measures were executed to help curb the disease spreading and ready for business reopening, resulting in increased demand for such products. In addition, the goods were delivered according to the backlog.

## 2) Revenue from services

In 4Q21, the company generated revenue from services of THB 5.90 million, increased by THB 2.73 million or 86.04% YoY. For 2021, the company had revenue from services of THB 19.16 million. An increased of THB 3.72 million or 24.11% YoY was mainly driven by THB 8.75 million of revenue from Sleep Lab, which initiated operations since December 2020.

## Cost of goods sold and services

The cost of goods sold and services in 4Q21 were THB 312.07 million, increased by THB 173.68 million or 125.51% YoY, due to an increase in cost of goods sold as the sales increased. Thus, cost of goods sold and services in the year 2021 were THB 990.09 million, increased by THB 660.17 million or 157.89% YoY. In addition, the portion of total cost of goods sold and services to revenue in 2021 was 61.07%, increased by 2.98% YoY.

**Gross Profit and Gross Profit Margin**

In 4Q21, the company had a gross profit of THB 124.38 million, an increase of THB 34.18 million or 37.89% YoY, mainly due to sales growth. The gross profit margin in 4Q21 was 28.50%, decreased by 10.96% YoY, due to the sale of ATK through convenience stores of a large corporate, which has low gross margin. For 2021, the company had a gross profit of THB 631.02 million, increased by THB 354.00 million or 127.79% YoY. The gross profit margin in 2021 was 38.93%, declined by 2.99% YoY mainly owing to the sale of ATK through convenience stores of a large corporate, the products sold to dealers and donations, which had a lower gross margin than usual sales.

**Selling Expenses**

In 4Q21, the company's selling expenses were THB 39.21 million, increased by THB 5.88 million or 21.76% YoY. For 2021, selling expenses were THB 126.40 million, increased by THB 30.90 million or 32.36% YoY. This change was mainly from increase in commission, delivery costs, and marketing expenses as the sales increased. Nevertheless, selling expenses growth rate was less than revenue growth rate. As a result, the portion of total selling expenses to revenue declined from 14.45% in 2020 to 7.80% in 2021.

**Administrative Expenses**

In 4Q21, the company's administrative expenses were THB 21.45 million, increased by THB 3.56 million or 19.88% YoY. This change was attributable to the increase in salary and benefits for executive employees, donations, and THB 0.59 million of penalties for delayed delivery of goods. For 2021, the company had administrative expenses of THB 90.86 million, which increased by THB 14.68 million or 19.27% YoY. The increasing expenses were attributable to the increase in salary and benefits for executive employees, donations, public relations for the initial public offering (IPO), and mainly due to THB 6.58 million of penalties for delayed delivery of goods in the first half of 2021. As a result of delayed shipment from the manufacturer from constraints on the allocation of goods since the COVID-19 outbreak in late 2020, including delays in the process of considering relevant licenses, making contracts, and delivery of goods due to the "Work From Home" policy of customers and related agencies to reduce COVID-19 disease spreading. However, the penalties have significantly declined since the third quarter. The administrative expenses growth rate was less than revenue growth rate, therefore, the portion of total administrative expenses to revenue declined from 11.53% in 2020 to 5.61% in 2021.

**Gain (loss) on foreign exchange rate**

In 4Q21, the company had THB 0.94 million gain on foreign exchange rate, which declined by 77.21% YoY. For 2021, the company had THB 8.51 million loss on foreign exchange rate, which decreased by 3,994.55% YoY or THB 8.73 million from 2020. This change was attributed to the continued depreciation of

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the Thai baht against the US dollar since the second quarter of 2021. However, the foreign exchange rate risk was mitigated by hedging with forward contracts and reducing loan outstanding in foreign currency.

**Finance Costs**

In 4Q21, the company had finance costs of THB 3.01 million, increased by THB 0.72 million or 31.27% YoY. This change was mainly due to interest on loans from financial institutions. For 2021, the company had finance costs of THB 11.14 million, increased by THB 1.83 million or 19.64% YoY due to interest on loans from financial institutions and interest on the right-of-use assets.

**Net Profit and Net Profit Margin**

In 4Q21, the company had net profit of THB 55.02 million, increased by THB 17.10 million or 45.09% YoY. Net profit margin for 4Q21 was 12.61%, declined by 3.98% YoY mainly due to the decrease in gross profit margin according to the sale of ATK, which has low gross margin. For the year 2021, the company had net profit of THB 319.84 million, increased by THB 242.10 million or 311.39% YoY. Net profit margin for 2021 was 19.73%, increased by 7.97% YoY. The improved net profit and net profit margin were mainly driven by sales growth while expenses growth at lower rate. However, some irregular expenses occurred, such as loss on foreign exchange rate and penalties for delayed delivery of goods, which had an impact on first half of the year.

Please be informed accordingly,

Sincerely yours,



(Mr. Kumpol Chaisupaksamphan)

Chief Financial Officer

Saintmed Public Company Limited