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11 August 2023

Subject Management Discussion and Analysis for the second Quarter ended June 30, 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 June 30, 2023, are detailed below.

Income Statement of the Second Quarter and Six-Month Period of 2023 to the Prior Year

Statement of Comprehensive Income	Q2/2023		Q2/2022		Increase (Decrease)		30 June 2023		31 December 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	147.21	91.52%	180.16	94.00%	(32.95)	(18.29%)	273.75	91.31%	325.09	93.21%	(51.34)	(15.79%)
Rental Income	13.65	8.48%	11.50	6.00%	2.14	18.63%	26.05	8.69%	23.67	6.79%	2.38	10.06%
Total Revenues	160.85	100.00%	191.66	100.00%	(30.81)	(16.08%)	299.81	100.00%	348.77	100.00%	(48.96)	(14.04%)
Cost of Sales and Services	(86.41)	(58.70%)	(123.73)	(68.68%)	37.32	(30.16%)	(157.53)	(57.55%)	(219.25)	(67.44%)	61.72	(28.15%)
Cost of Rental	(7.69)	(56.32%)	(6.56)	(57.06%)	(1.12)	17.08%	(14.62)	(56.12%)	(13.55)	(57.24%)	(1.07)	7.89%
Total Costs	(94.10)	(58.50%)	(130.30)	(67.98%)	36.20	(27.78%)	(172.15)	(57.42%)	(232.80)	(66.75%)	60.65	(26.05%)
Gross Profit	66.76	41.50%	61.37	32.02%	5.39	8.78%	127.65	42.58%	115.96	33.25%	11.69	10.08%
Other Income	1.64	1.02%	11.19	5.84%	(9.55)	(85.33%)	1.98	0.66%	17.82	5.11%	(15.84)	(88.88%)
Distribution Costs	(28.65)	(17.81%)	(25.85)	(13.49%)	(2.80)	10.82%	(53.58)	(33.31%)	(47.23)	(13.54%)	(6.35)	13.44%
Administrative Expense	(32.69)	(20.32%)	(28.41)	(14.82%)	(4.28)	15.08%	(60.07)	(37.35%)	(53.37)	(15.30%)	(6.71)	12.56%
Profit (Loss) before Financial Cost and Tax	7.06	4.39%	18.29	9.55%	(11.23)	(61.41%)	15.98	(27.42%)	33.18	9.51%	(17.20)	(51.84%)
Financial Cost	(1.95)	(1.21%)	(2.40)	(1.25%)	0.45	(18.75%)	(3.80)	(1.27%)	(3.29)	(0.94%)	(0.50)	15.24%
Profit before Income Tax Expense	5.11	3.18%	15.90	8.30%	(10.79)	(67.84%)	12.18	4.06%	29.88	8.57%	(17.70)	(59.23%)
Income Tax Expense	(0.47)	(0.29%)	(0.59)	(0.31%)	0.12	(20.81%)	(1.37)	(0.46%)	(1.68)	(0.48%)	0.31	(18.50%)
Profit for the Period	4.65	2.89%	15.31	7.99%	(10.66)	(69.64%)	10.81	3.61%	28.20	8.09%	(17.39)	(61.66%)
profit from operations	4.65	2.89%	5.32	2.78%	(0.67)	(12.63%)	10.81	3.61%	12.50	3.59%	(1.69)	(13.51%)

Revenue

During the second quarter of 2023, the Company generated a cumulative operating income of 147.21 million baht, reflecting a decline of 32.95 million baht, equivalent to a reduction of 18.29%. During the first half of 2023, the total operating income amounted to 273.75 million baht, illustrating a decline of 51.34 million baht or 15.79% compared to the previous year. This decrease can be primarily attributed to reducing the adverse effects caused by the widespread spread of the COVID-19 virus, causing a gradual restoration of economic and social activities to their pre-pandemic levels. Consequently, the Company's current product categories tend to sustain growth. 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 (Million Baht)	Q1/2023		Q1/2022		Increase (Decrease)		6 Month of 2023		6 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	153.28	95.29%	113.35	59.14%	39.93	35.23%	287.89	96.02%	216.05	61.95%	71.84	33.25%
Blood Transfusion Medicine (BTM) product group	88.28	54.88%	57.22	29.85%	31.06	54.28%	162.74	54.28%	113.16	32.45%	49.58	43.81%
Sexual and Reproductive Care (SRC) product group	48.47	30.13%	43.70	22.80%	4.77	10.92%	104.00	34.69%	83.23	23.86%	20.77	24.95%
Cell & Molecular Technology (CMT) product group	16.28	10.12%	10.03	5.23%	6.25	62.31%	20.53	6.85%	14.06	4.03%	6.47	46.02%
Winmed Clinic and Laboratory (WCL) product group	0.25	0.16%	2.40	1.25%	(2.15)	(89.58%)	0.62	0.21%	5.60	1.61%	(4.98)	(88.93%)
Consumer product group	7.58	4.71%	78.31	40.86%	(70.73)	(90.32%)	11.92	3.98%	132.72	38.05%	(120.80)	(91.02%)
Operating Revenues	160.86	100.00%	191.66	100.00%	(30.80)	(16.07%)	299.81	100.00%	348.77	100.00%	(48.96)	(14.04%)

1. Blood Transfusion Medicine product group: The blood banking and safety sectors have recovered strength due to the return to normality of operating room services. The demand for blood and platelets in hospitals continues to increase, and the initiative to implement mobile automated blood donation machines has been well received. These allow blood donors to continue utilizing the service and be accommodated. The Company currently has 7 blood donation units equipped with mobile automated equipment that cover three regions: the central, northeastern, and southern regions. Furthermore, the Company intended to expand the initiative to 10 units by 2024 to reach its revenue target.
2. Sexual and Reproductive Care product group: Reproductive care products continue to grow due to increased hospital patients returning to the service and a resurgence in health checks. It also received assistance with cervical cancer testing from the NHSO initiative. Consequently, the number of individuals undertaking testing for cervical cancer has increased. The selection of new products is included. To expand and support cervical cancer screening for service recipients with HPV (Human Papilloma Virus) detection abnormalities, resulting in increased income.
3. Cell & Molecular Technology product group: An increased portfolio of cellular and molecular technologies due to the research laboratories at various medical student institutions that treat cancer patients. The treatment endeavor has commenced, and research can now proceed routinely. Consequently, the purchasing of reagents is continuously increasing.
4. Winmed Clinic and Laboratory product group: Regarding the medical laboratory section, 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 clinic. In addition, the Company is presently applying for registration as a medical clinic, which has been a long-term goal since the end of 2022, and enhancing the area to satisfy Ministry of Public Health requirements.
5. 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's cost of sales and gross profit margin have decreased compared to the same period in the prior year. The details are as follows:

During the second quarter of 2023 and 2022, total costs were 94.10 million baht and 130.30 million baht, respectively, or the total cost-to-operating income ratio was 58.50% and 67.98%, resulting in a gross profit of 66.76 million baht and 61.37 million baht, or 41.50% and 32.02%, an increase of 5.39 million baht or 8.78% compared to the same period last year.

The total cost for the first half of 2023 and 2022 was 172.15 million baht and 232.80 million baht, respectively, or 57.42% and 66.75% of operating income, resulting in a gross profit of 127.65 million baht and 115.96 million baht, or 42.58% and 33.25%, an increase of 11.69 million baht or 10.08% 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.

Distribution costs and administrative expenses

In the second quarter of 2023 and 2022, the Company's distribution costs, and administrative expenses totaled 61.34 million baht, an increase of 7.08 million baht or 13.05% from the prior year's second quarter.

Comparing the first six months of 2023 and 2022, the total cost of distribution and administrative expenses increased by 13.05 million baht, or 12.97%, to 113.65 million baht.

The Company's increased distribution and administrative costs are relevant in this regard to comply with the Company's management structure. There is an increase in the number of personnel and employees. Moreover, there is a cost associated with expanding product distribution channels. Sales support costs incurred to increase product awareness and depreciation. Nevertheless, according to the Company's business plan and investment allocation, the increased costs are preparation for expanding the business and growing sales.

Financial costs

In the second quarter of 2023, the Company incurred financial costs of 1.95 million baht, a decrease of 0.45 million baht compared to the same period in the prior year, and the six months of 2023 incurred financial costs of 3.80 million baht, an increase of 0.50 million baht compared to the same period in the prior year. The cost of financing arises from the Company's regular financial practice of utilizing credit lines for importing products.

Net profit for the period

In the second quarter of 2023, it generated a net profit of 4.65 million baht, or 2.89% of total revenue, a decrease of 10.66 million baht from the second quarter of 2022. The six-month period of 2023 has a net profit of 10.81 million baht, a decrease from the prior year's net profit of 17.39 million baht. This decrease is due to

the receipt of interim dividends from investments in Company Professional Laboratories Management Corp Public Company Limited in the second quarter of 2022 of 9.99 million baht and the six months of 2022 for 15.70 million baht, which are included in the other income list. Consequently, the net profit differs, as mentioned.

In the second quarter of 2023, it generated a net profit of 4.65 million baht, or 2.89 % of total revenue, a decrease of 10.66 million baht from the second quarter of 2022. The six-month period of 2023 has a net profit of 10.81 million baht, a decrease from the prior year's net profit of 17.39 million baht. This decrease is due to the receipt of interim dividends from investments in Company Professional Laboratories Management Corp Public Company Limited in the second quarter of 2022 of 9.99 million baht and in the six months of 2022 of 15.70 million baht, which are included in the other income list. Consequently, the net profit differs, as mentioned.

In this regard, the Company's six-month period of 2023 earnings per share amount to 0.03 baht per share.

Overview of the Company's financial position

Financial position statement	30 June 2023		31 December 2022		Increase (Decrease)	
	(Million Baht) [Proportion	(Million Baht) [Proportion	(Million Baht)	% Change
Asset						
Current Asset	444.11	51.80%	439.78	51.85%	4.33	0.98%
Non-Current Asset	413.22	48.20%	408.46	48.15%	4.76	1.17%
Total Asset	857.33	100.00%	848.24	100.00%	9.09	1.07%
Liabilities and Shareholder's Equity						
Current Liabilities	202.61	23.63%	173.57	20.46%	29.04	16.73%
Non-Current Liabilities	71.74	8.37%	79.75	9.40%	(8.01)	(10.05%)
Total Liabilities	274.35	32.00%	253.32	29.86%	21.03	8.30%
Total Shareholder's Equity	582.98	68.00%	594.92	70.14%	(11.94)	(2.01%)
Total Liabilities and Shareholder's Equity	857.33	100.00%	848.24	100.00%	9.09	1.07%

Assets

As of June 30, 2023, the Company had total assets of 857.33 million baht, an increase of 9.09 million baht or 1.07% from December 31, 2022, with the following details:

Current Assets

As of June 30, 2023, the Company had total current assets of 444.11 million baht, an increase from December 31, 2022, of 4.33 million baht, or 0.98%. The most significant change resulted from an increase in contract-based assets.

Non-Current Assets

The Company's non-current assets increased by 4.76 million baht, or 1.17%, as of June 30, 2023, compared to December 31, 2022. The increase was primarily attributable to an increase in property, plant, and equipment due to investments in medical equipment and laboratory buildings, in accordance with the Company's business expansion plan.

Liabilities and Equity Ratio

As of June 30, 2023, the Company's total liabilities increased by 8.30%, or 21.03 million baht, to 274.35 million baht, primarily due to bank overdrafts and short-term loans from financial institutions.

As a result of the increase in profit, the Company's shareholders' equity decreased from December 31, 2022, to June 30, 2023, by 11.94 million baht, or 2.01%, to 582.98 million baht on June 30, 2023. Net in the most recent six-month period decreased by the dividend payment in accordance with the resolution of the shareholders' meeting of the Company for the year 2023, conducted on April 21, 2023.

In this regard, the Company's debt-to equity ratio as of June 30, 2023, was 0.47 times.

Please be informed accordingly.

Yours Sincerely,

- Signature-

(Mr. Nanthiya Darakananda)

Chief Executive Officer

Winnergy Medical Public Company Limited