

Ref. No. CPO-10 / 2565

11 November 2022

Subject Management Discussion and Analysis for the Third Quarter ended 30 September 2022

To The President
The Stock Exchange of Thailand

Winnergy Medical Public Company Limited and its subsidiary (the “**Company**”) would like to announce the Company’s operating results for the period ended 30 September 2022 are detailed below.

Overview the Company’s operating results

In Q3/2022, the Company has total revenues in amount of 177.85 million Baht, an increase of 22.49%, and the net profit of this period is 13.05 million Baht, a decrease of 51.70% when compared to Q3/2021. The main factors that affect the Company’s operating results are as follows:

1. The same period in the prior year, The Company has other revenue of other income is from cash dividend from Professional Laboratory Management Corp Public Company Limited is 11.29 million Baht.
2. The depreciation of the Thai baht relative to other currencies has directly impact on the cost of imported goods.
3. The situation resulting from the Covid-19 viral epidemic began to unravel further and transforming COVID-19 from a severe communicable disease into a communicable disease that required monitoring in the past affect the Company as follows:
 - The Company’s revenue from COVID-19 related products and services began to fall due to decreased demand.
 - Blood-related product sales revenue began to recover. In addition, the Mobile Blood Collection project has already begun. As a result, blood donors have been made more comfortable and have begun to utilize the service on an ongoing basis.
 - The recovery of hospital health screenings resulting in number of people being screened for cervical cancer has increased. As a result, the revenue from women’s health care items continues to rise.

Income Statement of 3rd Quarter of 2022 and the period of 9 months of 2022 compared to previous year

Statement of Comprehensive Income	Q 3/2022		Q 3/2021		Increase (Decrease)		9 Month of 2022		9 Month of 2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
Revenue from Sales and Services	166.82	93.80%	133.09	92.08%	33.13	24.78%	491.92	93.41%	347.92	91.43%	143.99	41.39%
Rental Income	11.03	6.20%	11.51	7.92%	(0.48)	-4.16%	34.70	6.59%	32.59	8.57%	2.11	6.46%
Total Revenues	177.85	100.00%	145.20	100.00%	32.65	22.49%	526.62	100.00%	380.52	100.00%	146.10	38.40%
Cost of Sales and Services	108.00	60.73%	73.35	50.52%	34.66	47.25%	327.26	62.14%	187.99	49.40%	139.27	74.08%
Cost of Rental	6.52	3.67%	6.18	4.26%	0.34	5.52%	20.08	3.81%	17.79	4.67%	2.29	12.87%
Total Costs	114.53	64.40%	79.53	54.77%	35.00	44.01%	347.33	65.96%	205.78	54.08%	141.56	68.79%
Gross Profit	68.32	35.60%	65.67	45.23%	(2.35)	-3.57%	179.28	34.04%	174.74	45.92%	4.54	2.60%
Other Income	0.29	0.16%	11.87	8.18%	(11.58)	-97.55%	18.11	3.44%	14.28	3.75%	3.83	26.81%
Distribution Costs	20.14	11.32%	22.68	12.75%	(2.54)	-11.21%	67.35	37.87%	63.94	35.95%	3.41	5.34%
Administrative Expense	25.92	14.57%	24.67	13.87%	1.25	5.07%	79.31	44.59%	75.58	42.30%	3.73	4.93%
Profit (Loss) before Financial Cost and Tax	17.56	9.87%	30.19	28.78%	(12.64)	-41.85%	50.73	-44.98%	49.50	-28.77%	1.23	2.49%
Financial Cost	1.96	1.10%	0.67	0.38%	1.29	193.69%	5.26	2.96%	4.27	2.40%	0.99	23.18%
Profit before Income Tax Expense	15.59	8.77%	29.52	16.80%	(13.93)	-47.18%	45.48	25.57%	45.23	25.43%	0.24	0.54%
Income Tax Expense	2.54	1.43%	2.50	1.41%	0.04	1.70%	4.22	2.37%	3.74	2.10%	0.48	12.88%
Profit for the Period	13.05	7.34%	27.02	15.20%	(13.97)	-51.70%	41.26	23.20%	41.49	23.33%	(0.24)	-0.57%

Operating Revenues

In Q3/2022, the Company has total operating revenues in amount of 177.85 million Baht, increase 22.49% when compared to Q3/2021. The period of 9 months of 2022, the Company has the total operating revenues in amount of 526.62 million Baht, increase 38.40% when compared to the same period of 2021. The causes of the change in the Company's revenue are the following factors:

1. Revenues from blood-related products are beginning to recover owing to the growing number of blood donors. In addition, piloting has already begun for the Mobile Blood Collection project initiative. As a result, blood donors were made more comfortable and began to continuously utilize the service.
2. The women's health care product group continues to experience a rise in revenue recognition. The recovery of hospital health screenings, which leads to an increase in cervical cancer screening.
3. Revenues recognition from COVID-19 related products, for example, Antigen Test Kits and RT PCR COVID-19 diagnostics laboratory in the past.

Revenues Structure by Product Category

Revenues Structure (Million Baht)	Q 3/2022		Q 3/2021		Increase (Decrease)		9 Month of 2022		9 Month of 2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
Revenues from medical products	174.68	98.22%	142.56	98.18%	32.12	22.53%	515.48	97.88%	366.92	96.43%	148.56	40.49%
Sexual and Reproductive Care (SRC) ¹ product group	51.08	28.72%	49.57	34.14%	1.51	3.05%	134.20	25.48%	126.71	33.30%	7.49	5.91%
Blood Transfusion Medicine (BTM) product group	79.19	44.53%	85.57	58.93%	(6.38)	-7.48%	192.29	36.51%	226.69	59.57%	-34.40	-15.17%
Cell & Molecular Technology (CMT) ² product group	4.83	2.80%	7.42	5.11%	(2.79)	-37.60%	18.68	3.55%	13.51	3.55%	5.17	38.27%
Winmed Clinic and Laboratory (WCL) ³ product group	39.78	22.37%	-	0.00%	-	-	170.31	32.34%	-	-	-	-
Consumer product group	3.17	1.78%	2.64	1.82%	0.53	20.08%	11.14	2.12%	13.6	3.57%	-2.46	-18.09%
Operating Revenues	177.85	100.00%	145.20	100.00%	31.59	21.78%	526.62	100.00%	380.52	100.00%	146.10	38.39%

Remarks:

- ¹ Change the name of the product group from Woman Health Care (WHC) to Sexual and Reproductive Care (SRC)
- ² Change the name of the product group from Cell Therapy (CT) to Cell & Molecular Technology (CMT)
- ³ Change the name of the product group from New Product Group to Winmed Clinic and Laboratory (WCL) and recognize income generated from the sale of Antigen Test Kit items (ATK) for COVID-19 and income from COVID-19 laboratory testing services.

Cost and Gross Profit

The Company's total cost is 114.53 million Baht or 64.40% in Q3/2022 and 79.53 million Baht or 54.77% in Q3/2021, resulting in the gross profit margin is 63.32 million Baht and 65.67 million Baht or representing 35.60% and 45.23%

The Company's cost of sales to operating income ratio is higher which is caused by

- The proportion of products 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.
- As for the impact of exchange rates on the 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 from the beginning of the year. In addition, the prices of some products have been increased, except for the sale of goods under a previously agreed in a sale and purchase agreements that the price cannot be increased until the termination of the agreements, including the forward contract for foreign exchange (FX Forward Contract) can assist in offset some of the potential damage.
- There was a increase of a price of products purchased from suppliers, causing the cost of goods sold to rise.

Distribution Cost and Administrative Expense

In Q3/2022, the Company has distribution costs and administrative expenses in total of 46.06 million Baht, a decrease of 1.29 million Baht or 2.72% from Q3/2021.

The period of 9 months of 2022, the cost of distribution and administrative expenditures was 146.66 million Baht, an increase of 7.14 million Baht or 5.12% compared to the same period in the prior year. The distribution costs and administrative expenses increased from sales support expenses and increased depreciation expenses in line with the investment budget of the Company.

The Company has profit before deducting financial cost and tax for Q3/2022 is 17.56 million Baht, decrease of 12.64 million Baht or 41.85% when compared to the Q3/2021 and the period of 9 months of 2022, the Company has the profit before deducting financial cost and tax of 50.73 million Baht, increase of 2.49% when compared to the period of 9 months of 2021.

Financial cost and Income tax expense

The financial cost for the Q3/2022 is 1.96 million Baht, an increase of 1.29 million Baht or 193.69% when compared to Q3/2021, the increasing of financial cost is due to using the credit to purchase goods from oversea that increased from the previous quarter.

The period of 9 months of 2022, the financial cost is 5.26 million Baht, increase of 0.99 million Baht when compared to the same period of 2021 because the credit line was withdrawn for purchases from foreign nations more frequently than during the same period the previous year.

The income tax expense in Q3/2022 and the period of 9 months of 2022 increased by 0.04 million Baht or 1.70% from the same period of the previous year because of increased profit.

Net profit for the period

The net profit from operations in Q3/2022 is 13.05 million Baht or 7.34% of total revenue, which is a decrease of 13.97 million Baht or 51.70% compared to the same period in the prior year due to interim dividend receipts of 11.29 million Baht from the investment in Professional Laboratory Management Corp Public Company Limited included in other revenue items. Consequently, the net profit has the difference as mentioned.

If considering only the operational profit portion of Q3/2022 which is 13.05 million Baht when compared to 15.73 million Baht for the same period in the prior year (after deducting dividends received from investments), it will appear that profits decreased by 2.69 million Baht compared to the previous year.

The Company has the earnings per share for Q3/2022 is 0.326 Baht per share.

The period of 9 months of 2022, the Company has profit for the period of 41.26 million Baht or 23.20% of operating revenue, a slightly decrease of 0.24 million Baht or 0.57% from the same period in the prior year because of the change of revenue and the increase in costs and expenses as above-mentioned.

Overview of the Company's financial position

Financial Position Statement	30 September 2022		31 December 2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
Asset						
Current Asset	457.17	66.25%	416.78	55.17%	40.39	9.69%
Non-Current Asset	355.51	43.75%	338.68	44.83%	16.83	4.97%
Total Asset	812.68	100.00%	755.46	100.00%	57.22	7.57%
Liabilities and Shareholder's Equity						
Current Liabilities	181.73	22.36%	129.12	17.09%	52.61	40.75%
Non-Current Liabilities	55.45	6.82%	54.34	7.19%	1.11	2.04%
Total Liabilities	237.18	29.18%	183.46	24.28%	53.72	29.28%
Total Shareholder's Equity	575.51	70.82%	571.99	75.71%	3.52	0.62%
Total Liabilities and Shareholder's Equity	812.68	100.00%	755.46	100.00%	57.22	7.57%
Equity						

Asset

As of 30 September 2022, the Company has total assets in the amount of 812.68 million Baht, an increase from the end of 31 December 2021 in amount of 57.22 million Baht or 7.57%. The details are as follows:

Current Asset

As of 30 September 2022, the Company has current assets in amount of 457.17 million Baht, an increase of 40.39 million Baht or 9.69 % from 31 December 2021. The primary change was a 36.77 million Baht increase in trade accounts receivable and other current receivables and a 25.14 million Baht increase in net inventories because of increased goods purchases for inventory management to prepare for the conflict scenario in Europe, volatility in energy prices and transportation costs, and the depreciation of the baht against other currencies.

Non-current asset

As of 30 September 2022, the non-current asset has increased in amount of 16.83 million Baht or 4.97% from the end of 31 December 2021. The main change was from an increase in property, building, and equipment due to investments in medical equipment and laboratory building in accordance with the Company's plan for business expansion.

Liabilities and shareholder's equity

As of 30 September 2022, the Company has total liabilities in amount of 237.18 million Baht, increased of 53.72 million Baht or 29.28% from 31 December 2021, the majority of the increase in current liabilities is due to Bank overdrafts and short-term loans from financial institutions, which increased by 87.86 million Baht, which corresponds to the list of inventories - net grew due to the procurement of supplies to prepare for the conflict situation in the European region, transportation expenses, and the depreciation of the Baht against other currencies.

For the shareholder's equity at the 30 September 2022, the Company has a total shareholder's equity in amount of 575.51 million Baht, increase from the end of 31 December 2021 in amount of 3.52 million Baht or 0.62%. This was a result of an increased net profit in the period of 9 months of 2022 minus dividend payment according to the resolution of the Company's shareholders' meeting No.1/2022 held on 22 April 2022, including accounting records for the revaluation of investments in equity securities that decided to be assessed at fair value through other comprehensive income, net of taxes, resulting in a rise in shareholder's equity as stated.

The Debt-to-Equity ratio at the 30 September 2022 is 0.41 time, increase from the end of 31 December 2021 that was 0.32 time.

- English translation -



Please be informed accordingly.

Yours Sincerely,
Winnergy Medical Public Company Limited

-signed-

(Mr. Nanthiya Darakananda)
Chief Executive Officer