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Subject Management Discussion and Analysis for the year ended 31 December 2022

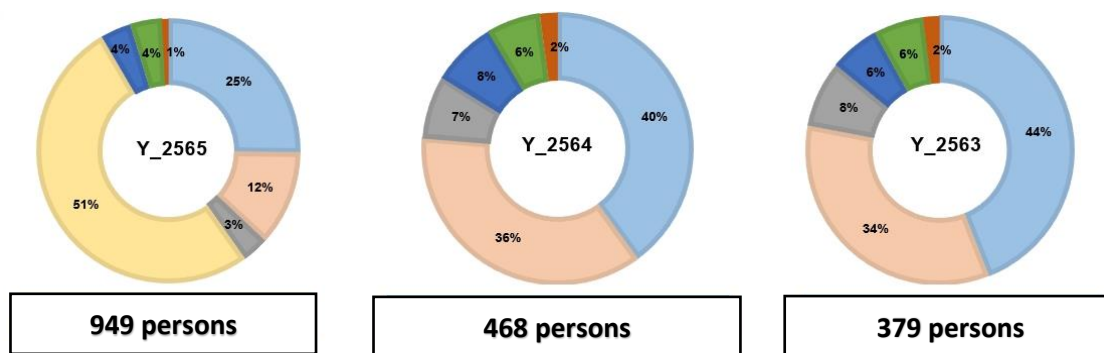
To The President  
The Stock Exchange of Thailand

Winnergy Medical Public Company Limited and its subsidiary (the “Company”) would like to announce the Company’s operating results for the year ended 31 December 2022 are detailed below.

**Overview of the Company’s operating results.**

The significant factors that will impact the Company’s performance in 2022, such as the launch of the Antigen Test Kits (ATK) products, which will result in the expansion of offline and online distribution channels. In addition to selling the Antigen Test Kits (ATK) products, another goal is to prepare for the expansion into other consumer products that will be launched on the market according to the business plan of the Company. As a result of these operations, the proportion of the Company’s customer groups changed from the prior year.

**Proportion of the Company’s medical products’ customer groups (number of persons)**



Medical Product group detailed below.

- Government agencies was the government hospital and local hospital including the medical hospital.
- Medical laboratories were the customers laboratories, related person the Medical laboratories, researcher
- Private hospitals were Private hospitals of Bangkok and Local.
- Clinics and medical personnel were operation of medical or general of laboratories for analysis medical diagnosis for the treatment of disease and the research purposes privately owned
- Charity such as National Blood Center of Thai Red Cross Society, Siriraj Foundation
- Clinics and medical personnel were operation of medical or general of laboratories for analysis medical diagnosis for the treatment of disease and the research purposes government.

- ATK Product
- Government agencies
- Clinics and medical personnel
- Private hospitals
- Medical laboratories (government)
- Medical laboratories (Private)
- Charity

Currently, the Company imports products from more than twenty of the world's leading companies and is in negotiations with many others. This section's operation is a process in finding new products to meet the needs of customers and enhance their quality of life. It is anticipated that new products will be developed and available for sale in 2023.

- Launch of laboratory project for COVID-19 testing and cervical cancer screening, as well as screening for sexually transmitted diseases. The laboratory's revenue has increased in accordance with the Company's investment strategy over the past year.
- The Company has expanded its investment in the Mobile Blood Collection Project with a mobile automatic machine, which is a device that can accept both red blood cells and platelets. The Company has partnered with leading government hospitals in each region and in the middle of the country to increase the availability of blood and platelet donations. This will reduce the overall blood and platelet shortage problem, resulting in sufficient blood and platelets are available for use. In 2023, the company intends to expand the project by 4 units in 2023, for a total of 6 units.
- Nonetheless, during the third quarter of the year, the COVID-19 epidemic situation began to recover, and the Ministry of Public Health announced the cancellation of COVID-19 to change from a dangerous communicable disease to a contagious disease that must be monitored, resulting in the increase of hospital patients undergoing health screenings. In addition, the National Health Security Office (NHSO) project has supported the screening for cervical cancer, resulting in an increase in the number of individuals undergoing screening for cervical cancer and the continued growth in the sexual and reproductive care products group's revenue in comparison to the preceding year.
- The Company has generated other revenue of THB 15.70 million from receiving dividends on its investments in Professional Laboratory Management Corp Public Company Limited.
- Due to the depreciation of the baht exchange rate against other currencies and the rise in oil prices over the past year, the Company's cost of importing products from foreign countries has increased from the previous year, resulting in increased import costs for the Company.

### A table comparing the income statement for the years 2022 and 2021

Statement of Comprehensive Income	Y2022		Y2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
Revenue from Sales and Services	654.65	93.07%	494.21	91.75%	160.44	32.46%
Rental Income	48.77	6.93%	44.46	8.25%	4.30	9.68%
<b>Total Revenues</b>	<b>703.41</b>	<b>100.00%</b>	<b>538.67</b>	<b>100.00%</b>	<b>164.75</b>	<b>30.58%</b>
Cost of Sales and Services	(414.35)	(63.29%)	(271.16)	(50.34%)	(143.19)	52.81%
Cost of Rental	(27.20)	(55.78%)	(24.22)	(4.50%)	(2.99)	12.33%
<b>Total Costs</b>	<b>(441.55)</b>	<b>(62.77%)</b>	<b>(295.37)</b>	<b>(54.83%)</b>	<b>(146.17)</b>	<b>49.49%</b>
Gross Profit	261.87	37.23%	243.30	45.17%	18.57	7.63%
Other Income	18.21	2.59%	20.04	3.72%	(1.83)	(9.13%)
Distribution Costs	(98.92)	(14.06%)	(85.90)	(12.21%)	(13.02)	15.16%
Administrative Expense	(104.76)	(14.89%)	(100.34)	(14.26%)	(4.43)	4.41%
<b>Profit (Loss) before Financial Cost and Tax</b>	<b>76.40</b>	<b>68.77%</b>	<b>77.10</b>	<b>75.36%</b>	<b>(0.70)</b>	<b>(0.91%)</b>
Financial Cost	(6.87)	(0.98%)	(4.94)	(0.70%)	(1.94)	39.23%
Profit before Income Tax Expense	69.52	9.88%	72.16	10.26%	(2.64)	(3.66%)
Income Tax Expense	(8.85)	(1.26%)	(6.96)	(0.99%)	(1.90)	27.24%
<b>Profit for the Period</b>	<b>60.67</b>	<b>8.63%</b>	<b>65.21</b>	<b>9.27%</b>	<b>(4.54)</b>	<b>(6.96%)</b>

For the year 2022, the Company's total revenue was THB 703.41 million, an increase of THB 164.75 million or 30.58 percent, with a gross profit of THB 261.87 million, or 37.23 percent and a net profit of THB 60.67 million or 8.63 percent. The important details are as follows:

#### Revenues Structure by Product Category

Revenues Structure (Million Baht)	Y2022		Y2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
<b>Revenues from medical products</b>	<b>522.34</b>	<b>74.26%</b>	<b>515.02</b>	<b>95.61%</b>	<b>7.32</b>	<b>1.42%</b>
Sexual and Reproductive Care (SRC) product group	191.01	27.16%	178.48	33.13%	12.53	7.02%
Blood Transfusion Medicine (BTM) product group	298.38	42.42%	319.16	59.25%	(20.78)	(6.51%)
Cell & Molecular Technology (CMT) product group	24.90	3.54%	17.21	3.20%	7.69	44.68%
Winmed Clinic and Laboratory (WCL) product group	8.05	1.14%	0.17	0.03%	7.88	4,510.50%
Consumer product group	181.07	25.74%	23.67	4.39%	157.40	664.84%
<b>Operating Revenues</b>	<b>703.41</b>	<b>100.00%</b>	<b>538.70</b>	<b>100.00%</b>	<b>164.71</b>	<b>30.58%</b>

#### Revenue

The Company's total operating income has increased by THB 164.75 million, or 30.58 percent, to THB 703.41 million compared to 2021. The primary cause is due to:

1. The sexual and reproductive care product segment's revenue recognition continues to increase due to the recovery of hospital health screenings, which has led to a rise in cervical cancer screening. In addition, The Company received support from the National Health Security Office (NHSO) project, which allows for cervical cancer screening. Consequently, the revenue of the sexual and reproductive care products group continued to rise.

2. The virulent spread of the COVID-19 virus epidemic during the first half of the year had a negative impact on blood-related products' sales revenues. As a result of the postponement of elective surgeries and the decrease in the number of blood donors.
3. Due to increased laboratory usage, reagents are being purchased at a higher rate, resulting in a rise in cell & molecular technology product group revenue.
4. In the part of revenue of the laboratory, the Company has expanded its business in testing for COVID-19 virus screening over the past year, resulting in the recognition of revenue of THB 8.05 million.
5. The Company has distributed new COVID-19-related products, such as Antigen Test Kits (ATK) since the beginning of the year. As a result, the consumer products group's revenue has increased from the previous year by THB 157.40 million.

### **Cost and Gross Profit**

The Company's total costs in 2022 and 2021 are THB 441.55 million and THB 295.37 million, respectively, or the total cost to income from operations is 62.77 percent and 54.83 percent, resulting in gross profits of THB 261.87 million and THB 243.30 million, or gross profit margins of 37.23 percent and 45.17 percent, respectively.

The Company has a higher cost of sales to operating income ratio due to:

- 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.
- The impact of exchange rates on the cost of imports grew. The U.S. dollar dominates the baht's depreciation versus foreign currencies that have a direct impact on the cost of goods due to the fact that the majority of the Company's products are imported from abroad.
- As a result of the increase in production costs, product suppliers have increased their prices, resulting in increase in the cost of good.
- The conflict between Russia and Ukraine, which has resulted in higher energy prices, is the primary cause of the rise in freight costs due to Russia is a significant natural gas field of Europe. It is also one of the world's leading oil producers, resulting in the highest oil price in the past 7 years.

The company is aware of the impact arising from the above-mentioned events 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.

## **Other Revenues**

The Company has other revenue by receiving dividends from its investments in Professional Laboratory Management Corp Public Company Limited in the amount of THB 15.70 million. Currently, the Company has an investment ratio of 7.41 percent.

## **Distribution Cost and Administrative Expense**

In 2022, the Company has distribution costs and administrative expenses in total of THB 203.68 million, an increase of THB 17.45 million or 9.37 percent from 2021.

The rising expense depends on the greater amount of income to be in line with the business plan and investment budget of the Company. The majority of the increased expenses are attributable to the increase in personnel and employees according to the business expansion plan and the Company's growth. In addition, there are expenses associated with expanding product distribution channels in the offline and online sections, such as sales support expenses incurred to promote product awareness via various distribution channels such as Facebook, Instagram, Tiktok, Youtube, Twitter, Line OA, etc. There is also an increase in depreciation, proportional to the investment budget allocated for business expansion.

## **Financial cost and Income tax expense**

The Company's financial costs increased by THB 1.94 million or 39.23 percent from the previous year to THB 6.87 million.

In 2022, the Company's corporate income tax expenses were THB 8.85 million, an increase of THB 1.90 million, or 27.24 percent, due to the fact that in 2021, the Company had a share premium, which was a tax-deductible expense. In 2022, there was an increase in contract-related liabilities, which constitutes taxable income and must be included in tax calculations. Consequently, the total amount of corporate income tax payable in 2022 is greater than in 2021.

## **Net profit for the period**

The net profit from operations for 2022 was THB 60.67 million, or 8.63 percent of total revenue, a decrease of THB 4.54 million, or 6.96 percent, from the prior year. The net profit comprises interim dividends from the Company's investments in Professional Laboratories Management Corp Public Company Limited in the amount of THB 15.70 million in 2022 and of THB 17.25 million in 2021.

Considering only the profit from operations for the year 2022, minus the dividends received from investments as described, the operating profit for 2022 will amount to THB 44.97 million, while in 2021, it will amount to THB 47.96 million. It can be seen that the year 2022 has lower operating profits than the year 2021, amounting to THB 2.99 million, or a decrease of 6.22 percent compared to the previous year's operating profit, as a result of changes in income, an increase in cost of sales and expenses as mentioned above.

The Company has earnings per share for the year 2022 equal to THB 0.15 per share.

### Overview of the Company's financial position

Financial Position Statement	31 December 2022		31 December 2021		Increase (Decrease)	
	(Million Baht)	Proportion	(Million Baht)	Proportion	(Million Baht)	% Change
<b>Asset</b>						
Current Asset	485.94	57.29%	416.78	55.17%	69.16	16.59%
Non-Current Asset	362.30	42.71%	338.68	44.83%	23.62	6.97%
<b>Total Asset</b>	<b>848.24</b>	<b>100.00%</b>	<b>755.46</b>	<b>100.00%</b>	<b>92.78</b>	<b>12.28%</b>
<b>Liabilities and Shareholder's Equity</b>						
Current Liabilities	173.57	20.46%	129.12	17.09%	44.45	34.43%
Non-Current Liabilities	79.75	9.40%	54.34	7.19%	25.41	46.76%
Total Liabilities	253.32	29.86%	183.46	24.28%	69.86	38.08%
Total Shareholder's Equity	594.92	70.14%	571.99	75.71%	22.93	4.01%
<b>Total Liabilities and Shareholder's Equity</b>	<b>848.24</b>	<b>100.00%</b>	<b>755.46</b>	<b>100.00%</b>	<b>92.78</b>	<b>12.28%</b>

#### Asset

As of 31 December 2022, the Company has total assets in the amount of THB 848.24 million, an increase from the end of 31 December 2021 in amount of THB 92.78 million or 12.28 percent. The details are as follows:

#### Current Asset

As of 31 December 2022, the Company has current assets in the amount of THB 485.94 million, an increase of THB 69.16 million, or 16.59 percent from 31 December 2021. The primary change was the increase in trade accounts receivable and other current receivables in the amount of THB 33.22 million. The remaining amount will be a rise in contract assets, an increase in product purchase payments made in advance for inventory management purposes to prepare for conflict situations in Europe, and fluctuations in energy prices and transportation costs, including future fluctuations in foreign currency exchange rates, are also accounted for.

#### Non-current asset

As of 31 December 2022, the non-current asset has increased in amount of THB 23.62 million or 6.97 percent 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 31 December 2022, the Company has total liabilities in amount of THB 253.32 million, an increase of THB 69.86 million or 38.08 percent 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 THB 67.35 million, 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 as of 31 December 2022, the Company has a total shareholder's equity in amount of THB 594.92 million, an increase from the shareholder's equity as of 31 December 2021 in amount of THB 22.93 million or 4.01 percent. This was a result of an increased net profit in 2021, 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.

As of 31 December 2022, the Company's debt-to-equity ratio was 0.43, an increase of 0.11 times from 31 December 2021.

Please be informed accordingly.

Yours Sincerely,

-signed-

(Mr. Nanthiya Darakananda)

Chief Executive Officer

Winnergy Medical Public Company Limited