

No. BKGI-2405-001

Date 15 May 2024

RE Management Discussion and Analysis (MD&A) for the Quarter 1/2024

To Managing Director

The Stock Exchange of Thailand

Bangkok Genomics Innovation Public Company Limited (BKGI or the company) would like to report operating results for Quarter 1/2024 which the Company reported of Baht 9.66 million baht. The main reasons are as follows:

Statements of Comprehensive income	Q1 2024		Q1 2023		Q4 2023		Change (YoY)		Change (QoQ)	
	MB	%	MB	%	MB	%	MB	%	MB	%
Revenue from sales	5.49	7.98	0.08	0.10	0.67	1.20	5.41	6,762.50	4.82	719.40
Revenue from services	62.84	91.34	76.30	99.53	53.90	96.93	(13.46)	(17.64)	8.94	16.59
Other income	0.47	0.68	0.28	0.37	1.04	1.87	0.19	67.86	(0.57)	(54.81)
Total Revenue	68.80	100.00	76.66	100.00	55.61	100.00	(7.86)	(10.25)	13.19	23.72
Cost of sales	4.87	7.08	0.06	0.08	0.45	0.81	4.81	8,016.67	4.42	982.22
Cost of services	32.46	47.18	34.19	44.60	31.08	55.89	(1.73)	(5.06)	1.38	4.44
Selling expense	9.45	13.74	6.38	8.32	10.31	18.54	3.07	48.12	(0.86)	(8.34)
Administration Expense	12.02	17.47	20.15	26.28	6.76	12.16	(8.13)	(40.35)	5.26	77.81
Total Expense	58.80	85.47	60.78	79.29	48.60	87.39	(1.98)	(3.26)	10.20	20.99
Profit from operating activities	10.00	14.53	15.88	20.71	7.01	12.61	(5.88)	(37.03)	2.99	42.65
Finance costs	(0.36)	(0.52)	(0.45)	(0.59)	(0.37)	(0.66)	0.09	(20.00)	0.01	(1.37)
Profit before income tax	9.64	14.01	15.43	20.13	6.65	11.95	(5.79)	(37.52)	3.00	45.07
Income tax revenue (Expense)	0.02	0.03	0.19	0.25	(0.02)	(0.03)	(0.17)	(89.47)	0.04	(233.33)
Profit for the period	9.66	14.04	15.62	20.37	6.63	11.91	(5.96)	(38.15)	3.04	45.81

Note : QoQ = Changed from Q4/2023

YoY = Changed from Q1/2023

Revenue by product type

Revenue by product type	Q1 2024		Q1 2023		Q4 2023		change (YoY)		change (QoQ)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from services										
Reproductive health services	57.76	83.95	52.51	68.50	49.51	89.03	5.25	10.00	8.25	16.66
Infectious disease services	0.12	0.17	21.78	28.41	0.07	0.13	(21.66)	(99.45)	0.05	71.43
Other screening test services	3.10	4.51	0.13	0.17	0.86	1.55	2.97	2,284.62	2.24	260.47
Tech-solution services	1.86	2.70	1.88	2.45	3.46	6.22	(0.02)	(1.06)	(1.60)	(46.24)
Total Service Revenue	62.84	91.34	76.30	99.53	53.90	96.93	(13.46)	(17.64)	8.94	16.59
Sale others product	0.49	0.71	0.08	0.10	0.67	1.20	0.41	512.50	(0.17)	(25.97)
Sale Sequencers	5.00	7.27	0.00	0.00	0.00	0.00	5.00	0.00	5.00	0.00
Total sales	5.49	7.98	0.08	0.10	0.67	1.20	5.41	6,762.50	4.82	719.40
Total operating revenue	68.33	99.32	76.38	99.63	54.57	98.13	(8.05)	(10.54)	13.76	25.22
Other income	0.47	0.68	0.28	0.37	1.04	1.87	0.19	67.86	(0.57)	(54.81)
Total revenue	68.80	100.00	76.66	100.00	55.61	100.00	(7.86)	(10.25)	13.19	23.72

Revenue Comparing to Q4/2023 (QoQ)

In Q1/2024, the Company's operating income increased by 13.76 MB or 25.22%. The revenue from each service can be analyzed as follows:

- **Service revenue** increased by 8.94 MB or 16.59%, primarily from reproductive health services, which rose by 8.25 MB or 16.66% due to the increase in preimplantation genetic testing services (PGTA) by 6.99 MB or 7,766.67%. The main reason is due to the collaboration with infertility clinics. Furthermore, revenue from other screening test services increased by 2.24 MB or 260.47%, mainly from winning bids for research and technology assessment from the Institute of Medical Research & Technology Assessment: IMRTA. In Q1/2024, BKGI recognized revenue from completing some portions of projects amounted to 2.04 MB, out of the total project value of 5.25 MB.
- **Sale revenues** increased by 4.82 MB or 719.40% because in Q1/2024 the Company sold medical equipment to a leading private hospital's laboratory establishment project.

Revenue Comparing to Q1/2023 (YoY)

In Q1/2024, the Company's operating income decreased by 8.05 million baht or 10.54%, Mainly from

- **Service revenue** decreased by 13.46 MB or 17.64%. This reduction came from the infectious diseases service, amounting to 0.12 MB or 0.17% of service revenue. This decrease from the previous year amounted to 21.66 MB or 99.45% due to the global trend of decreasing infection of the COVID-19 virus. However, the Company still generated revenue from screening tests, amounting to 3.10 MB or 4.51% of service revenue, which won e-biddings for research and technology assessment from the Institute of Medical Research & Technology Assessment: IMRTA. In Q1/2024, the Company recognized revenue from completing some portions of projects amounted to 2.04 MB, out of the total project value of 5.25 MB. Additionally, reproductive health services increased due to the expansion of pre-implantation genetic testing (PGTA), resulting in a rise of 6.99 MB or 7,766.67%. This was a result of the Company's collaboration with leading infertility clinics.
- **Sale revenues** increased by 5.41 MB or 6,762.50% because the Company sold medical equipment to a leading private hospital's laboratory establishment project in Q1/2024.

Gross Margin of Services Revenue

Detail	Q1/2024		Q1/2023		Q4/2023		Change (YoY)		Change (QoQ)	
	MB	%	MB	%	MB	%	MB	%	MB	%
Service revenues	62.84	100.00	76.30	100.00	53.90	100.00	(13.46)	(17.64)	8.94	16.59
Cost of service	32.46	51.65	34.19	44.81	31.08	57.65	(1.73)	(5.06)	1.38	4.44
Gross profit and gross service margin (%)	30.38	48.35	42.11	55.19	22.83	42.35	(11.73)	(27.86)	7.55	33.07

Gross Margin of Services Revenue comparing to Q4/2023 (QoQ)

In Q1/2024, BKGI achieved a gross profit from service of 30.38 MB or 48.35% which increased from Q4/2023 amounting to 7.55 MB or 33.07%. The increase is primarily due to other screening services, which have a high gross margin. Additionally, Reproductive health services increased by 3% QoQ , attributed to the company's improved cost control.

Gross Margin Of Services Revenue comparing to Q4/2023 (YoY)

In Q1/2024, the company had an initial profit of 30.38 MB, equivalent to 48.35%, which decreased by 27.86% YoY. This decline was due to a decrease in revenue from infectious disease services, particularly COVID-19 services, which previously had a high gross margin. The reduction in COVID-19-related revenue is attributed to the improved COVID-19 situation.

Gross Profit of Sale

Detail	Q1/2024		Q1/2023		Q4/2023		Change (YoY)		Change (QoQ)	
	MB	%	MB	%	MB	%	MB	%	MB	%
Sale Revenue	5.49	100.00	0.08	100.00	0.67	100.00	5.41	6,762.50	4.82	731.82
Cost of sales	4.87	64.57	0.06	75.00	0.45	68.44	4.81	8,016.67	4.42	982.22
Gross profit and gross sale margin (%)	0.62	11.29	0.27	25.00	0.22	31.56	0.35	129.63	0.41	195.24

In Q1/2024, BKGI had a cost of sales of 4.87 MB and a gross margin from sales of 0.62 MB, or a gross margin rate from sales of 11.29%, which is lower than the gross profit of the previous year, primarily because the company's sales of COVID-19 test kits, which had a relatively high-profit rate, have decreased due to the significant improvement in the COVID-19 situation. However, the company has started to expand its market by selling lab sequencers along with monthly reagent orders. This market faces relatively high price competition, leading to a lower gross profit rate compared to Q1/2023 and Q4/2023.

Operating Expenses

operating expenses	Q1/2024		Q1/2023		Q4/2023		Change (YoY)		Change (QoQ)	
	MB	%	MB	%	MB	%	MB	%	MB	%
Selling expenses	9.45	13.74	6.38	8.32	10.31	18.54	3.07	48.12	(0.86)	(8.34)
Administration expense	12.02	17.47	20.15	26.28	6.76	12.16	(8.13)	(40.35)	5.26	77.81
Finance cost	(0.36)	(0.52)	(0.45)	(0.59)	(0.37)	(0.67)	0.09	(20.00)	0.01	(2.70)
Total operating expenses	21.11	30.69	26.08	34.02	16.70	30.03	(4.97)	(19.06)	4.41	26.41

Note : % = expense per type/operating revenues

The company has operating expenses of 21.11 MB or 30.69% of operating revenue in Q1/2024, there is mainly from :

- Selling expenses amounted to 9.45 MB, representing 13.74% of total revenues. This is an increase of 48.12% from the same period of the previous year, primarily due to expenses related to online media for lab sequencers and company services.
- Administration expenses amounted to 12.02 MB, representing 17.47% of total revenues. These expenses have decreased by 40.35% compared to the previous year due to a reduction in administrative staff after the COVID-19 situation improved in Q2/2023.
- Financial costs amounted to 0.36 MB, or 0.52% of total revenue, which represents a decrease of 20.00% from the same period of the previous year. This decrease is due to reduced interest expenses from debts arising from lease agreements, as the company has decreased its leased building space.

Net Profit

Comprehensive income statement	Q1/2024		Q1/2023		Q4/2023		Change (YoY)		Change (QoQ)	
	MB	%	MB	%	MB	%	MB	%	MB	%
Total revenue	68.79	100.00	76.66	100.00	55.61	72.54	(7.87)	(10.27)	13.18	23.71
Total expense	59.13	85.96	61.04	79.62	48.98	88.08	(1.91)	(3.12)	10.16	20.73
Net profit for the period	9.66	14.04	15.62	20.38	6.63	11.92	(5.96)	(38.17)	3.03	45.68

Net Profit comparing Q4/2023 (QoQ)

In Q1/2024, the company archived net profit of 9.66 MB, representing a net profit rate by 14.04% which increased from Q4/2023 by 3.30 MB or 45.68%. This increase is attributed to a 13.18 MB rise in revenue from services, driven by the expansion of reproductive health services and sales of sequencers. Additionally, the company's improved cost control and expense management contributed to the net profit margin increase from 11.92% to 14.04%.

Net Profit comparing Q1/2023 (YoY)

In Q1/2024, the company archived net profit of 9.66 MB, representing a net profit rate of 14.04% , which decreased from the same period of the previous year, when the net profit was 15.62 MB with a net profit margin of 20.38%. This decrease is due to a 38.17% reduction in total revenue compared to the same period of the previous year. Additionally, there was a reduction in the gross profit rate resulting from decreases in both sales and service segments as mentioned earlier. While there was a slight decrease in sales and service expenses, leading to a decrease in the net profit margin from 20.38% to 14.04%.

Financial statement

Financial statement	31 Dec 2024		31 Dec 2023		Change	
	MB	%	MB	%	MB	%
Current assets	466.96	85.05	212.08	72.38	254.88	120.18
Non-current assets	82.09	14.95	80.94	27.62	1.15	1.42
Total assets	549.06	100.00	293.02	100.00	256.04	87.38
Current liabilities	31.64	5.76	35.56	12.14	(3.92)	(11.02)
Non-current liabilities	20.72	3.77	21.64	7.38	(0.92)	(4.25)
Total liabilities	52.36	9.54	57.20	19.52	(4.84)	(8.46)
Total equity	496.69	90.46	235.82	80.48	260.87	110.62

As of December 31, 2023, and March 31, 2024, the company had total assets of 549.06 MB and 293.02 MB, respectively. This represents an increase from the same period of the previous year by 254.88 MB or 120.18%, primarily due to the funds received from the IPO. In addition, an increase in trade receivables by 14.73 MB due to increased revenue from operations.

As of December 31, 2023, and March 31, 2024, the company had total liabilities of 52.36 MB and 57.20 MB, respectively. This indicates a decrease of 4.84 MB or 8.46%, primarily due to the prepayment of service fees for NIFTY testing services.

As of December 31, 2023, and March 31, 2024, the company's shareholders' equity amounted to 496.69 MB and 247.68 MB, respectively. This reflects an increase from the previous year by 260.87 MB or 110.62%, attributed to the funds received from the company's initial public offering (IPO) on March 20, 2024, totaling 260.80 MB.

Key Financial ratios

Key Financial Ratios	Q1 2024	Q1 2023
return ratio		
ROE	10.55	25.46
Liquidity ratios (Times)		
Current ratio	14.76	7.72
Quick ratio	12.96	6.86
Asset and Debt Management (Days)		
Average collection period	47.48	40.85
Average inventory turnover	44.45	61.70
Average accounts payable turnover	29.53	19.30
Debt-to-Equity Ratio Analysis (Times)		
	Mar 2024	Dec 2023
Debt to Equity Ratio	0.11	0.24

- Return on Equity (ROE) for Q1/2024 decreased compared to Q1/2023 due to a significant decline in service revenue from infectious disease services, down by 99.65%. This decline was driven by the improved COVID-19 situation, resulting in reduced profits. However, the company experienced increased revenue from reproductive health services due to market expansion and collaboration with leading infertility clinics.
- Liquidity ratios, including the current ratio and quick ratio, increased in Q1/2024 compared to Q1/2023. due to the company receiving fund from the IPO.
- Average collection period in Q1/2024 increased from Q1/2023 due to the company received cash from RT-PCR COVID-19 Services in Q1/2023.
- Average inventory turnover in Q1/2024 decreased from Q1/2023 due to the company's market expansion in selling lab sequencers.
- Average accounts payable turnover in Q1/2024 increased from Q1/2023 due to the company's increased bargaining power in negotiating payment terms, resulting from an increase in sample volumes.

- Debt to Equity Ratio (D/E Ratio) in Q1/2024 decreased from the ended year 2023 from 0.24 times to 0.11 times due to the company receiving fund from the IPO and the company has not loans from financial institutions.