

5 August 2022

Subject Management Discussion and Analysis for the Second Quarter ended 30 June 2022

To The President,  
The Stock Exchange of Thailand

Winnery Medical Public Company Limited and its subsidiary (the “Company”) would like to announce the financial performance for the 2<sup>nd</sup> Quarter ended 30 June 2022 are detailed below.

#### Overview the Company’s financial performance

In Q2/2022, the Company has total revenues in amount of 191.66 million Baht, an increase of 64.71%, and the net profit of this period is 15.31 million Baht, an increase of 291.65% when compared to the Q2/2021. The main factors that affect to the Company’s financial performance are as follows:

1. The spread of the COVID-19 (Omicron Variants) outbreak situation, that has continued to spread severely since the last quarter of year 2021 until present, which has had an affect to revenue from blood transfusion products due to a decrease in blood donation volume and the elective surgery has been postponed. However, the Company got some benefit from COVID-19 situation by revenue from COVID-19 related products and services that increased significantly.
2. While measures to prevent and control the spread of COVID-19 have been relaxed in the last half year, thus, increasing the recovery of health check-ups in hospitals. As a result, the revenue from the Woman Healthcare products group is increasing as the number of people who are screened for cervical cancer has increased.
3. Cash dividend from Pro-lab, that the Company invested in.
4. The proportion of products sold (Product Mix) has changed.
5. The depreciation of the exchange rate for Thai Baht against other currencies, has a direct impact on the cost of importing products.

Income Statement of 2<sup>nd</sup> Quarter of 2022 and 1<sup>st</sup> Half Year of 2022 compared to previous year

Income Statement	Q2/2022		Q2/2021		Increase (Decrease)		Jan-June 2022		Jan-June 2021		Increase (Decrease)	
	(Million Baht)	% to Total Sale	(Million Baht)	% to Total Sale	(Million Baht)	% Change	(Million Baht)	% to Total Sale	(Million Baht)	% to Total Sale	(Million Baht)	% Change
Revenue from Sales and Services	180.16	94.00%	105.17	90.38%	74.99	71.31%	325.09	93.21%	214.23	91.04%	110.86	51.75%
Rental Income	11.50	6.00%	11.19	9.62%	0.31	2.77%	23.67	6.79%	21.08	8.96%	2.59	12.30%
<b>Total Revenues</b>	<b>191.66</b>	<b>100.00%</b>	<b>116.36</b>	<b>100.00%</b>	<b>75.30</b>	<b>64.71%</b>	<b>348.77</b>	<b>100.00%</b>	<b>235.31</b>	<b>100.00%</b>	<b>113.46</b>	<b>48.22%</b>
Cost of Sales and Services	123.73	64.56%	58.42	50.21%	65.31	111.78%	219.25	62.87%	114.64	48.72%	104.61	91.25%
Cost of Rental	6.56	3.43%	6.42	5.51%	0.15	2.30%	13.55	3.89%	11.60	4.93%	1.95	16.79%
<b>Total Costs</b>	<b>130.30</b>	<b>67.98%</b>	<b>64.84</b>	<b>55.72%</b>	<b>65.46</b>	<b>100.95%</b>	<b>232.80</b>	<b>66.75%</b>	<b>126.25</b>	<b>53.65%</b>	<b>106.56</b>	<b>84.40%</b>
<b>Gross Profit</b>	<b>61.37</b>	<b>32.02%</b>	<b>51.52</b>	<b>44.28%</b>	<b>9.85</b>	<b>19.11%</b>	<b>115.96</b>	<b>33.25%</b>	<b>109.06</b>	<b>46.35%</b>	<b>6.90</b>	<b>6.32%</b>
Other Income	11.19	5.84%	2.28	1.96%	8.91	391.22%	17.82	5.11%	2.40	1.02%	15.42	642.38%
Distribution Costs	25.83	13.48%	20.42	17.55%	5.40	26.46%	47.21	13.54%	41.25	17.53%	5.96	14.45%
Administrative Expense	28.43	14.83%	27.80	23.89%	0.63	2.26%	53.39	15.31%	50.91	21.64%	2.48	4.87%
<b>Profit (Loss) before Financial Cost and Income Tax Expense</b>	<b>18.29</b>	<b>9.54%</b>	<b>5.57</b>	<b>4.79%</b>	<b>12.72</b>	<b>228.38%</b>	<b>33.18</b>	<b>9.51%</b>	<b>19.30</b>	<b>8.20%</b>	<b>13.88</b>	<b>71.89%</b>
Financial Cost	2.40	1.25%	1.64	1.41%	0.76	46.19%	3.29	0.94%	3.59	1.53%	(0.30)	-8.25%
<b>Profit (Loss) before Income Tax Expense</b>	<b>15.90</b>	<b>8.29%</b>	<b>3.93</b>	<b>3.38%</b>	<b>11.97</b>	<b>304.32%</b>	<b>29.89</b>	<b>8.57%</b>	<b>15.71</b>	<b>6.68%</b>	<b>14.17</b>	<b>90.19%</b>
Income Tax Expense	0.59	0.31%	0.02	0.02%	0.57	2489.68%	1.68	0.48%	1.24	0.53%	0.44	35.40%
<b>Profit (Loss) for the Period</b>	<b>15.31</b>	<b>7.99%</b>	<b>3.91</b>	<b>3.36%</b>	<b>11.40</b>	<b>291.64%</b>	<b>28.21</b>	<b>8.09%</b>	<b>14.47</b>	<b>6.15%</b>	<b>13.73</b>	<b>94.89%</b>

Operating Revenues

In Q2/2021, the Company has the total operating revenues in amount of 191.66 million Baht, increase 64.71 % when compared to the same quarter of 2021. The 1<sup>st</sup> half of 2022, the Company has the total operating revenues in amount of 348.77 million Baht, increase 48.22 % from the same period of 2021. The causes of the change in the Company's revenue are the following factors:

- (1) Revenues recognition from COVID-19 related products and services, for example, Antigen Test Kits and RT PCR COVID-19 diagnostics laboratory, that started to recognize the revenue in Q1/2022
- (2) Revenue recognition from women's health care products continues to increase due to the Recovery of number of people receiving health check-up services in hospital, which results in an increase in cervical cancer screening.

### Revenue by Product Category

Revenue by Product Category (Million Baht)	Q2/2022		Q2/2021		Increase (Decrease)		Jan-June 2022		Jan-June 2021		Increase (Decrease)	
	(Million Baht)	% to Total Sale	(Million Baht)	% to Total Sale	(Million Baht)	% Change	(Million Baht)	% to Total Sale	(Million Baht)	% to Total Sale	(Million Baht)	% Change
<b>Revenue from Medical Product</b>	<b>188.54</b>	<b>98.37%</b>	<b>111.90</b>	<b>96.17%</b>	<b>76.64</b>	<b>68.49%</b>	<b>340.80</b>	<b>97.71%</b>	<b>224.35</b>	<b>95.34%</b>	<b>116.45</b>	<b>51.90%</b>
Women Healthcare	43.70	22.80%	39.92	34.30%	3.78	9.48%	83.12	23.83%	77.14	32.78%	5.98	7.75%
Blood Transfusion Medical Product	57.46	29.98%	69.49	59.72%	(12.03)	-17.32%	113.10	32.43%	141.12	59.97%	(28.02)	-19.86%
Cell-Immunotherapy	10.03	5.23%	2.49	2.14%	7.54	302.74%	14.06	4.03%	6.09	2.59%	7.97	130.88%
New Product*	77.35	40.36%	-	0.00%	77.35	-	130.53	37.42%	-	0.00%	130.53	-
Consumer Product	3.12	1.63%	4.46	3.83%	(1.34)	-30.06%	7.97	2.29%	10.97	4.66%	(3.00)	-27.34%
<b>Total Revenue</b>	<b>191.66</b>	<b>100.00%</b>	<b>116.36</b>	<b>100.00%</b>	<b>75.30</b>	<b>64.71%</b>	<b>348.77</b>	<b>100.00%</b>	<b>235.32</b>	<b>100.00%</b>	<b>113.45</b>	<b>48.21%</b>

Note: \* New Product mean COVID-19 antigen test kit (ATK) and Laboratory diagnostics testing services for COVID-19

#### Cost and Gross Profit

The Company's total cost is 130.30 million Baht or 67.98% in Q2/2022 and 64.84 million Baht or 55.72% in Q2/2021, resulting in the gross profit margin is 61.37 million Baht and 51.52 million Baht or representing 32.02 % and 44.28%. The Company's cost of sales to operating income ratio is higher, which is caused by the proportion of product sold in the period (Product Mix) because each product has a different gross margin. The ATK product, which is a new business in 2022, has a lower margin when compared to the Company's existing business product group.

The impact of exchange rates on cost of sales and gross profit, the Company is aware of this impact that will occur by managing the inventory to be sufficient for sale since the beginning of the year. Therefore, the cost of sales in the 1<sup>st</sup> half of 2022 has not been significantly affected.

#### Other income

Q2/2022, the Company has other income of 11.19 million Baht, mostly of other income was cash-dividend from investment fund (in Professional Laboratory Management Corp Public Company Limited) in amount of 9.99 million Baht.

#### Distribution Cost and Administrative Expense

In Q2/2022, the Company has distribution costs and administrative expense in total of 54.26 million Baht, increased of 6.03 million Baht or 12.51% from Q2/2021. The 1<sup>st</sup> half of 2022, the Company's distribution costs and administrative expense increased from sales support expenses and depreciation expenses in accordance with the Company's investment budget.

The Company has profit before deducting financial cost and tax for this quarter is 18.29 million Baht, increase of 12.72 million Baht or 228.39% when compared to the Q2/2021. The 1<sup>st</sup> half of 2022 the Company has the profit before deducting financial cost and tax of 33.18 million Baht, increase of 71.89% from the 1<sup>st</sup> half of 2021.

#### Financial cost and Income tax expense

The financial cost for the Q2/2022 is 2.40 million Baht, increase of 0.76 million Baht or 46.19% when compared to Q2/2021, the increasing of financial cost is due to using the credit to purchase goods from oversea that increased from the previous quarter.

The 1<sup>st</sup> half of 2022, the financial cost is 3.29 million Baht, decrease of 0.30 million Baht from The 1<sup>st</sup> half of 2021 because there were more loan drawdowns last year than this year. .

The income tax expense in Q2/2022 and 1<sup>st</sup> Half of 2022 increased from the same period of the previous year because of increased profit.

#### Net profit for the year

In Q2/2022, the Company's net profit is 15.31 million Baht (or 7.99%) when compared to total revenue, increase of 11.40 million Baht or 291.65% from the Q2/2021 which was 3.91 million Baht (3.36% of net profit margin), and the earning per share for Q2/2022 is 0.0377 Baht per share.

The 1st half of 2022, the Company's net profit is 28.21 million Baht or 8.09% when compared to total revenue, increase of 13.73 million Baht or 94.89% from the 1st half of 2021 because of the increase in the revenue, cost and the expense.

#### Overview of company's financial position

Financial Position Statement	As of 30 June 2022		As of 31 December 2022		Increase (Decrease)	
	(Million Baht)	% to Total Sale	(Million Baht)	% to Total Sale	(Million Baht)	% Change
<b>Asset</b>						
<b>Current Asset</b>	<b>489.56</b>	<b>57.72%</b>	<b>416.78</b>	<b>55.17%</b>	<b>72.78</b>	<b>17.46%</b>
<b>Non-Current Asset</b>	<b>358.59</b>	<b>42.28%</b>	<b>338.68</b>	<b>44.83%</b>	<b>19.92</b>	<b>5.88%</b>
<b>Total Asset</b>	<b>848.16</b>	<b>100.00%</b>	<b>755.46</b>	<b>100.00%</b>	<b>92.69</b>	<b>12.27%</b>
<b>Liabilities and Shareholder's Equity</b>						
<b>Current Liabilities</b>	<b>228.31</b>	<b>26.92%</b>	<b>129.12</b>	<b>17.09%</b>	<b>99.18</b>	<b>76.81%</b>
<b>Non-Current Liabilities</b>	<b>57.39</b>	<b>6.77%</b>	<b>54.34</b>	<b>7.19%</b>	<b>3.05</b>	<b>5.61%</b>
<b>Total Liabilities</b>	<b>285.70</b>	<b>33.68%</b>	<b>183.47</b>	<b>24.29%</b>	<b>102.23</b>	<b>55.72%</b>
<b>Total Shareholder's Equity</b>	<b>562.46</b>	<b>66.32%</b>	<b>571.99</b>	<b>75.71%</b>	<b>(9.54)</b>	<b>-1.67%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>848.16</b>	<b>100.00%</b>	<b>755.46</b>	<b>100.00%</b>	<b>92.69</b>	<b>12.27%</b>

#### Total asset

At the 30<sup>th</sup> June 2022, the Company has total asset in amount of 848.16 million Baht, increase from the end of 31 December 2021 in amount of 92.69 million Baht or 12.27%. The detail as follow,

#### Current asset

At the 30<sup>th</sup> June 2022, the Company has current asset in amount of 489.56 million Baht, increase 72.78 million Baht or 17.46% from 30<sup>th</sup> June 2021. The main reason for the change was an increase in inventory-net, a 97.36 million baht due to an increase in product purchases for inventory management. To prepare for the European conflict, the spread of COVID-19, the Omicron strain, and the volatility of energy and transportation prices. including the baht's depreciation against other currencies

#### Non-current asset

At the 30<sup>th</sup> June 2022, the non-current asset is increased in amount of 19.92 million Baht or 5.88% from the end of 31 December 2021. The most of change in non-current asset is the change of land, building and equipment that increased 19.71 million Baht from Company's business expansion, building new services laboratory and investing in medical equipment.

#### Liabilities and shareholder's equity

At the 30<sup>th</sup> June 2022, the Company has total liabilities in amount of 285.70 million Baht, increased of 102.23 million Baht or 55.72% from 31<sup>st</sup> December 2021, mostly of liabilities increasing are from Bank overdrafts and short-term loans from financial institutions that increased 125.20 million Baht from regular operation of company, following with the increasing of Inventories – net item to prepare the conflict situation in the European region and the pandemic of Omicron COVID-19.

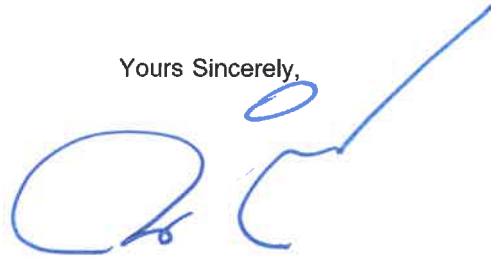
For the shareholder's equity at the 30<sup>th</sup> June 2022, the Company has a total shareholder's equity in amount of 562.46 million Baht, decrease from the end of 31 December 2021 in amount of 9.54 million Baht or 1.67%. This was a result of an increased net profit in 1<sup>st</sup> half of 2022 minus dividend payment according to the resolution of the company's shareholder meeting No.1/2022 held on April 22, 2022, including a reduction in the value of investments in determined equity to be measured at fair value from other comprehensive income in Q2/2022. These factors lead to a decrease in shareholder equity.

The Debt-to-Equity ratio at the 30<sup>th</sup> June 2022 is 0.51 time, increase from the end of 31 December 2021 that was 0.32 time.

Please be informed our management discussion.

Please be informed accordingly.

Yours Sincerely,



(Mr. Nanthiya Darakananda)

Chief Executive Officer

Winergy Medical Public Company Limited