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Subject Management Discussion and Analysis for the Third Quarter of 2023

To The President  
The Stock Exchange of Thailand

Winnery Medical Public Company Limited and its subsidiary (the "Company") would like to inform the Company's operating results for the period ended September 30, 2023, are detailed below.

Income statement for the third quarter and nine months of 2023 is displayed in the table alongside the prior year.

| Statement of Comprehensive Income                  | Q3/2023         |                 | Q3/2022         |                 | Increase (Decrease) |                 | 9 Month of 2023 |                 | 9 Month of 2022 |                 | 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                    | 175.01          | 92.09%          | 166.82          | 93.80%          | 8.19                | 4.91%           | 448.77          | 91.61%          | 491.92          | 93.41%          | (43.15)             | (8.77%)         |
| Rental Income                                      | 15.03           | 7.91%           | 11.03           | 6.20%           | 4.00                | 36.29%          | 41.08           | 8.39%           | 34.70           | 6.59%           | 6.38                | 18.39%          |
| <b>Total Revenues</b>                              | <b>190.04</b>   | <b>100.00%</b>  | <b>177.85</b>   | <b>100.00%</b>  | <b>12.19</b>        | <b>6.86%</b>    | <b>489.85</b>   | <b>100.00%</b>  | <b>526.62</b>   | <b>100.00%</b>  | <b>(36.77)</b>      | <b>(6.98%)</b>  |
| Cost of Sales and Services                         | (106.18)        | (60.67%)        | (108.00)        | (64.74%)        | 1.82                | (1.69%)         | (263.72)        | (58.76%)        | (327.26)        | (66.53%)        | 63.54               | (19.42%)        |
| Cost of Rental                                     | (7.88)          | (52.29%)        | (6.52)          | (59.18%)        | (1.33)              | 20.43%          | (22.48)         | (54.72%)        | (20.08)         | (57.86%)        | (2.40)              | 11.97%          |
| <b>Total Costs</b>                                 | <b>(114.04)</b> | <b>(60.01%)</b> | <b>(114.53)</b> | <b>(64.40%)</b> | <b>0.49</b>         | <b>(0.43%)</b>  | <b>(286.19)</b> | <b>(58.43%)</b> | <b>(347.33)</b> | <b>(65.96%)</b> | <b>61.14</b>        | <b>(17.60%)</b> |
| Gross Profit                                       | 76.00           | 39.98%          | 63.32           | 35.60%          | 12.68               | 20.03%          | 203.65          | 41.57%          | 179.28          | 34.04%          | 24.37               | 13.59%          |
| Other Income                                       | 3.34            | 1.76%           | 0.29            | 0.16%           | 3.05                | 1,046.07%       | 5.33            | 1.09%           | 18.11           | 3.44%           | (12.78)             | (70.59%)        |
| Distribution Costs                                 | (33.88)         | (17.88%)        | (20.14)         | (11.33%)        | (13.84)             | 68.71%          | (87.56)         | (46.07%)        | (67.36)         | (12.80%)        | (20.18)             | 29.94%          |
| Administrative Expense                             | (33.99)         | (17.89%)        | (25.91)         | (14.57%)        | (8.08)              | 31.18%          | (94.07)         | (49.50%)        | (75.27)         | (15.05%)        | (18.80)             | 18.56%          |
| <b>Profit (Loss) before Financial Cost and Tax</b> | <b>11.37</b>    | <b>5.98%</b>    | <b>17.56</b>    | <b>9.87%</b>    | <b>(6.19)</b>       | <b>(35.24%)</b> | <b>27.35</b>    | <b>(52.91%)</b> | <b>50.73</b>    | <b>9.63%</b>    | <b>(23.39)</b>      | <b>(46.09%)</b> |
| Financial Cost                                     | (2.34)          | (1.23%)         | (1.96)          | (1.10%)         | (0.37)              | 19.08%          | (6.13)          | (1.25%)         | (5.26)          | (1.00%)         | (0.88)              | 16.68%          |
| Profit before Income Tax Expense                   | 9.03            | 4.75%           | 15.59           | 8.77%           | (6.56)              | (42.07%)        | 21.22           | 4.33%           | 45.48           | 8.64%           | (24.26)             | (53.35%)        |
| Income Tax Expense                                 | (0.89)          | (0.47%)         | (2.54)          | (1.43%)         | 1.65                | (64.83%)        | (2.28)          | (0.46%)         | (4.22)          | (0.80%)         | 1.95                | (48.40%)        |
| <b>Profit for the Period</b>                       | <b>8.14</b>     | <b>4.28%</b>    | <b>13.05</b>    | <b>7.34%</b>    | <b>(4.91)</b>       | <b>(37.64%)</b> | <b>18.95</b>    | <b>3.87%</b>    | <b>41.26</b>    | <b>7.83%</b>    | <b>(22.30)</b>      | <b>(54.06%)</b> |
| <b>profit from operations</b>                      | <b>5.20</b>     | <b>2.74%</b>    | <b>5.32</b>     | <b>2.99%</b>    | <b>(0.12)</b>       | <b>(2.19%)</b>  | <b>16.02</b>    | <b>3.27%</b>    | <b>25.56</b>    | <b>4.85%</b>    | <b>(9.54)</b>       | <b>(37.33%)</b> |

Revenue

During the third quarter of 2023, the Company generated a cumulative operating income of 175.01 million baht, indicating a 4.91% growth equivalent to 8.19 million baht. During the first nine months of 2023, the total operating income was amounted to 448.77 million baht, illustrating a decline of 43.15 million baht or 8.77% compared to the previous year. This can be primarily attributed to reducing the adverse effects caused by the COVID-19 virus outbreak issue has been resolved and continues to reduce gradually to restore normalcy to social and economic activities. Thus, there is a persistent upward tendency of the business's original product group. Based on the above table, the revenue distribution among product groupings may be delineated as follows:

**Table demonstrating the revenue structure by product groupings**

| Revenues Structure<br>(Million Baht)             | Q3/2023        |                | Q3/2022        |                | Increase (Decrease) |              | 9 Month of 2023 |                | 9 Month of 2022 |                | Increase (Decrease) |                |
|--|----------------|----------------|----------------|----------------|---------------------|--------------|-----------------|----------------|-----------------|----------------|---------------------|----------------|
|  | (Million Baht) | Proportion     | (Million Baht) | Proportion     | (Million Baht)      | % Change     | (Million Baht)  | Proportion     | (Million Baht)  | Proportion     | (Million Baht)      | % Change       |
| Revenues from medical products                   | 159.93         | 84.16%         | 135.89         | 76.41%         | 24.04               | 17.69%       | 447.74          | 81.40%         | 352.13          | 68.84%         | 95.61               | 27.15%         |
| Blood Transfusion Medicine (BTM) product group   | 102.66         | 64.02%         | 79.59          | 44.76%         | 23.07               | 28.98%       | 265.40          | 54.16%         | 192.75          | 36.56%         | 72.65               | 37.69%         |
| Sexual and Reproductive Care (SRC) product group | 50.81          | 28.74%         | 50.49          | 28.36%         | 0.32                | 0.63%        | 154.81          | 31.60%         | 133.72          | 25.36%         | 21.09               | 15.77%         |
| Cell & Molecular Technology (CMT) product group  | 5.65           | 2.97%          | 4.87           | 2.63%          | 0.88                | 20.96%       | 26.18           | 5.34%          | 16.62           | 3.50%          | 7.26                | 38.37%         |
| Winmed Clinic and Laboratory (WCL) product group | 0.81           | 0.43%          | 1.14           | 0.64%          | (0.33)              | (28.95%)     | 1.35            | 0.28%          | 8.74            | 1.28%          | (5.38)              | (79.97%)       |
| Consumer product group                           | 30.11          | 15.84%         | 41.98          | 23.58%         | (11.85)             | (28.24%)     | 42.11           | 8.60%          | 174.72          | 33.18%         | (132.61)            | (75.90%)       |
| <b>Operating Revenues</b>                        | <b>190.84</b>  | <b>100.00%</b> | <b>177.85</b>  | <b>100.00%</b> | <b>12.99</b>        | <b>7.34%</b> | <b>489.85</b>   | <b>100.00%</b> | <b>526.85</b>   | <b>100.00%</b> | <b>(37.00)</b>      | <b>(7.02%)</b> |

Considering the income of the medical product group, excluding the Antigen Test Kits (ATK) group, for the 9-month period of 2023, it will be ascertained that the income is equal to 447.74 million baht, growing from the previous year by 27.15% as a result of

1. Blood Transfusion Medicine product groups are starting to recover. Because the use of operating room services has returned to normal, hospital demand for blood and platelets continues to increase. As a result, blood group test was administered and expanded testing for blood compatibility between patients and donors. Including the blood donation project using automatic mobile machines, which has garnered favorable feedback. Allowing blood donors to continue utilizing the service and be accommodated. The company currently operates 7 blood donation units equipped with mobile automated equipment in collaboration with multiple hospitals across three regions: the central region, the northeastern region, and the southern region. Furthermore, the company intends to expand the project to 10 units in 2024 to reach its revenue target.
2. Sexual and Reproductive Care product group continues to grow due to the number of patients returning to use hospital services and the recovery of more people undergoing health examinations in the hospital. Additionally, assistance was received from the NHSO initiative for cervical cancer screening. As a result, the number of people having cervical cancer screening has increased. This includes the selection of new products to continue supporting cervical cancer screening for service clients who have anomalies from HPV (Human Papilloma Virus) testing, resulting in increased income.
3. Cell & Molecular Technology product groups are expanding due to research project laboratories in treatment of cancer patients of various medical student institutes has commenced and the procedures can resume normally. Consequently, the purchasing of clinical reagents is continuously increasing including the company has expanded the customer base and sourcing of new products.
4. Winmed Clinic and Laboratory product group: The Company commenced operations in late 2021 and started to generate revenue in 2022 by offering diagnostic services for various viral infections, including COVID-19, HPV, STIs, or sexually transmitted diseases. Consequently, the spreading of the COVID-19 virus was halted, resulting in a decline in COVID-19 virus testing revenue. The Company intends to expand multiple enterprises this year by opening a multi-clinic to expand the comprehensive cervical cancer screening business that will begin to gradually recognize income from the sale of test kits, services and issuing test results from the last week of September 2023 which is the company's new strategy to support the cervical cancer screening project of the NHSO project.

Products in the consumer group, including COVID-19 related products such as antigen test kits (ATK), have experienced a decline in revenue, the severity of which fluctuates according to the condition of the virus's dissemination. The Company has introduced new products now available through all distribution channels. Numerous products are also in the process of applying for registration with the Food and Drug Administration, and it is expected that product purchases will start in early 2024.

### **Costs and Gross Profit Margin**

The company has decreased sales costs and has an increased gross profit margin compared to the same period of the previous year. The details are as follows:

During the third quarter of 2023 and 2022, total costs were 114.04 million baht and 114.53 million baht, respectively, or the total cost-to-operating income ratio was 60.01% and 64.40%, resulting in a gross profit of 76 million baht and 63.32 million baht, or 39.99% and 35.60%, an increase of 12.68 million baht or 20.03% compared to the same period last year.

The total costs for the 9-month period of 2023 and the 9-month period of 2022 were 286.19 million baht and 347.33 million baht, respectively, or equivalent to 58.43% and 65.96% of operating income, resulting in a gross profit of 203.65 million baht and 179.28 million baht, or equivalent to 41.57% and 34.04%, an increase of 24.37 million baht or 13.59% compared to the same period last year. The higher total profit margin was primarily attributable to the following considerations:

- The proportion of products sold (Product Mix) as the gross profit margin for each product type varies. In 2022, the new ATK products will be less profitable than the remaining product divisions of the same year. Which In the 9-month period of 2023, the sales proportion of the ATK product group decreased, resulting in total costs being lower than the same period of the previous year.
- When comparing the overall cost of medical product groupings to total revenue excluding ATK items, the 9-month periods of 2023 and 2022 were 50.68% and 52.22%, respectively, a 1.55% decreased from the prior year.

### **Distribution costs and administrative expenses**

In the third quarter of 2023 and 2022, the Company's distribution costs, and administrative expenses totaled 67.98 million baht, an increase of 21.92 million baht or 47.60% from the prior year's second quarter.

For the 9-month period of 2023 and the 9-month period of 2022, there were total distribution costs and administrative expenses of 181.63 million baht, an increase of 34.97 million baht or equal to 23.85% from the same period of the previous year.

The Company's increased distribution and administrative costs are relevant in this regard primarily due to an increase in the number of personnel and employees in sales and marketing in all business groups to support the business expansion according to the company's plans. Moreover, there were costs associated with expanding

product distribution channels, sales support expenses to create product awareness and depreciation caused by increased investment.

### Net profit for the period

Quarter 3/2023 had a net profit of 8.14 million baht or 4.28% of total revenue, a 4.91 million baht decrease from the same period last year, and the 9-month period of 2023 had a net profit of 18.95 million baht, a 22.31 million baht decrease from the same period last year. In the 9-month period of 2023, there was a transaction of receiving interim dividends from investments in the Professional Laboratories Management Corp. Public Company Limited equivalent to 2.94 million baht and the 9-month period of 2022 is equal to 15.70 million baht which are included in the other income list. Consequently, the net profit differs, as mentioned.

Considering only the operating profit part of the 9-month period of 2023, there was an operating profit of 16.02 million baht, compared to the same period last year with an operating profit of 25.56 million baht after deducting dividend items from investment. There is a decreased profit from the previous year equal to 9.54 million baht.

In this regard, the Company's nine-month period of 2023 earnings per share amount to 0.05 baht per share.

### Overview of the Company's financial position

| Financial position statement                      | 30 September 2023 |                | 31 December 2022 |                | Increase (Decrease) |               |
|---|-------------------|----------------|------------------|----------------|---------------------|---------------|
|   | (Million Baht)    | Proportion     | (Million Baht)   | Proportion     | (Million Baht)      | % Change      |
| <b>Asset</b>                                      |                   |                |                  |                |                     |               |
| Current Asset                                     | 489.98            | 53.62%         | 439.62           | 51.83%         | 50.36               | 11.46%        |
| Non-Current Asset                                 | 423.82            | 46.38%         | 408.62           | 48.17%         | 15.20               | 3.72%         |
| <b>Total Asset</b>                                | <b>913.80</b>     | <b>100.00%</b> | <b>848.24</b>    | <b>100.00%</b> | <b>65.56</b>        | <b>7.73%</b>  |
| <b>Liabilities and Shareholder's Equity</b>       |                   |                |                  |                |                     |               |
| Current Liabilities                               | 248.46            | 27.19%         | 173.57           | 20.46%         | 74.89               | 43.15%        |
| Non-Current Liabilities                           | 74.22             | 8.12%          | 79.75            | 9.40%          | (5.53)              | (6.94%)       |
| <b>Total Liabilities</b>                          | <b>322.68</b>     | <b>35.31%</b>  | <b>253.32</b>    | <b>29.86%</b>  | <b>69.36</b>        | <b>27.38%</b> |
| Total Shareholder's Equity                        | 591.11            | 64.69%         | 594.92           | 70.14%         | (3.81)              | (0.64%)       |
| <b>Total Liabilities and Shareholder's Equity</b> | <b>913.79</b>     | <b>100.00%</b> | <b>848.24</b>    | <b>100.00%</b> | <b>65.55</b>        | <b>7.73%</b>  |

### Assets

As of September 30, 2023, the Company had total assets of 913.80 million baht, an increase of 65.56 million baht or 7.73% from December 31, 2022, with the following details:

#### Current Assets

As of 30 September 2023, the company had total current assets of 489.98 million baht, an increase from 31 December 2022 of 50.36 million baht or equivalent to 11.46%. The main cause of the change was an increase in assets arising from contracts. Including an increase in inventories prepared for delivery in the 4<sup>th</sup> quarter of 2023.

### Non-Current Assets

As of September 30, 2023, the Company's non-current assets increased by 15.20 million baht or equivalent to 3.72% from December 31, 2022, with the main change coming from an increase in property, plant, and equipment items, which resulted from investments in medical equipment and laboratory buildings according to the company's business expansion plan.

### **Liabilities and Equity Ratio**

As of September 30, 2023, the Company had total liabilities of 322.68 million baht, an increase of 69.36 million baht from December 31, 2022, or equal to 27.38%, mainly due to bank overdrafts and more short-term loans from financial institutions.

For shareholders' equity, as of September 30, 2023, the Company had shareholders' equity equal to 591.11 million baht, a decrease from December 31, 2022, equal to 3.81 million baht, or equal to 0.64%, resulting from an increase in profits. net in the past 9 months Deducted by dividend payment according to the resolution of the Company's shareholder meeting for the year 2023 on April 21, 2023.

In this regard, the Company's debt-to equity ratio as of September 30, 2023, was 0.55 times.

Please be informed accordingly.

Yours Sincerely,



(Mr. Nanthiya Darakananda)

Chief Executive Officer

Winnergy Medical Public Company Limited