

No. SMD 011/2023

August 11, 2023

Subject: Management Discussion and Analysis for the Q2/2023 ended June 30, 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 Q2/2023 ended June 30, 2023. with details as follows:

**Overview Performance**

**Saintmed Public Company Limited reported a net profit for Q2/2023 of THB 28.63 million, a decrease of 66.98% (YoY) compared to Q2/2022**

The decrease in net profit in Q2/2023 is from a lower in sales of general medical devices. These products are decreasing in demand (especially in COVID-19 ATK Test Kit) compared to Q2/2022 due to the change of Covid-19 which is less effect on health problems and resulted from the price war of Covid19 ATK Test Kit products in the B2C Market.

**Net profit for Q2/2023 compared to Q1/2023 increased by 20.63 million or an increase 257.88% (QoQ)**

The increase in net profit in Q2/2023 is from higher product sales in critical care and respiration medical device groups and the cost-saving policy that the company control selling cost and administrative cost. Resulted in higher net profit compared to Q1/2023

However, The company is not complacent about the lower financial performance. The company’s strength of will to create business opportunities (Revenue Sharing, Rental, Hire-purchase) for example: Medical Grade air purification, Mild hyperbaric oxygen chamber, Sleep-Test medical devices, CPAP. We also plan to expand the business in healthcare services to achieve more sustainable revenues.

**The key factors affecting the company's performance in Q2/2023 are as follows**

**1) Aging Society**

The aged population increasing, resulting in the demand for sleep test services, CPAP, and medical devices for treatments of NCDs decrease.

**2) 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.

**3) Demand for ATK Products**

Lower demand and the price war in the B2C market for ATK Products. Resulted from the post-pandemic situation of COVID-19.

**Income Statement for the Quarter 2 and 6 months periods**

**For the years 2022 and 2023**

Income Statement	Consolidated Financial Statement Q2/2023		Separate Financial Statement Q2/2022		Chg. (YoY)		Consolidated Financial Statement 6M/2023		Separate Financial Statement 6M/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenue</b>												
Revenue from sales	220.48	96.07%	684.67	99.22%	(464.19)	(67.80%)	381.69	95.83%	1,387.70	99.22%	(1,006.01)	(72.49%)
Revenue from services	9.03	3.93%	5.35	0.78%	3.68	68.81%	16.62	4.17%	10.97	0.78%	5.65	51.53%
<b>Revenue from sales and services</b>	<b>229.51</b>	<b>100.00%</b>	<b>690.02</b>	<b>100.00%</b>	<b>(460.51)</b>	<b>(66.74%)</b>	<b>398.31</b>	<b>100.00%</b>	<b>1,398.67</b>	<b>100.00%</b>	<b>(1,000.36)</b>	<b>(71.52%)</b>
Cost of goods sold and services	140.90	61.40%	519.87	75.34%	(378.96)	(72.90%)	253.67	63.69%	1,001.85	71.63%	(748.18)	(74.68%)
<b>Gross Profit</b>	<b>88.60</b>	<b>38.60%</b>	<b>170.15</b>	<b>24.66%</b>	<b>(81.55)</b>	<b>(47.93%)</b>	<b>144.64</b>	<b>36.31%</b>	<b>396.81</b>	<b>28.37%</b>	<b>(252.18)</b>	<b>(63.55%)</b>
Other Income	1.76	0.77%	0.15	0.02%	1.61	1068.09%	3.12	0.78%	3.31	0.24%	(0.19)	(5.89%)
<b>Earnings before expenses</b>	<b>90.36</b>	<b>39.37%</b>	<b>170.30</b>	<b>24.68%</b>	<b>(79.94)</b>	<b>(46.94%)</b>	<b>147.76</b>	<b>37.10%</b>	<b>400.13</b>	<b>28.61%</b>	<b>(252.37)</b>	<b>(63.07%)</b>
Selling Expenses	27.33	11.91%	33.04	4.79%	(5.71)	(17.27%)	55.09	13.83%	67.74	4.84%	(12.65)	(18.68%)
Administrative Expenses	28.80	12.55%	25.72	3.73%	3.07	11.94%	48.46	12.17%	48.72	3.48%	(0.26)	(0.54%)
Gain (Loss) on exchange rate	0.34	0.15%	(1.78)	(0.26%)	2.12	(119.08%)	0.54	0.14%	(1.71)	(0.12%)	2.25	(131.74%)
<b>Total Expenses</b>	<b>55.79</b>	<b>24.31%</b>	<b>60.55</b>	<b>8.77%</b>	<b>(4.76)</b>	<b>(7.86%)</b>	<b>103.01</b>	<b>25.86%</b>	<b>118.17</b>	<b>8.45%</b>	<b>(15.16)</b>	<b>(12.83%)</b>
<b>Earnings before interest and tax</b>	<b>34.57</b>	<b>15.06%</b>	<b>109.75</b>	<b>15.91%</b>	<b>(75.18)</b>	<b>(68.50%)</b>	<b>44.75</b>	<b>11.23%</b>	<b>281.96</b>	<b>20.16%</b>	<b>(237.21)</b>	<b>(84.13%)</b>
Finance Costs	0.82	0.36%	3.06	0.44%	(2.23)	(73.14%)	1.39	0.35%	5.76	0.41%	(4.37)	(75.80%)
<b>Earnings before tax</b>	<b>33.75</b>	<b>14.71%</b>	<b>106.70</b>	<b>15.46%</b>	<b>(72.95)</b>	<b>(68.37%)</b>	<b>43.35</b>	<b>10.88%</b>	<b>276.20</b>	<b>19.75%</b>	<b>(232.84)</b>	<b>(84.30%)</b>
Tax Expenses	5.12	2.23%	19.98	2.90%	(14.86)	(74.39%)	6.72	1.69%	52.76	3.77%	(46.04)	(87.26%)
<b>Net Profit (Loss)</b>	<b>28.63</b>	<b>12.48%</b>	<b>86.72</b>	<b>12.57%</b>	<b>(58.09)</b>	<b>(66.98%)</b>	<b>36.63</b>	<b>9.20%</b>	<b>223.43</b>	<b>15.97%</b>	<b>(186.80)</b>	<b>(83.60%)</b>

### Revenue from core operation

In Q2/2023, the Company generated revenue from sales and services of THB 229.51 million, a decrease of THB 460.51 million or a decrease of 66.74% YoY compared to Q2/2022. The major proportion of revenue came from government customers 53.68%. 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	Consolidated Financial Statement Q2/2023		Separate Financial Statement Q2/2022		Chg. (YoY)		Consolidated Financial Statement 6M/2023		Separate Financial Statement 6M/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	92.28	41.85%	98.19	14.34%	(5.91)	(6.02%)	163.61	42.86%	159.55	11.50%	4.06	2.55%
2. Respiration medical devices	83.45	37.85%	64.60	9.44%	18.85	29.17%	138.33	36.24%	168.28	12.13%	(29.94)	(17.80%)
3. Cardiology medical devices	28.72	13.03%	18.71	2.73%	10.01	53.50%	50.10	13.13%	34.86	2.51%	15.23	43.70%
4. General medical devices	9.08	4.12%	501.71	73.28%	(492.63)	(98.19%)	17.62	4.62%	1,015.89	73.21%	(998.28)	(98.27%)
5. Smart hospital medical devices	6.14	2.79%	1.05	0.15%	5.09	485.25%	10.52	2.76%	8.14	0.59%	2.38	29.27%
6. Others <sup>1/</sup>	0.81	0.37%	0.41	0.06%	0.41	100.12%	1.51	0.40%	0.98	0.07%	0.54	54.66%
<b>Total revenue from sales</b>	<b>220.48</b>	<b>100.00%</b>	<b>684.67</b>	<b>100.00%</b>	<b>(464.19)</b>	<b>(67.80%)</b>	<b>381.69</b>	<b>100.00%</b>	<b>1,387.70</b>	<b>100.00%</b>	<b>(1,006.01)</b>	<b>(72.49%)</b>

Remark: <sup>1/</sup> device for use with other medical devices such as batteries and gels.

In Q2/2023, the Company generated revenue from sales of THB 220.48 million. A decrease of THB 464.19 million or 67.80% YoY compared to Q2/2022. 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, respiration medical devices, cardiology medical devices, and smart hospital devices sales in Q2/2023 are increasing compared to Q2/2022. The increase in the sale of these product groups is from the awareness of the sleep-test services and the expansion of hospital that is prepared for non-communicable diseases (NCDs) patients and aging populations.

#### 2) Revenue from services

Revenue breakdown	Consolidated Financial Statement Q2/2023		Separate Financial Statement Q2/2022		Chg. (YoY)		Consolidated Financial Statement 6M/2023		Separate Financial Statement 6M/2022		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Rental and fixing services	6.28	69.57%	4.10	76.57%	2.18	53.33%	11.66	70.15%	7.97	72.70%	3.68	46.21%
2. Sleepstest services	2.75	30.43%	1.25	23.43%	1.49	119.27%	4.96	29.85%	2.99	27.30%	1.97	65.64%
<b>Total revenue from services</b>	<b>9.03</b>	<b>100.00%</b>	<b>5.35</b>	<b>100.00%</b>	<b>3.68</b>	<b>68.78%</b>	<b>16.62</b>	<b>100.00%</b>	<b>10.97</b>	<b>100.00%</b>	<b>5.65</b>	<b>51.52%</b>

In Q2/2023, the Company generated revenue from services of THB 9.03 million, which increased by THB 3.68 million or 68.78% YoY compared to Q2/2022. This change was mainly driven by Rental and fixing services THB 6.28 million an increase of THB 2.18 million or 53.33% YoY. In addition, the Company had revenue from Sleep Lab of THB 2.75 million, which increased by THB 1.49 million or 119.27% YoY.

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

#### **Cost of goods sold and services**

The cost of goods sold and services in Q2/2023 was THB 140.90 million, which decreased by THB 378.96 million or 72.90% YoY compared to Q2/2022. 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 Q2/2023 was 61.40%, which decreased from 75.34% in Q2/2022.

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

In Q2/2023, the company had a gross profit of THB 88.60 million, which decreased by THB 81.55 million or 47.93% YoY. The gross profit margin in Q2/2023 was 38.60% (compared to 24.66% in Q2/2022). An increase in gross profit margin in Q2/2023 was mainly due to durable medical device sales which produce a higher profit margin than Covid-19 ATK sales.

#### **Selling Expenses**

In Q2/2023, the company's selling expenses were THB 27.33 million, which decreased by THB 5.71 million or 17.27% 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 4.79% in Q2/2022 to 11.91% in Q2/2023. The higher selling expense to revenue is a result of the decrease in sales volume.

#### **Administrative Expenses**

In Q2/2023, the company's administrative expenses were THB 28.80 million, which increased by THB 3.07 million or 11.94 % YoY from Q2/2022. In overview, the company can control administrative expenses at the appropriate number.

The portion of total administrative expenses to revenue in Q2/2023 is 12.55% which increase from last year. (3.73% in Q2/2022) The higher administrative expense to revenue is a result of the decrease in sales volume, especially in general medical devices (ATK).

**Profit/Loss on the foreign exchange rate**

In Q2/2023, the company had THB 0.34 million gain on the foreign exchange rate, which increased by THB 2.12 million or an increase of 119.08% YoY from Q2/2022.

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 Q2/2023, the company had finance costs of THB 0.82 million, which decreased by THB 2.23 million or 73.14% YoY from Q2/2022. This change was mainly because of the lower short-term loans from financial institutions, resulting in lower interest payments. However, on 30 June 2023, the company does not have any short-term loans or long-term loans from financial institutions.

**Net Profit and Net Profit Margin**

In Q2/2023, the Company had a net profit of THB 28.63 million, which decreased by THB 58.09 million or 66.98% YoY from Q2/2022. The net profit margin for Q2/2023 was 12.48% (declined from 12.57% in Q2/2022). The lower net profit is resulting from the decline in general medical device 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 ATK Products is from the price war in the B2C Market.

The lower net profit margin is from the lower in sales in Q2/2023 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