

No. SMD 009/2023

May 15, 2023

Subject: Management Discussion and Analysis for the 3 months period ended March 31, 2023

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 of 2023 ended March 31, 2023, with details as follows:

Overview Performance

Saintmed Public Company Limited reported a net profit for the first quarter of 2023 of THB 8.00 million, a decrease of 94.15% (YoY) compared to Q1/2022

The decrease in net profit in Q1/2023 is from a lower in sales of general medical devices and respiration medical devices product groups. These products are decreasing in demand (especially in COVID-19 ATK Test Kit) compared to Q1/2022 due to the change of Covid-19 which is less effect on health problems and results from hospitals already investing in a large number of medical devices for covid-19 situation last year. Moreover, lower demand for respiration medical devices resulted from the price war of CPAP products in the B2C Market.

Net profit for Q1/2023 increase 67.59% (QoQ) compared to Q4/2022

The increase in net profit in Q1/2023 is from cost saving policy that the company control selling cost and administrative cost more efficiently. Resulted in higher net profit compared to Q4/2022

However, The company is not complacent about the lower financial performance. The company’s strength of will to create efficient business plans to make more sustainable revenue. **The company is planning and still doing a feasibility study process to build a “Prototype Wellness Center” for Mild Hyperbaric Oxygen Therapy in the CBD location in Bangkok.** This wellness center will focus on B2B and B2C customers and also make brand awareness for Saintmed. Moreover, we hope that this Prototype Wellness Center will create related sales and rental revenue for SaintMed also.

The key factors affecting the company's performance in Q1/2023 are as follows
1) Medical Tourism in Thailand and Medical Hub

This factor had a positive impact on increasing demand for medical devices made for complex diseases. In addition, the demand for wellness centers also increasing.

2) Aging Society

The aged population increasing, resulting in the demand for medical devices for treatments of NCDs decrease.

3) Demand for ATK Products

Lower demand for ATK Products. Resulted from the post-pandemic situation of COVID-19.

Income Statement for the Q1/2023 and Q1/2022

Income Statement	Q1/2023		Q1/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%
Revenue						
Revenue from sales	161.22	95.51%	703.03	99.21%	(541.82)	(77.07%)
Revenue from services	7.59	4.49%	5.62	0.79%	1.97	35.08%
Revenue from sales and services	168.80	100.00%	708.65	100.00%	(539.85)	(76.18%)
Cost of goods sold and services	112.76	66.80%	481.99	68.01%	(369.22)	(76.60%)
Gross Profit	56.04	33.20%	226.67	31.99%	(170.63)	(75.28%)
Other Income	1.36	0.80%	3.16	0.45%	(1.80)	(57.05%)
Earnings before expenses	57.40	34.00%	229.83	32.43%	(172.43)	(75.03%)
Selling Expenses	27.76	16.44%	34.70	4.90%	(6.94)	(20.01%)
Administrative Expenses	19.66	11.65%	23.00	3.25%	(3.34)	(14.51%)
Loss on exchange rate	0.20	0.12%	0.08	0.01%	0.12	156.82%
Total Expenses	47.22	27.97%	57.62	8.13%	(10.40)	(18.05%)
Earnings before interest and tax	10.18	6.03%	172.20	24.30%	(162.03)	(94.09%)
Finance Costs	0.57	0.34%	2.70	0.38%	(2.13)	(78.81%)
Earnings before tax	9.60	5.69%	169.50	23.92%	(159.89)	(94.33%)
Tax Expenses	1.60	0.95%	32.79	4.63%	(31.18)	(95.11%)
Net Profit (Loss)	8.00	4.74%	136.71	19.29%	(128.71)	(94.15%)

Revenue from core operation

In Q1/2023, the Company generated revenue from sales and services of THB 168.80 million, a decrease of THB 539.85 million or a decrease of 76.18% YoY compared to Q1/2022. The major proportion of revenue came from government customers 53.77%. The Revenue decreased resulted from the change of Covid-19 symptoms which is less effect on health problems, the demand for COVID-19 ATK also decline, affected in lower general medical device sales.

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	Q1/2023		Q1/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	71.33	44.25%	61.36	8.73%	9.98	16.26%
2. Respiration medical devices	54.88	34.04%	103.67	14.75%	(48.79)	(47.06%)
3. Cardiology medical devices	21.38	13.26%	16.15	2.30%	5.23	32.35%
4. General medical devices	8.54	5.30%	514.19	73.14%	(505.65)	(98.34%)
5. Smart hospital medical devices	4.38	2.72%	7.09	1.01%	(2.71)	(38.23%)
6. Others ^{1/}	0.70	0.43%	0.57	0.08%	0.13	22.38%
Total revenue from sales	161.22	100.00%	703.03	100.00%	(541.82)	(77.07%)

Remark: ^{1/} device for use with other medical devices such as batteries and gels.

In Q1/2023, the Company generated revenue from sales of THB 161.22 million. A decrease of THB 541.82 million or 77.07% YoY compared to Q1/2022. That is mainly from the lower revenue in general medical devices and respiration medical devices from the post-pandemic situation of COVID-19. In addition, a large number of vaccinated populations resulted in a lower spread of the Covid-19 virus and less effect on patients' health.

However, critical care medical devices and cardiology medical devices sales in Q1/2023 are increasing compared to Q1/2022. The increase in the sale of these product groups is from the expansion of hospital that is prepared for non-communicable diseases (NCDs) patients and aging populations.

2) Revenue from services

Revenue breakdown Services	Q1/2023		Q1/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%
1. Rental and fixing services	5.38	76.13%	3.88	69.00%	1.50	38.69%
2. Sleepstest services	2.21	23.87%	1.74	31.00%	0.47	27.04%
Total revenue from services	7.59	100.00%	5.62	100.00%	1.97	35.08%

In Q1/2023, the Company generated revenue from services of THB 7.59 million, which increased by THB 1.97 million or 35.08% YoY compared to Q1/2022. This change was mainly driven by Rental and fixing services THB 5.38 million an increase of THB 1.50 million or 38.69% YoY. In addition, the Company had revenue from Sleep Lab of THB 2.21 million, which increased by THB 0.47 million or 27.04% YoY.

Revenue from sleep test services is increasing due to the demand after the post-pandemic situation of COVID-19 and the booming of Health & Wellness trends.

Cost of goods sold and services

The cost of goods sold and services in Q1/2023 was THB 112.76 million, which decreased by THB 369.22 million or 76.60% YoY compared to Q1/2022. The lower cost of goods sold and services is mainly from lower general medical devices sales, especially from Covid-19 ATK.

The portion of the total cost of goods sold and services to revenue in Q1/2023 was 66.80%, which increased from 68.01% in Q1/2022.

Gross Profit and Gross Profit Margin

In Q1/2023, the company had a gross profit of THB 56.04 million, which decreased by THB 170.63 million or 75.28% YoY. The gross profit margin in Q1/2023 was 33.20% (compared to 31.99% in Q1/2022). An increase in gross profit margin in Q1/2023 was mainly due to durable medical devices sales which produce a higher profit margin than Covid-19 ATK sales.

Selling Expenses

In Q1/2023, the company's selling expenses were THB 27.76 million, which decreased by THB 6.94 million or 20.01% YoY. This change was mainly from a lower in commission and delivery costs, as the sales decreased.

However, the portion of total selling expenses to revenue increased from 4.90% in Q1/2022 to 16.44% in Q1/2023. The higher selling expense to revenue is a result of the decrease in sales volume.

Administrative Expenses

In Q1/2023, the company's administrative expenses were THB 19.66 million, which decreased by THB 3.34 million or 14.51% YoY from Q1/2022. In overview, the company can control administrative expenses at the appropriate number and lower than last year.

The portion of total administrative expenses to revenue in Q1/2023 is 11.65% which increase from last year. (3.25% in Q1/2022) The higher administrative expense to revenue is a result of the decrease in sales volume, especially in general medical devices.

Profit/Loss on the foreign exchange rate

In Q1/2023, the company had THB 0.20 million gain on the foreign exchange rate, which increased by THB 0.12 million or an increase of 156.82% YoY from Q1/2022.

The profit in the foreign exchange rate is from the managed foreign exchange rate risk that was mitigated by hedging with forward contracts. In addition, the company uses forward contracts for minimized foreign exchange rate risk from normal business operations only (not for speculation).

Finance Costs

In Q1/2023, the company had finance costs of THB 0.57 million, which decreased by THB 2.13 million or 78.81 % YoY from Q1/2022. This change was mainly because of the lower short-term loans from financial institutions, resulting in lower interest payments. However, on 31 March 2023, the company does not have any short-term loans or long-term loans from financial institutions.

Net Profit and Net Profit Margin

In Q1/2023, the Company had a net profit of THB 8.00 million, which decreased by THB 128.71 million or 94.15% YoY from Q1/2022. The net profit margin for Q1/2023 was 4.74% (declined from 19.29% in Q1/2022). The lower net profit is resulting from the decline in general medical devices and respiration medical devices product groups. These products are decreased in demand due to the change of Covid-19 which is less effect on human health problems. In addition, the decrease in sales of respiration medical devices resulted from the price war of CPAP products in the B2C Market, especially in online marketplace platforms.

The lower net profit margin is from the lower in sales in Q1/2023 but other fixed costs remain the same line as before.

Please be informed accordingly,

Sincerely yours,

- Viroje Vasusuttikulant -

(Mr. Viroje Vasusuttikulant)

Chief Executive Officer

Saintmed Public Company Limited