บริษัท เทคโนเมดิคัล จำกัด (มหาชน)
Techno Medical Public Company Limited

29 ซอยลาดพร้าว 92 แขวงพลับพลา เขตวังทองหลาง กรุงเทพฯ 10310 สายด่วน 1360 โทร : +662-933-6112, 02-9336119 โทรสาร : +662-933-9763
29 Soi Ladprao 92, Phlabphla, Wangthonglang, Bangkok 10310 Hotline 1360 Tel. +662-933-6112, 02-9336119 Fax : +662-933-9763

No. TM02/2021

May 13, 2021

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2021

To: The President
The Stock Exchange of Thailand

Techno Medical Public Company Limited ("The Company") would like to submit this Management Discussion and Analysis for the three-month period ended March 31, 2021, with detail as follows

Statement of Comprehensive Income for the three-month period ended March 31, 2021 and 2020

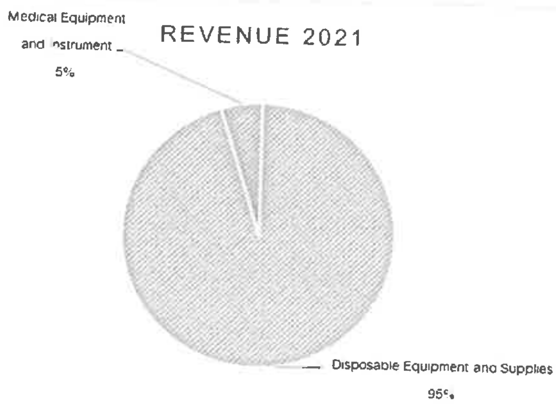
Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Separated FS)	
	3-month FY2021	3-month FY2020	3-month FY2021	3-month FY2020		
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	147.35	164.68	147.35	164.68	- 17.33	-10.5%
Gain (Loss) on Exchange Rate	-1.59	-7.3	- 1.59	- 7.30	5.71	-78.2%
Other Income	0.62	0.02	0.51	0.02	0.49	2450.0%
Total Income	**146.38**	**157.4**	**146.27**	**157.40**	**- 11.13**	**-7.1%**
Cost of Sales	91.36	91.91	91.36	91.91	- 0.55	-0.6%
Gross Profit (Exclude Other Income)	**55.99**	**72.77**	**55.99**	**72.77**	**- 16.78**	**-23.1%**
Gross Profit%	**38.0%**	**44.2%**	**38.0%**	**44.2%**		
Distribution Costs	23.17	24.67	23.17	24.67	- 1.50	-6.1%
Administrative Expenses	29.12	25.35	28.18	25.32	2.86	11.3%
Profit from operating activities	**2.73**	**15.47**	**3.56**	**15.50**	**- 11.94**	**-77.0%**
Finance Costs	1.14	1.75	1.14	1.75	- 0.61	-34.9%
Loss (reversal of loss) on impairment of financial assets	0.54	-2.66	0.54	- 2.66	3.20	-120.3%
Profit before Income Tax	**1.05**	**16.38**	**1.88**	**16.41**	**- 14.53**	**-88.5%**
Income Tax Expense	0.74	3.82	0.74	3.82	- 3.08	-80.6%
Net Profit	**0.31**	**12.56**	**1.14**	**12.59**	**- 11.45**	**-90.9%**
Net Profit%	**0.2%**	**7.6%**	**0.8%**	**7.6%**		
Profit (Loss) attributable to:						
Owners of the parent	0.48	12.57				
Non-controlling interest	-0.17	-0.005				

On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited("the Subsidiary"), the subsidiary of which shares are held by the Company at 80%, with authorized share of Baht 125 million, in order to engage in business relating to small geriatric hospital and nursing care facility. The project is currently under construction and expected to be completed in 2022.

In May 2021, the Subsidiary plans to increase its capital from Baht 125 million to Baht 300 million in order to construct buildings and buy land from the Company.

Revenue from sales - net

Revenue from sales for the three-month period ended March 31, 2021 amounted to Baht 147.35 million, decreased by Baht 17.33 million (-10.5 % QoQ) compared to the same period of last year. The income structure by product group in 2021 consisted of sales from Disposable Equipment and Supplies 95% and sales from Medical Equipment and Instrument 5%



Sales and gross profit from Disposable Equipment and Supplies for the three-month period ended March 31, 2021 and 2020 are as following

Disposable Equipment and Supplies	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	140.19	161.31	-21.12	-13.1%
Gross profit	56.34	70.83	-14.49	-20.5%
Gross profit %	40.2%	43.9%		

Sales from Disposable Equipment and Supplies decreased by Baht 21.12 million or -13.1% due to intense price competition especially biddings from government hospitals. Gross profit decreased due to the fact that sales decreased as well. Gross profit % decreased due to costs associated with the import of goods increased because of Covid-19 pandemic.

Sales and gross profit from Medical Equipment and Instrument for the three-month period ended March 31, 2021 and 2020 are as following

Medical Equipment and Instrument	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	7.16	3.38	3.78	111.8%
Gross profit	-0.35	1.94	-2.29	-118.0%
Gross profit %	-4.9%	57.4%		

Sales from Medical Equipment and Instrument increased by Baht 3.78 million or +111.8%. However, gross profit was Baht -0.35 million in Q1/2021 because the Company has discontinued distributorship with a supplier which sold products of Medical Equipment and Instrument specialized for heart surgery in 2019. Thus, the Company has to sell such products below cost to minimize loss effects.

Gain (Loss) on exchange rate

Loss on exchange rate for the three-month period ended March 31, 2021 amounted to Baht 1.59 million, decreased by Baht 5.71 million or -78.2% compared with the same period of last year, contributing to depreciation of Thai Baht against foreign exchange rate such as US dollar and Euro especially during the first quarter of 2020. However, Thai Baht depreciated less compared to the same period of the previous year.

Other income

Other income for the three-month period ended March 31, 2021 amounted to Baht 0.51 million, increased by Baht 0.49 million or +2450% compared with the same period of last year because the Company has gain from sales of vehicles in 2021, whereas there were no such transaction in 2020.

Distribution costs

Distribution costs for the three-month period ended March 31, 2021 amounted to Baht 23.17 million, decreased by Baht 1.50 million or -6.1% compared with the same period of the prior year due to the fact that sales decreased, thus, variable expenses also decreased such as promotional expenses, distribution expenses, product samples, traveling expenses.

Administrative expenses

Administrative expenses for the three-month period ended March 31, 2021 amounted to Baht 28.18 million, increased by Baht 2.86 million or +11.3% compared with the same period of the prior year. Because employee expenses increased such as salary and trainings, and depreciation increased because the company has a new showroom which was completed in the first quarter of 2021.

Consolidated FS, administrative expenses for the three-month period ended March 31, 2021 amounted to Baht 29.12 million, increased comparing to separated FS due to expenses for operating activities of the subsidiary such as employees' expenses, depreciation and project consultant fee.

Finance costs

Finance cost for the three-month period ended March 31, 2021 amounted to Baht 1.14 million, decreased by Baht 0.61 million or -34.9% compared with the same period of the prior year because the Company had short-term loan to buy product (Trust Receipt) less than the same period of prior year. Demand for working capital decreased because sales decreased. As a result, the year 2021 has lower financial costs than the year 2021.

Loss (reversal of loss) on impairment of financial assets

Loss on impairment of financial assets for the three-month period ended March 31, 2021 amounted to Baht 0.54 million, increased by Baht 3.20 million or 120.3% comparing to the same period of prior year because doubtful accounts increased and the Company accrued reserve for impairment of account receivables in according to TFRS9. Those accounts receivables are government hospitals, which will be collected in the future. In 2020, the Company had reversal of loss on impairment of financial assets amounted to Baht 2.66 million due to the fact that the Company received payment from doubtful accounts. As a result, the allowance for doubtful accounts decreased and profit increased.

Income tax expense

Income tax expense for the three-month period ended March 31, 2021 amounted to Baht 0.74 million, decreased by Baht 3.08 million or -80.6% compared with the same period of the prior year, relating to the decrease of net profit before income tax expenses decreased by Baht 14.53 million or -88.5%.

Net profit and net profit margin

Net profit for the three-month period ended March 31, 2021 amounted to Baht 1.14 million in separated financial statements, and Baht 0.31 million for consolidated financial statements. Net profit decreased due to decremental of sales and gross profit, incremental of administrative expenses as above mention.

Please be informed accordingly.

Yours sincerely,

Mrs. Soonthree Chanlongbutra,
Chief Executive Officer
Techno Medical Public Company Limited