

No. SMD 05/2021

November 12, 2021

Subject: Management Discussion and Analysis for the three-month period ended September 30, 2021

To: The President  
The Stock Exchange of Thailand

Saintmed Public Company Limited (“company”) would like to submit these Management Discussion and Analysis of the company’s operation for the three-month period ended September 30, 2021 with details as follows:

**Overview 2Q21 Performance**

Saintmed Public Company Limited reported consolidated net profit during the third quarter of 2021 (“3Q21”) of THB 190.76 million, an increase of 1,634.67% YoY. The key factors affecting the company's performance are as follows:

- 1) **The recurring COVID-19 outbreak** increased demand for products, particularly critical care medical devices and respiration medical devices, which are necessary for COVID-19 treatment.
- 2) **Loss on foreign exchange rate** due to the continued depreciation of the Thai baht against the US dollar in 3Q21.

**Statement of Comprehensive Income for the 3-month and 9-month period ended September 30, 2021**

Statement of Comprehensive Income	3Q2021		3Q2020		Chg. (YoY)		9M2021		9M2020		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenue</b>												
Revenue from sales	695.75	99.44%	138.81	97.40%	556.94	401.22%	1,171.38	98.88%	420.07	97.16%	751.31	178.85%
Revenue from services	3.89	0.56%	3.70	2.60%	0.19	5.06%	13.26	1.12%	12.27	2.84%	0.99	8.10%
<b>Revenue from sales and services</b>	<b>699.64</b>	<b>100.00%</b>	<b>142.51</b>	<b>100.00%</b>	<b>557.13</b>	<b>390.93%</b>	<b>1,184.65</b>	<b>100.00%</b>	<b>432.35</b>	<b>100.00%</b>	<b>752.30</b>	<b>174.01%</b>
Cost of goods sold and services	394.84	56.43%	80.29	56.33%	314.55	391.80%	678.02	57.23%	245.53	56.79%	432.49	176.14%
<b>Gross Profit</b>	<b>304.80</b>	<b>43.57%</b>	<b>62.23</b>	<b>43.67%</b>	<b>242.57</b>	<b>389.80%</b>	<b>506.63</b>	<b>42.77%</b>	<b>186.81</b>	<b>43.21%</b>	<b>319.82</b>	<b>171.19%</b>
Other Income	0.63	0.09%	0.05	0.04%	0.58	1,109.96%	0.81	0.07%	0.19	0.04%	0.62	325.88%
<b>Earnings before expenses</b>	<b>305.43</b>	<b>43.66%</b>	<b>62.28</b>	<b>43.70%</b>	<b>243.15</b>	<b>390.41%</b>	<b>507.44</b>	<b>42.83%</b>	<b>187.01</b>	<b>43.25%</b>	<b>320.44</b>	<b>171.35%</b>
Selling Expenses	40.62	5.81%	23.17	16.26%	17.45	75.31%	93.49	7.89%	68.47	15.84%	25.02	36.54%
Administrative Expenses	20.46	2.92%	22.02	15.45%	(1.56)	(7.10%)	69.41	5.86%	58.29	13.48%	11.12	19.08%
Loss on exchange rate	3.88	0.55%	1.38	0.97%	2.50	180.73%	9.45	0.80%	3.90	0.90%	5.54	142.08%
<b>Total Expenses</b>	<b>64.96</b>	<b>9.28%</b>	<b>46.57</b>	<b>32.68%</b>	<b>18.38</b>	<b>39.47%</b>	<b>172.35</b>	<b>14.55%</b>	<b>130.66</b>	<b>30.22%</b>	<b>41.69</b>	<b>31.90%</b>
<b>Earnings before interest and tax</b>	<b>240.47</b>	<b>34.37%</b>	<b>15.71</b>	<b>11.02%</b>	<b>224.77</b>	<b>1,430.86%</b>	<b>335.09</b>	<b>28.29%</b>	<b>56.34</b>	<b>13.03%</b>	<b>278.75</b>	<b>494.75%</b>
Finance Costs	2.41	0.34%	2.24	1.57%	0.17	7.50%	8.12	0.69%	7.01	1.62%	1.11	15.83%
<b>Earnings before tax</b>	<b>238.07</b>	<b>34.03%</b>	<b>13.47</b>	<b>9.45%</b>	<b>224.60</b>	<b>1,667.53%</b>	<b>326.97</b>	<b>27.60%</b>	<b>49.33</b>	<b>11.41%</b>	<b>277.64</b>	<b>562.82%</b>
Tax Expenses	47.30	6.76%	2.47	1.73%	44.83	1813.77%	62.15	5.25%	9.51	2.20%	52.65	553.75%
<b>Net Profit (Loss)</b>	<b>190.76</b>	<b>27.27%</b>	<b>11.00</b>	<b>7.72%</b>	<b>179.77</b>	<b>1,634.67%</b>	<b>264.82</b>	<b>22.35%</b>	<b>39.82</b>	<b>9.21%</b>	<b>225.00</b>	<b>564.99%</b>

**Revenue from core operation**

In 3Q21, the company generated revenue from sales and services of THB 699.64 million, increased by THB 557.13 million or 390.93% YoY. The proportion of revenue from private customers increased to 32.04% from 26.72% in 3Q20 due to donations from large corporates for setting up field hospitals during the second and third quarters of 2021. Moreover, private hospitals began to admit patients with COVID-19 and invested in necessary medical equipment, resulting in 32.54% of private customers in 9M21, up from 31.15% in 9M20.

For the first nine months of 2021 ("9M21"), the company generated revenue from sales and services of THB 1,184.65 million, an increase of THB 752.30 million or 174.01% YoY, with the major proportion of revenue coming from government customers, which were 67.46%. The government primarily allocated budgets to purchase medical equipment that is necessary for the treatment of COVID-19. In addition, the company has delivered goods according to the investment budget in the backlog.

 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	3Q2021		3Q2020		Chg. (YoY)		9M2021		9M2020		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
1. Critical care medical devices	225.42	32.40%	33.63	24.23%	191.79	570.22%	424.34	36.23%	132.03	31.43%	292.30	221.39%
2. Respiration medical devices	354.25	50.92%	71.75	51.69%	282.50	393.71%	534.75	45.65%	172.38	41.04%	362.37	210.22%
3. Cardiology medical devices	27.24	3.92%	13.39	9.64%	13.85	103.49%	79.02	6.75%	56.96	13.56%	22.06	38.73%
4. General medical devices	64.95	9.34%	10.03	7.22%	54.92	547.74%	81.82	6.98%	41.40	9.86%	40.42	97.63%
5. Smart hospital medical devices	20.06	2.88%	9.19	6.62%	10.87	118.26%	43.28	3.70%	14.24	3.39%	29.05	204.02%
6. Others <sup>1/</sup>	3.83	0.55%	0.82	0.59%	3.01	366.56%	8.18	0.70%	3.06	0.73%	5.11	166.73%
<b>Total revenue from sales</b>	<b>695.75</b>	<b>100.00%</b>	<b>138.81</b>	<b>100.00%</b>	<b>556.94</b>	<b>401.22%</b>	<b>1,171.38</b>	<b>100.00%</b>	<b>420.07</b>	<b>100.00%</b>	<b>751.31</b>	<b>178.85%</b>

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

In 3Q21, the company had revenue from sales of THB 695.75 million. An increase of THB 556.94 million or 401.22% YoY was mainly due to sales growth of all main product groups, especially critical care and respiration medical devices, which are necessary for COVID-19 treatment as the number of cases have increased after the new wave of outbreak and field hospitals were set up by various departments, resulting in increased demand for such products. In addition, the goods were delivered according to the backlog, generating revenue from sales of THB 1,171.38 million in 9M21, increased by THB 751.31 million or 178.85% YoY.

## 2) Revenue from services

In 3Q21, the company generated revenue from services of THB 3.89 million, increased by THB 0.19 million or 5.06% YoY mainly owing to THB 1.46 million of revenue from Sleep Lab. For 9M21, the company had revenue from services of THB 13.26 million. An increased of THB 0.99 million or 8.10% YoY was mainly due to THB 6.47 million of revenue from Sleep Lab, which initiated operations since December 2020.

## Cost of goods sold and services

The cost of goods sold and services in 3Q21 were THB 394.84 million, increased by THB 314.55 million or 391.80% YoY, due to an increase in cost of goods sold as the sales increased. Thus, cost of goods sold and services in 9M21 were THB 678.02 million, increased by THB 432.49 million or 176.14% YoY. However, the portion of total cost of goods sold and services to revenue in 9M21 was 57.23%, slightly increased by 0.44% YoY.

## Gross Profit and Gross Profit Margin

In 3Q21, the company had a gross profit of THB 304.80 million, an increase of THB 242.57 million or 389.80% YoY, mainly due to continuous sales growth. The gross profit margin in 3Q21 was 43.57%, slightly decreased by 0.10% YoY, because the products were sold to dealers and donation, which had a lower gross margin than usual sales. For 9M21, the company had a gross profit of THB 506.63 million, increased by THB 319.82 million or 171.19% YoY. The gross profit margin in 9M21 was 42.77%, slightly declined by 0.44% YoY.

**Selling Expenses**

In 3Q21, the company's selling expenses were THB 40.62 million, increased by THB 17.45 million or 75.31% YoY. This change was mainly from increase in commission and delivery costs, as the sales increased. For 9M21, selling expenses were THB 93.49 million, increased by THB 25.02 million or 36.54% YoY. Nevertheless, selling expenses growth rate was less than revenue growth rate. As a result, the portion of total selling expenses to revenue declined from 15.84% in 9M20 to 7.89% in 9M21.

**Administrative Expenses**

In 3Q21, the company's administrative expenses were THB 20.46 million, decreased by THB 1.56 million or 7.10% YoY. This change was attributable to the reduction of service fee for financial advisor and provision for doubtful debts. For 9M21, administrative expenses were THB 69.41 million, increased by THB 11.12 million or 19.08% YoY, mainly due to THB 5.99 million of penalties for delayed delivery of goods in the first half of 2021. As a result of delayed shipment from the manufacturer from constraints on the allocation of goods since the COVID-19 outbreak in late 2020, including delays in the process of considering relevant licenses, making contracts, and delivery of goods due to the "Work From Home" policy of customers and related agencies to reduce COVID-19 disease spreading. However, the penalties have significantly declined since the third quarter. Administrative expenses growth rate was less than revenue growth rate, therefore, the portion of total administrative expenses to revenue declined from 13.48% in 9M20 to 5.86% in 9M21.

**Loss on foreign exchange rate**

In 3Q21, the company had THB 3.88 million loss on foreign exchange rate, which increased by 180.73% YoY or THB 2.50 million from 3Q20. This change was attributed to the continued depreciation of the Thai baht against the US dollar. For 9M21, the company had THB 9.45 million loss on foreign exchange rate, which increased by 142.08% YoY or THB 5.54 million from 9M20. However, the foreign exchange rate risk was mitigated by hedging with forward contracts and reducing loan outstanding in foreign currency.

**Finance Costs**

In 3Q21, the company had finance costs of THB 2.41 million, increased by THB 0.17 million or 7.50% YoY. This change was mainly due to interest on loans from financial institutions. For 9M21, the company had finance costs of THB 8.12 million, increased by THB 1.11 million or 15.83% YoY due to interest on loans from financial institutions and interest on the right-of-use assets.

**Net Profit and Net Profit Margin**

In 3Q21, the company had net profit of THB 190.76 million, increased by THB 179.77 million or 1,634.67% YoY. Net profit margin for 3Q21 was 27.27%, increased by 19.55% YoY. For 9M21, the company had net profit of THB 264.82 million, increased by THB 225.00 million or 564.99% YoY. Net profit margin for

---

9M21 was 22.35%, increased by 13.14% YoY. The improved net profit and net profit margin were mainly driven by sales growth while expenses growth at lower rate. However, some irregular expenses occurred, such as loss on foreign exchange rate and penalties for delayed delivery of goods, which had an impact on first half of the year.

Please be informed accordingly,

Sincerely yours,

A handwritten signature in blue ink, appearing to be 'Mr. Kumpol Chaisupaksamphan', written in a cursive style.

(Mr. Kumpol Chaisupaksamphan)

Chief Financial Officer

Saintmed Public Company Limited