



Management Discussion and Analysis

For the Six-month Period Ended 30 June 2023

Executive Summary

Consolidated financial statements <i>Unit: THB000</i>	Quarter 2	Quarter 1	Quarter 2	Change		Six-month Period		Change %YoY
	Year 2023 ("2Q23")	Year 2022 ("1Q23")	Year 2022 ("2Q22")	%QoQ	%YoY	Year 2023 ("6m23")	Year 2022 ("6m22")	
Revenue from sales and services	120,626	119,950	98,932	0.6%	21.9%	240,576	182,335	31.9%
Gross profit	19,094	34,401	20,133	(44.5%)	(5.2%)	53,495	43,430	23.2%
EBITDA	(3,074)	13,134	(5,197)	(123.4%)	(40.9%)	10,059	(14,781)	(168.1%)
Net profit (loss)	(12,788)	1,859	(11,853)	(787.9%)	7.9%	(10,931)	(23,435)	(53.4%)
Net profit (loss) to the parent company	(13,326)	1,859	(11,853)	(816.8%)	12.4%	(11,469)	(23,435)	(51.1%)
Gross profit margin	15.8%	28.7%	20.4%	(12.9%)	(4.6%)	22.2%	23.8%	(1.6%)
EBITDA margin	(2.5%)	10.7%	(5.1%)	(13.2%)	2.6%	4.1%	(7.8%)	11.9%
Net profit (loss) margin	(10.4%)	1.5%	(11.5%)	(11.9%)	1.1%	(4.5%)	(12.4%)	7.9%

Source: Interim financial information 6m23 (Reviewed), 3m23 (Reviewed) and management information

On 23 May 2023, the Group has completed the acquisitions in 52.8% ordinary shares of Grace Water Med Company Limited and 100.0% ordinary shares of Waree Medical Company Limited, which operate in manufacturing and distributing of hemodialysis solution and installation of purified water system, respectively. As a result, the Group reported revenue from sale and services and net profit from both subsidiaries totalled Baht 20.8 million and Baht 1.1 million in the Group's consolidated operating results, respectively.

The Second Quarter QoQ (2Q23 vs 1Q23)

- The Group's gross profit margin for 2Q23 was lower than 1Q23 by 12.9% since the Group had recognised additional cost of sales and services from subsidiaries.
- In 2Q23, the Group had EBITDA and net profit lower than 1Q23 by Baht 16.2 million and Baht 14.6 million, respectively. These were mainly because higher cost of sales and services.

The Second Quarter YoY (2Q23 vs 2Q22)

- The Group's revenue from sales and services for 2Q23 increased from 2Q22 amounting to Baht 21.7 million, or 21.9%. This was mainly because the expansion of the Group's businesses into hemodialysis solution and medical supplies for dialysis treatment.
- The Group reported gross profit margin of 15.8% for 6m23, which decreased from 2Q22 by 4.6%. The Group had more pressure on cost of production because depreciation on buildings and machinery which have been completely constructed and installed during 2023. Furthermore, the increase of electricity expense resulted to the Group's gross profit margin.
- The Group had net loss in 2Q23 since higher lower gross profit, but higher staff costs for selling and administrative activities due to annual salary adjustment.

Six-month Period YoY (6m23 vs 6m22)

- According to the nationwide advertising campaign in collaboration with a customer for the Group's Own Brand product and more customer orders on conventional medicine under OEM, revenue from sales and services for 6m23 increased from 6m22 by 31.9%.
- The Group's gross profit margin for 6m23 decreased by 1.6% comparing with 6m22 since the effect of higher electricity expense and depreciation of building and machinery which have been completely constructed and installed during 6m23.
- Due to better control in distribution costs, the Group's net loss for 6m23 was lower than 6m22 by Baht 18.7 million.

Six-month financial ratios YoY (6m23 vs FY22)		6m23	FY22
○ Because additional liabilities acquired from the subsidiaries, the Group had higher debt-to-equity ratio for 6m23 than FY22.	<i>Return on assets</i>	(1.6%)	(1.4%)
	<i>Return on equity</i>	(2.2%)	(1.9%)
	Debt-to-equity ratio (Times)	0.36	0.30

Significant events during 2Q23

Acquisition of ordinary shares in relation to dialysis treatment businesses

On 23 May 2023, the Group acquired 52.8% of registered and paid-up capital of Grace Water Med Company Limited; which operates in manufacturing and distributing hemodialysis solution and medical supplies, with consideration of Baht 43.9 million.

Moreover, Grace Water Med Company Limited has acquired 100.0% of registered and paid-up capital of Waree Medical Company Limited; which operates in installation of purified water system, with consideration of Baht 18.8 million. Therefore, both companies became the Group's subsidiaries.

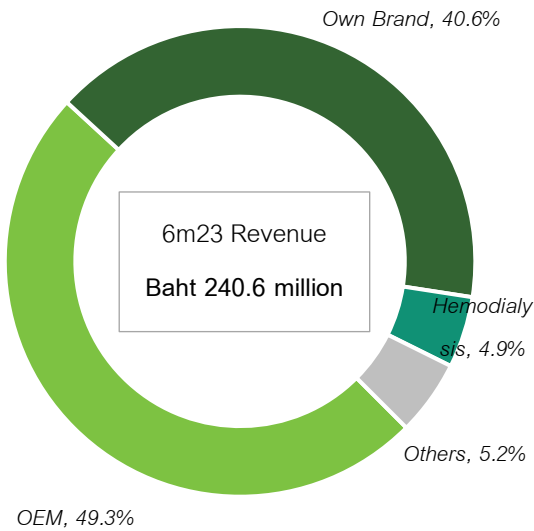
The Group expected that the investments will assist in expanding into healthcare business and enable the Group to develop and propose dietary supplements and herbal products for kidney disease patients in Thailand, which tend to increase.

ESG operations

The Group operates business under ESG principles, which will assist stakeholders to earn the highest benefits and that the Group will grow sustainably. During 6m23, the Group installed solar roof top at Lamphun plant to supply internal electricity usage with capacity of 700 kWh.

Operating results

1. Revenue from sales and services structure



Products under customer's brand (OEM)

- The Group had variety of product to support customer's demand.
- The Group's revenue principally derived from OEM customers.

Products under the Group's brand (Own Brand)

- The Group's brand consisted of COX™, JSP™, Suphap Osot™, EVITON™, which covered many channels of distribution
- The Group's had product development and marketing plans to expand revenue from Own Brand segment.

Hemodialysis solution (Hemodialysis)

- The Group had manufactured and distributed dialysis solution for dialysis clinic

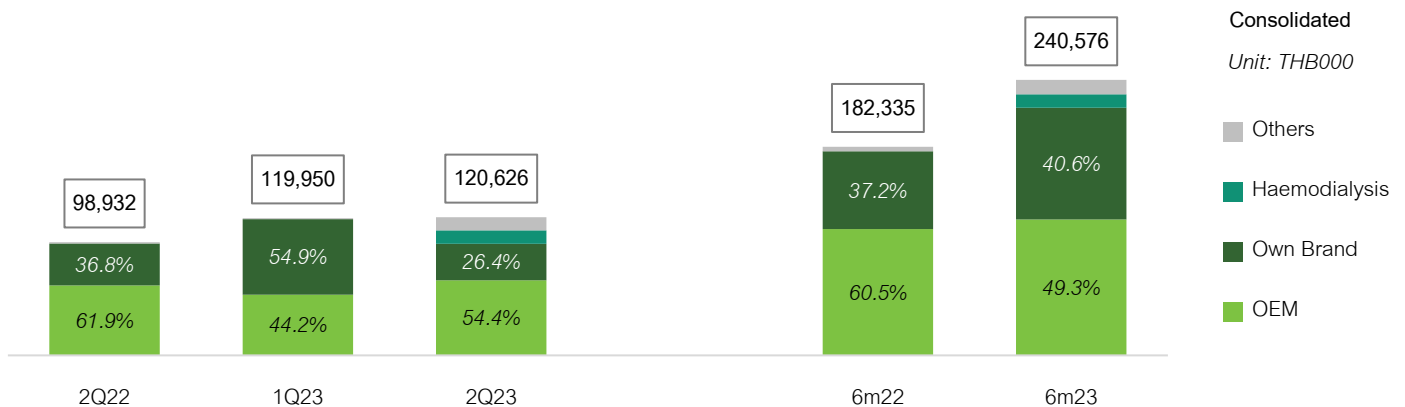
Other products (Others)

- The Group traded certain products such as COVID-19 test kits, drug test kits.
- The Group had revenue from installation services related to purified water system for industrial purposes.

Revenue by product type

Consolidated financial statements	Quarter 2	Quarter 1	Quarter 2	Change		Six-month Period		Change
	Year 2023	Year 2022	Year 2022	%QoQ	%YoY	Year 2023	Year 2022	
Unit: THB000	("2Q23")	("1Q23")	("2Q22")			("6m23")	("6m22")	%YoY
OEM	65,610	53,067	61,211	23.6%	7.2%	118,676	110,350	7.5%
Own Brand	31,843	65,845	36,423	(51.6%)	(12.6%)	97,689	67,863	44.0%
Hemodialysis	11,792	-	-	100.0%	100.0%	11,792	-	100.0%
Others	11,381	1,038	1,298	996.4%	776.8%	12,419	4,122	201.3%
Total	120,626	119,950	98,932	0.6%	21.9%	240,576	182,335	31.9%

Source: Interim financial information 6m23 (Reviewed), 3m23 (Reviewed) and management information



The Second Quarter QoQ (2Q23 vs 1Q23) 2Q23's revenue from sales and services increased from 1Q23 by 0.6% mainly because

- **OEM products:** The Group had more revenue since more orders from customer for dietary supplements and conventional medicine.
- **Own Brand products:** Since the Group had less orders from customer in this product type, revenue from Own Brand product decreased, especially from dietary supplements.
- **Hemodialysis products:** Due to the acquisition of Grace Water Med Company Limited, the Group recognised revenue from this product type by Baht 11.8 million.

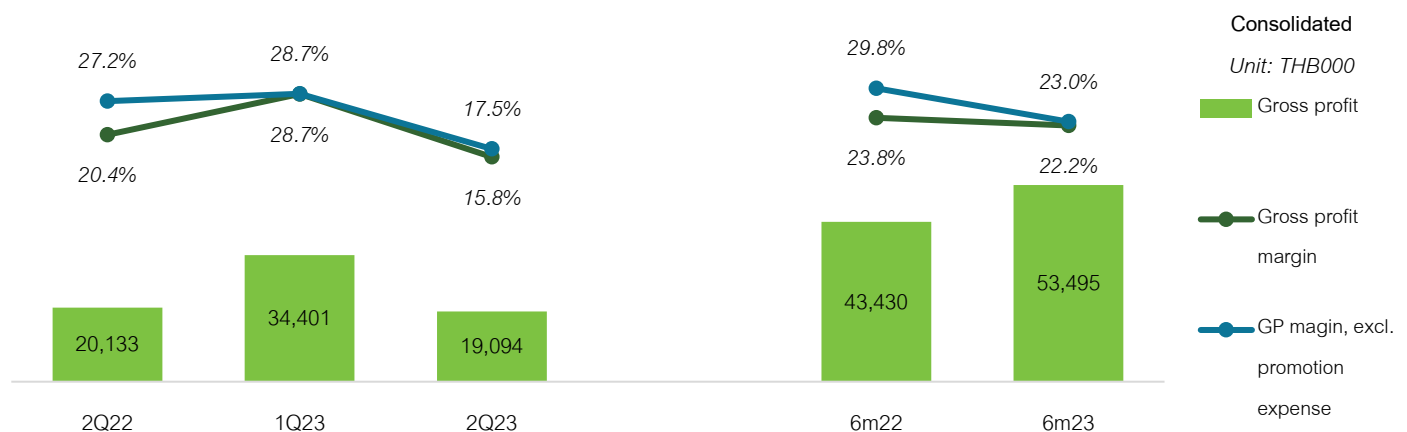
The Second Quarter YoY (2Q23 vs 2Q22) Revenue from sales and services for 2Q23 increased from 2Q22 by 21.9% since

- **OEM products:** Because of the expansion of conventional medicine production line since 2023, the Group could manufacture and distribute more of products to OEM customers.
- **Own Brand products:** Revenue from this product type decreased by 12.6% because of dietary supplements.
- **Hemodialysis products:** This product type contributed 9.8% of total revenue from sales and services.

Six-month Period YoY (6m23 vs 6m22) The Group had revenue for 6m23 higher than 6m22 by 7.5% because

- **OEM products:** The Group had higher revenue from OEM products since more of customer orders for dietary supplements and conventional medicine.
- **Own Brand products:** The increase in revenue from Own Brand products was mainly from effectiveness of sales promotion campaign, in collaboration with a customer. In addition, the Group increase channels of distribution to other TV Home Shopping.
- **Other products:** The increase of revenue from other products by Baht 8.3 million resulted from installation of purified water system performed by a subsidiary.

2. Gross profit and gross profit margin



The Second Quarter QoQ (2Q23 vs 1Q23)

- Gross profit margin for 2Q23 was lower than 1Q23 by 12.9% because the Group recognised cost of sales and services from subsidiaries acquired.

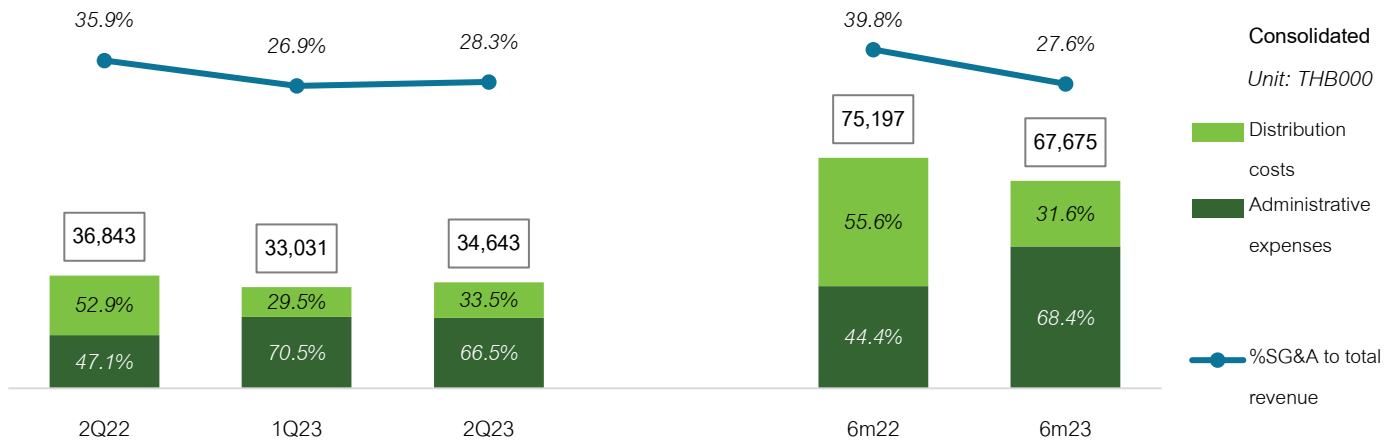
The Second Quarter YoY (2Q23 vs 2Q22)

- In 2Q23, the Group had 15.8% of gross profit margin, which lower than 2Q22 by 4.6%. The change mainly derived from higher production costs, especially depreciation of building machinery available to use in 2023 and the increase of electricity expense.

Six-month Period YoY (6m23 vs 6m22)

- The Group had gross profit for 6m23 higher than 6m22 by Baht 10.1 million since revenue increased. While, gross profit margin decreased by 1.6% because depreciation and utilities expenses increased totalled Baht 10.0 million. In addition, the Group had Baht 7.0 million less sales promotion with a customer, which reported as a deduction to revenue in accordance with TFRS 15. The Group should have gross profit margin for 6m23 and 6m22 at 23.0% and 29.8%, respectively, if the effect of this transaction was excluded.

3. Distribution costs and administrative expenses



The Second Quarter QoQ (2Q23 vs 1Q23)

- Distribution costs:** The Group's distribution costs for 2Q23 and 1Q23 were Baht 11.6 million and Baht 9.8 million, respectively. The increase in expenses for 2Q23 was mainly because the Group recognised distribution costs from the subsidiaries acquired totalled Baht 1.1 million, which primarily comprised staff costs and freight-out.
- Administrative expenses:** The Group had administrative expenses for 2Q23 and 1Q23 totalled Baht 23.0 million and Baht 23.3 million, respectively.

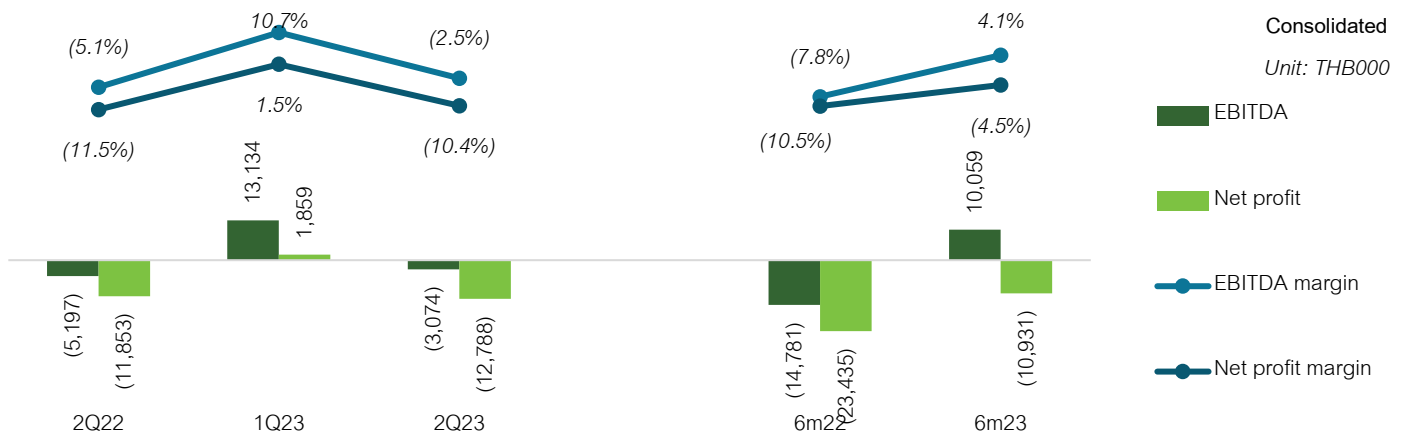
The Second Quarter YoY (2Q23 vs 2Q22)

- Distribution costs:** Distribution costs for 2Q23 lower than 2Q22 by 40.3% because decrease in promotion and advertising expenses.
- Administrative expenses:** Administrative expenses for 2Q23 was higher than 2Q22 by 32.6% since staff costs increased by Baht 4.2 million.

Six-month Period YoY (6m23 vs 6m22)

- Distribution costs:** Distribution costs for 6m23 decreased from 6m22 by Baht 20.5 million. This was because of service fees to support sales via omni channel and advertising expense for the Group's branding decreased.
- Administrative expenses:** Administrative expenses for 6m23 was 32.6% higher than 6m22 because of staff costs and professional service fees in relation to M&A

4. EBITDA and net profit



The Second Quarter QoQ (2Q23 vs 1Q23)

○ In 2Q23, the Group's EBITDA and net loss were Baht (3.1) million and Baht (12.8) million, respectively, which resulted from decrease of gross profit.

The Second Quarter YoY (2Q23 vs 2Q22)

○ In 2Q23, the Group had higher loss than 2Q22 amounting to Baht 0.9 million. These were because lower gross profit earned.

Six-month Period YoY (6m23 vs 6m22)

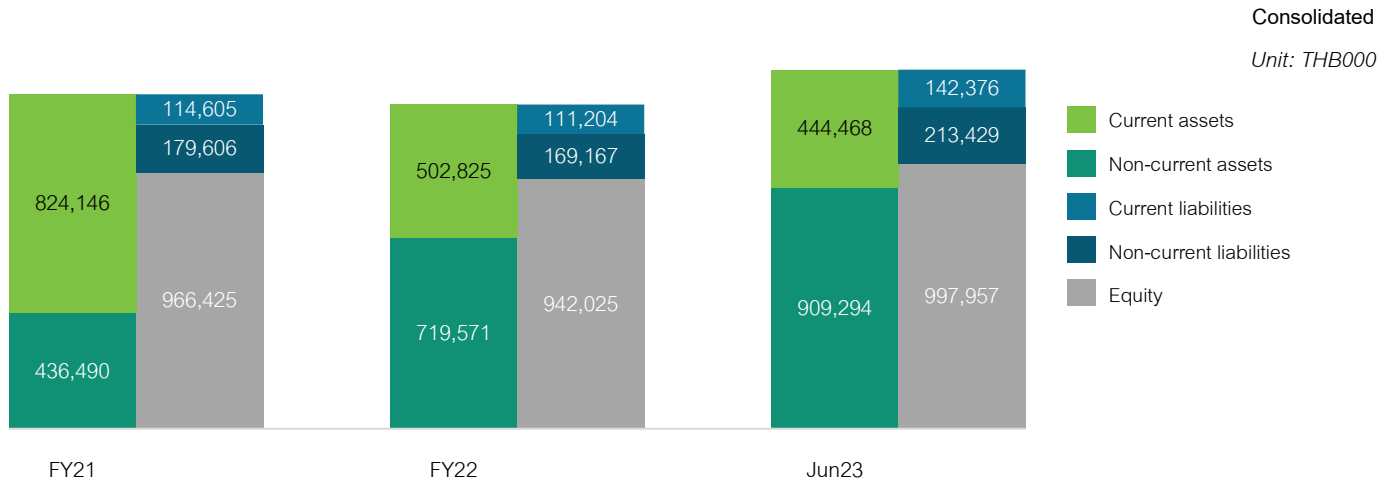
○ The Group's net loss margin at (4.5%) since lower of gross profit margin. However, the management has monitored closely to increase revenues and decrease expenses in order to create sustainable profit.

Consolidated income statement

Consolidated financial statements	Quarter 2	Quarter 1	Quarter 2	Change		Six-month Period		Change
	Year 2023	Year 2022	Year 2022	%QoQ	%YoY	Year 2023	Year 2022	
<i>Unit: THB000</i>	("2Q23")	("1Q23")	("2Q22")			("6m23")	("6m22")	%YoY
Revenue from sales	111,900	119,950	98,932	(6.7%)	13.1%	231,850	182,335	27.2%
Revenue from services	8,726	-	-	100.0%	100.0%	8,726	-	100.0%
Cost of sales	(93,967)	(85,549)	(78,799)	9.8%	19.2%	(179,516)	(138,905)	29.2%
Cost of services	(7,565)	-	-	(100.0%)	(100.0%)	(7,565)	-	(100.0%)
Gross profit	19,094	34,401	20,133	(44.5%)	(5.2%)	53,495	43,430	23.2%
Other income	1,878	2,689	3,571	(30.2%)	(47.4%)	4,567	5,639	(19.0%)
Distribution costs	(11,620)	(9,756)	(19,474)	19.1%	(40.3%)	(21,376)	(41,847)	(48.9%)
Administrative expenses	(23,023)	(23,275)	(17,369)	(1.1%)	32.6%	(46,299)	(33,350)	38.8%
Operating profit (loss)	(13,671)	4,059	(13,139)	(436.8%)	4.0%	(9,613)	(26,128)	(63.2%)
Finance costs	(2,455)	(1,921)	(1,843)	27.8%	33.2%	(4,376)	(3,634)	20.4%
Gain (loss) on measurement of financial assets	(73)	(6)	166	1,116.7%	(144.0%)	(80)	357	(122.4%)
Reversal of impairment loss in accordance with TFRS9	8	74	-	(89.2%)	100.0%	82	675	(87.9%)
Profit (Loss) before taxes	(16,191)	2,206	(14,816)	(834.0%)	9.3%	(13,987)	(28,730)	(51.3%)
Income taxes	3,403	(347)	2,963	(1,080.7%)	14.8%	3,056	5,295	(42.3%)
Net profit (loss)	(12,788)	1,859	(11,853)	(787.9%)	7.9%	(10,931)	(23,435)	(53.4%)
Earnings per share (Baht)								
Basic	(0.03)	0.004	(0.02)			(0.02)	(0.05)	
Diluted	(0.02)	0.003	(0.02)			(0.02)	(0.05)	

Source: Interim financial information 6m23 (Reviewed), 3m23 (Reviewed) and management information

Financial position



Assets

- **Current assets:** As of 30 June 2023 ("Jun23"), current assets primarily comprised cash and cash equivalents, short-term investments and inventories, accounted for 78.4% of total current assets. Cash and cash equivalents as of Jun23 decreased from FY22 because the Group used cash to acquired subsidiaries - net amounting to Baht 58.9 million. In addition, short-term investments decreased by Baht 70.2 million due to investment in fixed assets for business expansion purposes under the business plan.
- **Non-current assets:** As of Jun23, the Group had property, plant and equipment accounted for 61.0% of total assets. The higher value of property, plant and equipment as of Jun23 than FY22 because renovation of production facility at Bangkok and acquired from business combination.

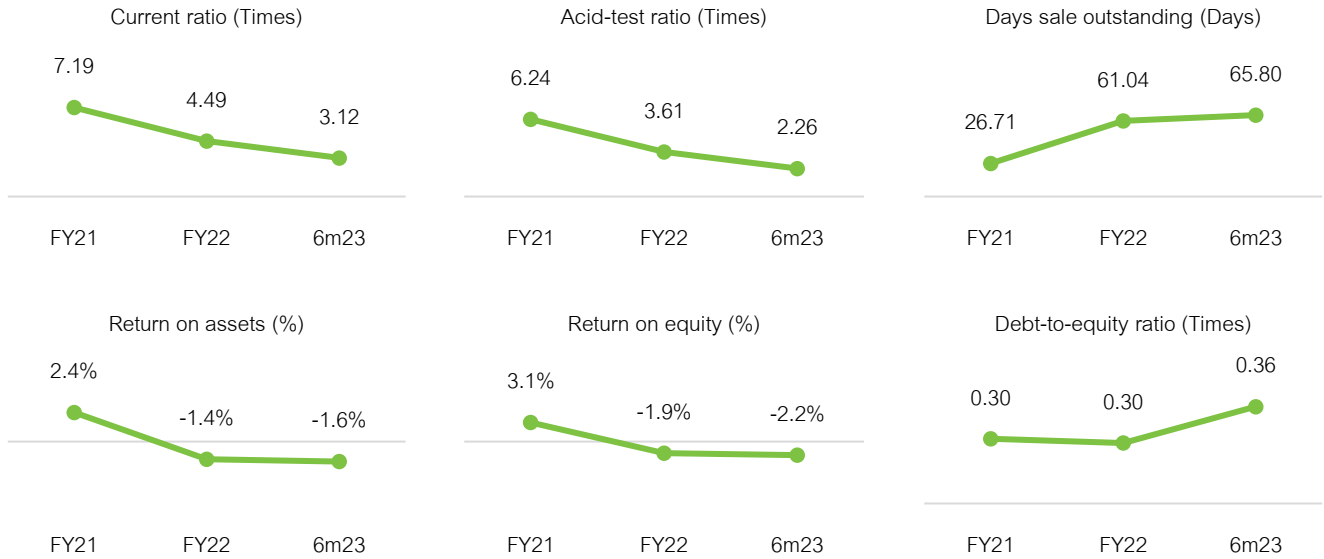
Liabilities

- **Current liabilities:** Current liabilities of the Group as of Jun23 was higher than FY22 by Baht 31.2 million. This was because the Group had current liabilities from business combination totalled Baht 23.2 million.
- **Non-current liabilities:** Non-current liabilities as of Jun23 decreased from FY22 by 26.8% because the Group recognised long-term liabilities of subsidiaries from business combination and additional long-term loans from financial institutions totalled Baht 50.4 million.

Equity

- During 6m23, the Group's equity increased from exercise of JSP-W1 into ordinary shares amounting to Baht 48.7 million and recognition of non-controlling interest from business combination amounting to Baht 18.2 million. However, the Group had consolidated net loss of Baht 10.9 million.

Significant financial ratios



- During 6m23, the Group's liquidity decreased because investment in fixed assets for business expansion purposes and business combination.
- Return on assets and equity for 6m23 turned into negative value due to net loss.
- Debt-to-equity ratio increased by 0.06 times because the Group had additional borrowing from financial institutions and recognised lease liabilities from business combination.