

No. SMD 10/2022

August 15, 2022

Subject: Management Discussion and Analysis for the three-month period ended June 30, 2022

To: The President
The Stock Exchange of Thailand

Saintmed Public Company Limited (“the Company”) would like to submit these Management Discussion and Analysis of the company’s operation for the three-month period ended June 30, 2022 with details as follows:

2Q22 Overview Performance

Saintmed Public Company Limited reported net profit for the second quarter of 2022 (“2Q22”) of THB 86.72 million, an increase of 31.40% 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 general medical devices which are necessary for the screening of COVID-19.
- 2) **The depreciation of the Thai baht against the US dollar** resulted in an increase of the cost of products.

Income Statement for the three-month and six-month period ended June 30, 2022

Income Statement	2Q22		2Q21		Chg. (YoY)		6M22		6M21		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Revenue												
Revenue from sales	684.67	99.22%	326.67	99.12%	358.00	109.59%	1,387.70	99.22%	478.38	98.63%	909.31	190.08%
Revenue from services	5.35	0.78%	2.90	0.88%	2.45	84.71%	10.97	0.78%	6.62	1.37%	4.34	65.57%
Revenue from sales and services	690.02	100.00%	329.56	100.00%	360.45	109.37%	1,398.67	100.00%	485.01	100.00%	913.66	188.38%
Cost of goods sold and services	519.87	75.34%	190.90	57.93%	328.96	172.32%	1,001.85	71.63%	283.18	58.39%	718.67	253.79%
Gross Profit	170.15	24.66%	138.66	42.07%	31.49	22.71%	396.81	28.37%	201.83	41.61%	194.98	96.61%
Other Income	0.15	0.02%	0.04	0.01%	0.11	283.73%	3.31	0.24%	0.18	0.04%	3.13	1,748.25%
Earnings before expenses	170.30	24.68%	138.70	42.09%	31.60	22.78%	400.13	28.61%	202.01	41.65%	198.12	98.07%
Selling Expenses	33.04	4.79%	28.75	8.72%	4.29	14.91%	67.74	4.84%	52.87	10.90%	14.87	28.12%
Administrative Expenses	25.72	3.73%	26.21	7.95%	(0.48)	(1.84%)	48.72	3.48%	49.08	10.12%	(0.35)	(0.72%)
Loss on exchange rate	1.78	0.26%	1.88	0.57%	(0.09)	(4.92%)	1.71	0.12%	5.56	1.15%	(3.86)	(69.33%)
Total Expenses	60.55	8.77%	56.84	17.25%	3.71	6.53%	118.17	8.45%	107.51	22.17%	10.66	9.91%
Earnings before interest and tax	109.75	15.91%	81.86	24.84%	27.89	34.07%	281.96	20.16%	94.50	19.48%	187.46	198.37%
Finance Costs	3.06	0.44%	2.93	0.89%	0.12	4.21%	5.76	0.41%	5.71	1.18%	0.05	0.81%
Earnings before tax	106.70	15.46%	78.93	23.95%	27.77	35.18%	276.20	19.75%	88.78	18.31%	187.41	211.09%
Tax Expenses	19.98	2.90%	12.93	3.92%	7.04	54.47%	52.76	3.77%	14.84	3.06%	37.92	255.54%
Net Profit (Loss)	86.72	12.57%	66.00	20.03%	20.72	31.40%	223.43	15.97%	73.94	15.25%	149.49	202.17%

Revenue from core operation

In 2Q22, the Company generated revenue from sales and services of THB 690.02 million, an increase of THB 360.45 million or 109.37% YoY, with the major proportion of revenue coming from private customers, which increased to 77.84% from 34.74% in 2Q21. For the first six months of 2022 ("6M22"), the Company had revenue from sales and services of THB 1,398.67 million, increased by THB 913.66 million or 188.38% YoY. The major proportion of revenue also coming from private customers, which increased to 76.65% from 33.25% in 6M21 due to the sale of COVID-19 Antigen Test Kit (ATK) for a large corporation to distribute through convenience stores. The proportion of government customers, which mostly are public hospitals, significantly declined compared to the same period in 2021. The government primarily allocated budgets to purchase medical equipment necessary for the treatment of COVID-19. In addition, the company has delivered goods according to the investment budget in the backlog.

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	2Q22		2Q21		Chg. (YoY)		6M22		6M21		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	98.19	14.34%	131.13	40.14%	(32.94)	(25.12%)	159.55	11.50%	198.91	41.58%	(39.37)	(19.79%)
2. Respiration medical devices	64.60	9.44%	135.33	41.43%	(70.73)	(52.27%)	168.28	12.13%	183.25	38.31%	(14.98)	(8.17%)
3. Cardiology medical devices	18.71	2.73%	32.36	9.91%	(13.65)	(42.18%)	34.86	2.51%	51.78	10.82%	(16.92)	(32.67%)
4. General medical devices	501.71	73.28%	11.00	3.37%	490.71	4,461.85%	1,015.89	73.21%	16.87	3.53%	999.02	5,921.60%
5. Smart hospital medical devices	1.05	0.15%	13.20	4.04%	(12.15)	(92.05%)	8.14	0.59%	23.22	4.85%	(15.08)	(64.95%)
6. Others ^{1/}	0.41	0.06%	3.64	1.11%	(3.24)	(88.84%)	0.98	0.07%	4.35	0.91%	(3.37)	(77.47%)
Total revenue from sales	684.67	100.00%	326.67	100.00%	358.00	109.59%	1,387.70	100.00%	478.38	100.00%	909.31	190.08%

Remark: ^{1/} 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 2Q22, the Company generated revenue from sales of THB 684.67 million. An increase of THB 358.00 million or 109.59% YoY. For 6M22, the Company had revenues from sales of THB 1,387.70 million, an increase of THB 909.31 million or 190.08% YoY. These changes were mainly due to sales growth of general medical devices, which are ATK purchased orders from a large corporation for distribution through convenience stores. Nevertheless, sales of other product groups have declined compared to the same period of 2021.

 2) Revenue from services

In 2Q22, the Company generated revenue from services of THB 5.35 million, increased by THB 2.45 million or 84.71% YoY. This change was mainly driven by an increase of THB 1.96 million or 91.49% YoY from rental medical devices. In addition, the Company had revenue from Sleep Lab of THB 1.25 million, increased by THB 0.50 million or 65.56% YoY. For 6M22, the Company generated revenue from services of THB 10.97 million, increased by THB 4.34 million or 65.57% YoY. This change was mainly due to an increase of THB 3.61 million or 82.81% YoY from rental medical devices. Also, revenue from Sleep Lab was THB 2.99 million, increased by THB 0.73 million or 32.34% YoY due to the recovery of patient numbers.

Cost of goods sold and services

The cost of goods sold and services in 2Q22 were THB 519.87 million, increased by THB 328.96 million or 172.32% YoY, due to an increase in cost of goods sold, especially cost of products as a result of the depreciation of the Thai baht against the US dollar. In addition, the reserve for stock obsolete was increased due to the reduction in prices of COVID-19 related products. As a result, the cost of goods sold and services in 6M22 were THB 1,001.85 million, increased by THB 718.67 million or 253.79% YoY. The portion of total cost of goods sold and services to revenue in 6M22 was 71.63%, increased from 58.39% in 6M21.

Gross Profit and Gross Profit Margin

In 2Q22, the Company had a gross profit of THB 170.15 million, increased by THB 31.49 million or 22.71% YoY. The gross profit margin in 2Q22 was 24.66%, declined by 17.42% YoY. For 6M22, the Company had a gross profit of THB 396.81 million, increased by THB 194.98 million or 96.61% YoY. The gross profit margin in 6M22 was 28.37%, declined by 13.24% YoY. An increase in gross profit in 2Q22 and 6M22 was mainly due to sales growth. However, the gross profit margin declined due to the sale of ATK through convenience stores of a large corporation, which has lower gross margin than other products. As a result of reducing the sale price of ATK during the second quarter of 2022, more people can access the product for early detection and treatment.

Selling Expenses

In 2Q22, the Company's selling expenses were THB 33.04 million, increased by THB 4.29 million or 14.91% YoY. This change was mainly from an increase in commission and delivery costs, as the sales increased, including travel expenses, marketing expenses, and service fees. For 6M22, the Company had selling expenses of THB 67.74 million, increased by THB 14.87 million or 28.12% YoY. This change was mainly due to an increase in commission and delivery costs, as the sales increased, including salary and benefits for sales representatives and travel expenses. Nevertheless, selling expenses growth rate was less than revenue growth rate. As a result, the portion of total selling expenses to revenue declined from 10.90% in 6M21 to 4.84% in 6M22.

Administrative Expenses

In 2Q22, the Company's administrative expenses were THB 25.72 million, declined by THB 0.48 million or 1.84% YoY. For 6M21, the Company's administrative expenses were THB 48.72 million, declined by THB 0.35 million or 0.72% YoY. This change was attributable to the THB 5.87 million decreases in penalties for delayed delivery of goods, which was affected by the COVID-19 situation during first half of 2021, including the THB 1.98 million decreases in PR expenses for IPO. Moreover, the portion of total administrative expenses to revenue declined from 10.12% in 6M21 to 3.48% in 6M22.

Loss on foreign exchange rate

In 2Q22, the Company had THB 1.78 million loss on foreign exchange rate, which decreased by THB 0.09 million or 4.92% YoY compared to THB 1.88 million loss on foreign exchange rate in 2Q21. As a result of continued depreciation of the Thai baht against the US dollar during the first half of 2022, the Company had THB 1.71 million loss on foreign exchange rate in 6M22, which decreased by THB 3.86 million or 69.33% YoY compared to THB 5.56 million loss on foreign exchange rate in 6M21. However, the foreign exchange rate risk was mitigated by hedging with forward contracts and reducing loan outstanding in foreign currency.

Finance Costs

In 2Q22, the Company had finance costs of THB 3.06 million, increased by THB 0.12 million or 4.21% YoY. This change was mainly because of interest on loans from financial institutions and interest on employee benefit. For 6M21, the Company had finance costs of THB 5.76 million, which increased by THB 0.05 million or 0.81% YoY, mainly due to an increase in interest on employee benefit.

Net Profit and Net Profit Margin

In 2Q22, the Company had net profit of THB 86.72 million, increased by THB 20.72 million or 31.40% YoY. Net profit margin for 2Q22 was 12.57%, which declined by 7.46% YoY, resulting from the sale of ATK, which has low gross margin. For 6M22, the Company had net profit of 223.43, increased by THB 149.49 million or 202.17% YoY. Net profit for 6M22 was 15.97%, which increased by 0.73% YoY. The improved net profit and maintained net profit margin was mainly driven by sales growth while expenses growth at lower rate.

Please be informed accordingly,

Sincerely yours,

- Viroje Vasusuttikulant -

(Mr. Viroje Vasusuttikulant)

Chief Executive Officer

Saintmed Public Company Limited