

No. SMD 05/2023

February 27, 2023

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

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 year 2022, with details as follows:

Overview Performance

Saintmed Public Company Limited reported a net profit for the fourth quarter of 2022 (“Q4/2022”) of THB 4.77 million, a decrease of 91.32% YoY compared to Q4/2021

The decrease in net profit in Q4/2022 is from a lower in sales of critical care and general medical devices product groups. These products are decreased in demand 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.

Net profit for 2022 of THB 296.66 million, a decrease of 7.20% YoY compared to 2021

The decrease in net profit in 2022 is from lower sales in the general medical devices group in the second half of the year, which is mainly from the COVID-19 Antigen Test Kit (ATK). This product is lower in demand in the second half year of 2022 and lower in gross profit. Moreover, lower critical medical device sales from lower demand due to devices ordered last year.

However, The company strength of will to **expand the business, create efficient business plans and aggressive marketing strategy, and do a deep market analysis**. In addition, the company will do customer behavior analysis and make marketing plan that serve customers’ need. This will result in strengthening our potential in business competition and sustainability. Moreover, the company established the subsidiary company “Servehealth company limited”. To expand the business and customer base that is related to SaintMed business.

- expand the business to medical devices rental and hire-purchase. Also wellness equipment in hospital clinics and spas.
- expand the business to healthcare and self-care devices.

- start a business of healthcare and wellness equipment.

The key factors affecting the company's performance in 2022 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.

2) Demand for ATK Products

The first-half year of 2022 Very high demand for ATK Products. The company doing fast move and strategy resulted in a large amount of ATK sales.

The second-half year of 2022 Lower demand for ATK Products. Resulted from the post-pandemic situation of COVID-19.

3) The depreciation of the Thai baht against the US dollar resulted in an increase in the cost of products. However, the company manages this risk by using a forward contract.

Income Statement for the Q4/2022 and Year 2022

Income Statement	Q4/2022		Q4/2021		Chg. (YoY)		FY2022		FY2021		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Revenue												
Revenue from sales	161.04	95.59%	431.54	98.87%	(270.50)	(62.68%)	1,985.20	98.79%	1,606.68	99.11%	378.52	23.56%
Revenue from services	7.44	4.41%	4.92	1.13%	2.52	51.12%	24.39	1.21%	14.42	0.89%	9.97	69.11%
Revenue from sales and services	168.48	100.00%	436.46	100.00%	(267.98)	(61.40%)	2,009.60	100.00%	1,621.11	100.00%	388.49	23.96%
Cost of goods sold and services	111.97	66.46%	312.07	71.50%	(200.10)	(64.12%)	1,417.76	70.55%	990.09	61.07%	427.67	43.20%
Gross Profit	56.50	33.54%	124.38	28.50%	(67.88)	(54.57%)	591.83	29.45%	631.02	38.93%	(39.18)	(6.21%)
Other Income	0.48	0.28%	0.81	0.19%	(0.33)	(41.09%)	4.19	0.21%	1.62	0.10%	2.57	158.90%
Earnings before expenses	56.98	33.82%	125.19	28.68%	(68.21)	(54.49%)	596.02	29.66%	632.63	39.02%	(36.61)	(5.79%)
Selling Expenses	30.42	18.06%	32.91	7.54%	(2.48)	(7.55%)	128.85	6.41%	126.40	7.80%	2.45	1.94%
Administrative Expenses	19.75	11.72%	21.46	4.92%	(1.72)	(8.01%)	89.14	4.44%	91.03	5.62%	(1.89)	(2.08%)
Loss on exchange rate	0.14	0.08%	0.94	0.22%	(0.80)	(85.47%)	(3.17)	(0.16%)	(8.51)	(0.52%)	5.34	(62.74%)
Total Expenses	50.03	29.70%	53.43	12.24%	(3.40)	(6.36%)	221.16	11.01%	225.94	13.94%	(4.78)	(2.11%)
Earnings before interest and tax	6.95	4.12%	71.76	16.44%	(64.81)	(90.32%)	374.86	18.65%	406.70	25.09%	(31.84)	(7.83%)
Finance Costs	0.78	0.46%	3.01	0.69%	(2.23)	(74.11%)	8.55	0.43%	11.14	0.69%	(2.59)	(23.23%)
Earnings before tax	6.17	3.66%	68.75	15.75%	(62.58)	(91.03%)	366.31	18.23%	395.56	24.40%	(29.25)	(7.39%)
Tax Expenses	1.39	0.83%	13.74	3.15%	(12.34)	(89.86%)	69.65	3.47%	75.88	4.68%	(6.23)	(8.21%)
Net Profit (Loss)	4.77	2.83%	55.01	12.60%	(50.24)	(91.32%)	296.66	14.76%	319.68	19.72%	(23.02)	(7.20%)

In Q4/2022, the Company generated revenue from sales and services of THB 168.48 million, a decrease of THB 267.98 million or 61.40% YoY. The major proportion of revenue came from government customers 64.81%. For the year 2022 ("FY2022"), the Company had revenue from sales and services of THB 2,009.60 million, which increased by THB 388.49 million or 23.96% YoY. The major proportion of revenue came from private customers 65.48% due to the sale a of COVID-19 Antigen Test Kit (ATK) for a large corporation to distribute through convenience stores. The proportion of government customers, which mostly are public hospitals, declined compared to the same period in 2021. Resulted from the demand for medical devices that are used in Emergency Rooms and ICUs decreased, from the change of Covid-19 subvariants that is less harmful to human and the previous buying of medical devices last year.

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	Q4/2022		Q4/2021		Chg. (YoY)		FY2022		FY2021		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	59.87	37.18%	190.40	44.12%	(130.53)	(68.56%)	422.00	21.26%	614.74	38.26%	(192.74)	(31.35%)
2. Respiration medical devices	73.84	45.85%	77.11	17.87%	(3.27)	(4.24%)	337.40	17.00%	636.77	39.63%	(299.37)	(47.01%)
3. Cardiology medical devices	12.82	7.96%	18.44	4.27%	(5.61)	(30.44%)	72.89	3.67%	97.46	6.07%	(24.57)	(25.21%)
4. General medical devices	9.64	5.98%	99.45	23.04%	(89.81)	(90.31%)	1,133.16	57.08%	160.12	9.97%	973.04	607.70%
5. Smart hospital medical devices	3.41	2.12%	13.59	3.15%	(10.18)	(74.90%)	16.49	0.83%	56.87	3.54%	(40.38)	(71.00%)
6. Others ^{1/}	1.46	0.90%	32.55	7.54%	(31.09)	(95.53%)	3.26	0.16%	40.72	2.53%	(37.46)	(91.99%)
Total revenue from sales	161.04	100.00%	431.54	100.00%	(270.50)	(62.68%)	1,985.20	100.00%	1,606.68	100.00%	378.52	23.56%

Remark: ^{1/} device for use with other medical devices such as batteries and gels, including equipment for COVID-19 prevention such as hand sanitizer gel and masks.

In Q4/2022, the Company generated revenue from sales of THB 161.04 million. A decrease of THB 270.50 million or 62.68% YoY. That is mainly from the lower revenue in critical care and general medical devices from the change of Covid-19 subvariants which have less effect on health, and hospitals already investing in a large number of medical devices for covid-19 situation last year.

For FY2022, the Company had revenues from sales of THB 1,985.20 million, an increase of THB 378.52 million or 23.56% YoY. These changes were mainly due to sales growth of general medical devices in the first-half year of 2022, which are ATK purchased orders from a large corporation for distribution through convenience stores. Nevertheless, sales of other product groups have declined compared to the same period in 2021.

2) Revenue from services

Revenue breakdown	Q4/2022		Q4/2021		Chg. (YoY)		FY2022		FY2021		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Rental and fixing services	5.66	76.13%	3.62	73.50%	2.04	56.51%	17.81	73.00%	10.41	72.19%	7.39	71.01%
2. Sleptest services	1.78	23.87%	1.30	26.50%	0.48	36.13%	6.59	27.00%	4.01	27.81%	2.57	64.15%
Total revenue from services	7.44	100.00%	4.92	100.00%	2.52	51.11%	24.39	100.00%	14.43	100.00%	9.97	69.10%

In Q4/2022, the Company generated revenue from services of THB 7.44 million, which increased by THB 2.52 million or 51.11% YoY. This change was mainly driven by Rental and fixing services THB 5.66 million an increase of THB 2.04 million or 73.50% YoY. In addition, the Company had revenue from Sleep Lab of THB 1.78 million, increased by THB 0.48 million or 36.13% YoY.

For FY2022, the Company generated revenue from services of THB 24.39 million, which increased by THB 9.97 million or 69.10% YoY. This change was mainly due to Rental and fixing services THB 17.81 million an increase of THB 7.39 million or 71.01% YoY from rental medical devices and fixing services. Also, revenue from Sleep Lab was THB 6.59 million, which increased by THB 2.57 million or 64.15% YoY due to the recovery of patient numbers from the post-pandemic situation of COVID-19.

Cost of goods sold and services

The cost of goods sold and services in Q4/2022 was THB 111.97 million, which decreased by THB 200.10 million or 64.12% YoY. The lower cost of goods sold and services is from a lower in sales. The cost of goods sold and services in FY2022 was THB 1,417.76 million, increased by THB 427.67 million or 43.20% YoY, resulting from ATK sales and the depreciation of Thai baht compared to the US dollar.

The portion of the total cost of goods sold and services to revenue in FY2022 was 70.55%, which increased from 61.07% in 2021.

Gross Profit and Gross Profit Margin

In Q4/2022, the company had a gross profit of THB 56.50 million, which decreased by THB 67.88 million or 54.57% YoY. The gross profit margin in Q4/2022 was 33.54% (compared to 28.50% in Q4/2021). An increase in gross profit margin in Q4/2022 was mainly due to public and private hospital medical devices sales which produce a higher profit margin because the company can sell directly to hospitals without the middleman.

For FY2022, the company had a gross profit of THB 591.83 million, which decreased by THB 39.18 million or 6.21% YoY. The gross profit margin in FY2022 was 29.45% (compared to 38.93% in FY2021). The gross profit margin declined due to the sale of ATK through convenience stores of a large corporation, which has a lower gross margin than other products. As a result of reducing the sale price of ATK, more people can

access the product for early detection and treatment. Moreover, the product's cost is also affected by the exchange rate, which fluctuated in FY2022.

Selling Expenses

In Q4/2022, the company's selling expenses were THB 30.42 million, which decreased by THB 2.48 million or 7.55% YoY. This change was mainly from a lower in commission and delivery costs, as the sales decreased.

For FY2022, the Company had selling expenses of THB 128.85 million, which increased by THB 2.48 million or 1.94% YoY. This change was mainly due to an increase in commission and delivery costs, as the sales increased, including salary and benefits for sales representatives. Nevertheless, the selling expenses growth rate was less than the revenue growth rate. As a result, the portion of total selling expenses to revenue declined from 7.80% in FY2021 to 6.41% in FY2022.

Administrative Expenses

In Q4/2022, the company's administrative expenses were THB 19.75 million, which decreased by THB 1.72 million or 8.01% YoY. For FY2022, the Company's administrative expenses were THB 89.14 million, which declined by THB 1.89 million or 2.08% YoY. In overview, the company can control administrative expenses lower than last year.

The portion of total administrative expenses to revenue in FY2022 is 4.44% which declined from last year. (5.62% in FY2021)

Profit/Loss on the foreign exchange rate

In Q4/2022, the company had THB 0.14 million loss on the foreign exchange rate, which decreased by THB 0.80 million or a decrease of 85.47% YoY. For the period FY2022, the company had THB 3.17 million loss on the foreign exchange rate, which decreased by THB 5.34 million or a decrease of 62.74% YoY compared to FY2021

The loss in the foreign exchange rate is a result of the depreciation of the Thai baht against the US dollar. However, the foreign exchange rate risk was mitigated by hedging with forward contracts, resulting in less loss on the foreign exchange rate compared to last year. In addition, the company uses forward contracts for minimized foreign exchange rate risk only (not for speculation).

Finance Costs

In Q4/2022, the company had finance costs of THB 0.78 million, which decreased by THB 2.23 million or 74.11% YoY. This change was mainly because of the lower short-term loans from financial institutions, resulting in lower interest payments. For FY2022, the Company had finance costs of THB 8.55 million, which

decreased by THB 2.59 million or 23.23% YoY, mainly due to the lower short-term loans. On 31 December 2022, the company does not have any short-term loans or long-term loans from financial institutions.

Net Profit and Net Profit Margin

In Q4/2022, the Company had a net profit of THB 4.77 million, which decreased by THB 50.24 million or 91.32% YoY. The net profit margin for Q4/2022 was 2.83% (declined from 12.60% in Q4/2021). The lower net profit is resulting from the decline in critical care and general 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. The lower net profit margin is from the lower in sales but other fixed costs still remain the same line as before.

For FY2022, the Company had a net profit of THB 296.66 million, which decreased by THB 23.02 million or 7.20% YoY. The net profit margin for FY2022 was 14.76% (declined from 19.72% in FY2021). The decrease in net profit in FY2022 is from lower sales in critical care and general medical devices that are caused by many hospitals that previously invest in a large number of medical devices last year due to covid-19 situation.

Please be informed accordingly,

Sincerely yours,

- Viroje Vasusuttikulant -

(Mr. Viroje Vasusuttikulant)

Chief Executive Officer

Saintmed Public Company Limited