

No. SMD 12/2022

November 14, 2022

Subject: Management Discussion and Analysis for the quarterly period ended September 30, 2022

To: The President  
The Stock Exchange of Thailand

Saintmed Public Company Limited ("the Company") would like to submit these Management discussions and Analysis of the company's operation for the three-month period that ended September 30, 2022, with details as follows:

### **Overview Performance**

**Saintmed Public Company Limited reported a net profit for the third quarter of 2022 ("Q3/2022") of THB 68.45 million, a decrease of 64.11% YoY compared to Q3/2021**

The decrease in net profit in Q3/2022 is from a lower in sales of critical care and respiration product groups. These products are decreased in demand due to the change of Covid-19 subvariants from the delta in 2021 to omicron in 2022 which is less effect on health problems.

**Net profit for 9 months periods of 2022 (9M/2022) of THB 291.89 million, an increase of 10.28% YoY compared to 9M/2021**

The increase in net profit in 9M/2022 is from sales growth in the general medical devices group, which is mainly from the COVID-19 Antigen Test Kit (ATK). This product is popular and very high in demand in the first half year of 2022. The high demand for ATK products is from the change of Covid-19 subvariants from the delta in 2021 to omicron in 2022, which spreads more easily than earlier variants. However, the company can control administrative expenses along the same lines as last year and growth at lower rate than sales growth.

The key factors affecting the company's performance in Q3/2022 are as follows

- 1) **Unlock Thailand and Medical Tourism** had a positive impact on increasing demand for medical devices which made for treatment complex disease.
- 2) **Decrease in demand for ATK Products** from the increase in the percentage of vaccinated people and the post-pandemic situation of COVID-19.
- 3) **The depreciation of the Thai baht against the US dollar** resulted in an increase in the cost of products.

**Income Statement for the three-month and 9-months period ended September 30, 2022**

Income Statement	Q3/2022		Q3/2021		Chg. (YoY)		9M2022		9M2021		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenue</b>												
Revenue from sales	436.39	98.63%	696.76	99.59%	(260.37)	(37.37%)	1,824.09	99.08%	1,175.14	99.20%	648.95	55.22%
Revenue from services	6.06	1.37%	2.88	0.41%	3.18	110.66%	17.03	0.92%	9.50	0.80%	7.53	79.17%
<b>Revenue from sales and services</b>	<b>442.46</b>	<b>100.00%</b>	<b>699.64</b>	<b>100.00%</b>	<b>(257.18)</b>	<b>(36.76%)</b>	<b>1,841.12</b>	<b>100.00%</b>	<b>1,184.65</b>	<b>100.00%</b>	<b>656.47</b>	<b>55.41%</b>
Cost of goods sold and services	303.94	68.69%	394.84	56.43%	(90.90)	(23.02%)	1,305.79	70.92%	678.02	57.23%	627.77	92.59%
<b>Gross Profit</b>	<b>138.52</b>	<b>31.31%</b>	<b>304.80</b>	<b>43.57%</b>	<b>(166.28)</b>	<b>(54.55%)</b>	<b>535.33</b>	<b>29.08%</b>	<b>506.63</b>	<b>42.77%</b>	<b>28.70</b>	<b>5.66%</b>
Other Income	0.40	0.09%	0.63	0.09%	(0.23)	(36.39%)	3.71	0.20%	0.81	0.07%	2.90	358.49%
<b>Earnings before expenses</b>	<b>138.92</b>	<b>31.40%</b>	<b>305.43</b>	<b>43.66%</b>	<b>(166.51)</b>	<b>(54.52%)</b>	<b>539.04</b>	<b>29.28%</b>	<b>507.44</b>	<b>42.83%</b>	<b>31.60</b>	<b>6.23%</b>
Selling Expenses	30.69	6.94%	40.62	5.81%	(9.93)	(24.44%)	98.43	5.35%	93.49	7.89%	4.94	5.28%
Administrative Expenses	20.67	4.67%	20.49	2.93%	0.18	0.87%	69.40	3.77%	69.57	5.87%	(0.17)	(0.25%)
Loss on exchange rate	1.60	0.36%	3.88	0.55%	(2.28)	(58.79%)	3.31	0.18%	9.45	0.80%	(6.14)	(65.00%)
<b>Total Expenses</b>	<b>52.96</b>	<b>11.97%</b>	<b>64.99</b>	<b>9.29%</b>	<b>(12.03)</b>	<b>(18.51%)</b>	<b>171.13</b>	<b>9.29%</b>	<b>172.51</b>	<b>14.56%</b>	<b>(1.37)</b>	<b>(0.80%)</b>
<b>Earnings before interest and tax</b>	<b>85.96</b>	<b>19.43%</b>	<b>240.44</b>	<b>34.37%</b>	<b>(154.48)</b>	<b>(64.25%)</b>	<b>367.91</b>	<b>19.98%</b>	<b>334.94</b>	<b>28.27%</b>	<b>32.98</b>	<b>9.85%</b>
Finance Costs	2.01	0.45%	2.41	0.34%	(0.40)	(16.56%)	7.77	0.42%	8.12	0.69%	(0.35)	(4.34%)
<b>Earnings before tax</b>	<b>83.95</b>	<b>18.97%</b>	<b>238.03</b>	<b>34.02%</b>	<b>(154.08)</b>	<b>(64.73%)</b>	<b>360.15</b>	<b>19.56%</b>	<b>326.82</b>	<b>27.59%</b>	<b>33.33</b>	<b>10.20%</b>
Tax Expenses	15.49	3.50%	47.30	6.76%	(31.81)	(67.24%)	68.26	3.71%	62.14	5.25%	6.11	9.84%
<b>Net Profit (Loss)</b>	<b>68.45</b>	<b>15.47%</b>	<b>190.73</b>	<b>27.26%</b>	<b>(122.27)</b>	<b>(64.11%)</b>	<b>291.89</b>	<b>15.85%</b>	<b>264.67</b>	<b>22.34%</b>	<b>27.22</b>	<b>10.28%</b>

**Revenue from core operation**

In Q3/2022, the Company generated revenue from sales and services of THB 442.46 million, a decrease of THB 257.18 million or 36.76% YoY. The major proportion of revenue came from government customers, which decrease to 58.30% from 67.96% in Q3/2021. For the first 9 months of 2022 ("9M2022"), the Company had revenue from sales and services of THB 1,841.12 million, which increased by THB 656.47 million or 55.41% YoY. The major proportion of revenue came from private customers, which increased to 68.25% from 32.54% in 9M2021 due to the sale a 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, declined compared to the same period in 2021. Resulted from the demand for medical devices that are used in Emergency Rooms and ICUs decreased, from the change of Covid-19 subvariants that is less harmful to the human respiratory system compared to last year.

### 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	Q3/2022		Q3/2021		Chg. (YoY)		9M2022		9M2021		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	202.51	46.41%	225.42	32.35%	(22.91)	(10.16%)	362.06	19.85%	424.34	36.11%	(62.28)	(14.68%)
2. Respiration medical devices	95.28	21.83%	355.26	50.99%	(259.98)	(73.18%)	263.56	14.45%	557.24	47.42%	(293.68)	(52.70%)
3. Cardiology medical devices	25.20	5.78%	27.24	3.91%	(2.04)	(7.49%)	60.07	3.29%	79.02	6.72%	(18.95)	(23.99%)
4. General medical devices	107.63	24.66%	64.95	9.32%	42.68	65.72%	1,123.52	61.59%	63.09	5.37%	1,060.44	1680.90%
5. Smart hospital medical devices	4.94	1.13%	20.06	2.88%	(15.12)	(75.36%)	13.08	0.72%	43.28	3.68%	(30.20)	(69.77%)
6. Others <sup>1/</sup>	0.82	0.19%	3.83	0.55%	(3.01)	(78.49%)	1.80	0.10%	8.18	0.70%	(6.37)	(77.95%)
<b>Total revenue from sales</b>	<b>436.39</b>	<b>100.00%</b>	<b>696.76</b>	<b>100.00%</b>	<b>(260.37)</b>	<b>(37.37%)</b>	<b>1,824.09</b>	<b>100.00%</b>	<b>1,175.14</b>	<b>100.00%</b>	<b>648.95</b>	<b>55.22%</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 Q3/2022, the Company generated revenue from sales of THB 436.39 million. A decrease of THB 260.37 million or 37.37% YoY. That is mainly from the lower revenue in critical care and respiration medical devices from the change of Covid-19 subvariants which have less effect on the human respiratory system.

For 9M2022, the Company had revenues from sales of THB 1,824.09 million, an increase of THB 648.95 million or 55.22% YoY. These changes were mainly due to sales growth of general medical devices in the first-half year of 2022, 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 in 2021.

### 2) Revenue from services

In Q3/2022, the Company generated revenue from services of THB 6.06 million, which increased by THB 3.18 million or 110.44% YoY. This change was mainly driven by an increase of THB 2.38 million or 488.56% YoY from rental medical devices. In addition, the Company had revenue from Sleep Lab of THB 1.82 million, increased by THB 1.37 million or 307.55% YoY.

For 9M2022, the Company generated revenue from services of THB 17.03 million, which increased by THB 7.53 million or 79.17% YoY. This change was mainly due to an increase of THB 5.69 million or 315.73% YoY from rental medical devices. Also, revenue from Sleep Lab was THB 4.81 million, which increased by THB 2.10 million or 77.64% YoY due to the recovery of patient numbers from the post-pandemic situation of COVID-19.

**Cost of goods sold and services**

The cost of goods sold and services in Q3/2022 was THB 303.94 million, which decreased by THB 90.90 million or 23.02% YoY. The lower cost of goods sold and services is from a lower in sales. The cost of goods sold and services in 9M2022 was THB 1,305.79 million, increased by THB 627.77 million or 92.59% YoY, resulting from ATK sales and the depreciation of Thai baht compared to the US dollar.

The portion of the total cost of goods sold and services to revenue in 6M2022 was 70.92%, which increased from 57.23% in 9M2021.

**Gross Profit and Gross Profit Margin**

In Q3/2022, the company had a gross profit of THB 138.52 million, which decreased by THB 166.28 million or 54.55% YoY. The gross profit margin in Q3/2022 was 31.31% (compared to 43.57% in Q3/2021).

For 9M2022, the company had a gross profit of THB 535.33 million, which increased by THB 28.70 million or 5.66% YoY. The gross profit margin in 9M2022 was 29.08% (compared to 42.77% in 9M2021). An increase in gross profit in 9M2022 was mainly due to ATK sales growth in the first-half year, during which the demand for ATK products is very high. However, the gross profit margin declined due to the sale of ATK through convenience stores of a large corporation, which has a lower gross margin than other products. As a result of reducing the sale price of ATK, more people can access the product for early detection and treatment.

**Selling Expenses**

In Q3/2022, the company's selling expenses were THB 30.69 million, which decreased by THB 9.93 million or 24.44% YoY. This change was mainly from a lower in commission and delivery costs, as the sales decreased.

For 9M2022, the Company had selling expenses of THB 98.43 million, which increased by THB 4.94 million or 5.28% 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. Nevertheless, the selling expenses growth rate was less than the revenue growth rate. As a result, the portion of total selling expenses to revenue declined from 7.89% in 9M2021 to 5.28% in 9M2022.

**Administrative Expenses**

In Q3/2022, the company's administrative expenses were THB 20.67 million, which increased by THB 0.18 million or 0.87% YoY. For 9M2021, the Company's administrative expenses were THB 69.40 million, which declined by THB 0.17 million or 0.25% YoY. In overview, the company can control administrative expenses along the same lines as last year, but the total revenue generated in 9M2022 is better than last year.

The portion of total administrative expenses to revenue in 9M2022 is 3.77% which declined from last year. (5.87% in 9M2021)

**Loss on foreign exchange rate**

In Q3/2022, the company had THB 1.60 million loss on the foreign exchange rate, which decreased by THB 2.28 million or a decrease of 58.79% YoY. For period 9M2022, the company had THB 3.31 million loss on the foreign exchange rate, which decreased by THB 6.14 million or a decrease of 65.00% YoY compared to 9M2021

The loss on the foreign exchange rate is a result of the depreciation of the Thai baht against the US dollar. However, the foreign exchange rate risk was mitigated by hedging with forward contracts and reducing loan outstanding in foreign currency, resulting in less loss on the foreign exchange rate compared to last year.

**Finance Costs**

In Q3/2022, the company had finance costs of THB 2.01 million, which decreased by THB 0.40 million or 16.56% YoY. This change was mainly because of the lower short-term loans from financial institutions, resulting in lower interest payments. For 9M2022, the Company had finance costs of THB 7.77 million, which decreased by THB 0.35 million or 4.34% YoY, mainly due to the lower short-term loans. On 30 September, the company does not have any short-term loans or long-term loans from financial institutions.

**Net Profit and Net Profit Margin**

In Q3/2022, the Company had a net profit of THB 68.45 million, which decreased by THB 122.27 million or 64.11% YoY. The net profit margin for Q3/2022 was 15.47% (declined from 27.26% in Q3/2021). The lower in net profit is resulting from the decline in critical care and respiration product groups. These products are decreased in demand due to the change of Covid-19 subvariants from the delta in 2021 to omicron in 2022 which is less effect on human health problems. The lower in net profit margin is from the sales portion of ATK products, which profit margin from ATK is lower than other product groups, and the depreciation of the Thai baht compared to the US dollar.

For 9M2022, the Company had net profit of THB 291.89 million, which increased by THB 27.22 million or 10.28% YoY. The net profit margin for 9M2022 was 15.85% (declined from 22.34% in 9M2021). The increase in net profit in 9M/2022 is from sales growth in the general medical devices group, which is mainly from the COVID-19 Antigen Test Kit (ATK). This product is popular and very high in demand in the first half year of 2022. However, the company can control administrative expenses along the same lines as last year and growth at lower rate than sales growth.

Please be informed accordingly,

Sincerely yours,

*- Viroje Vasusuttikulant -*

(Mr. Viroje Vasusuttikulant)

Chief Executive Officer

Saintmed Public Company Limited