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. TM01/2022

February 19, 2022

Subject: Management Discussion and Analysis for the year ended December 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 year ended December 31, 2021, with detail as follows

Statement of Comprehensive Income for the year ended December 31, 2021 and 2020

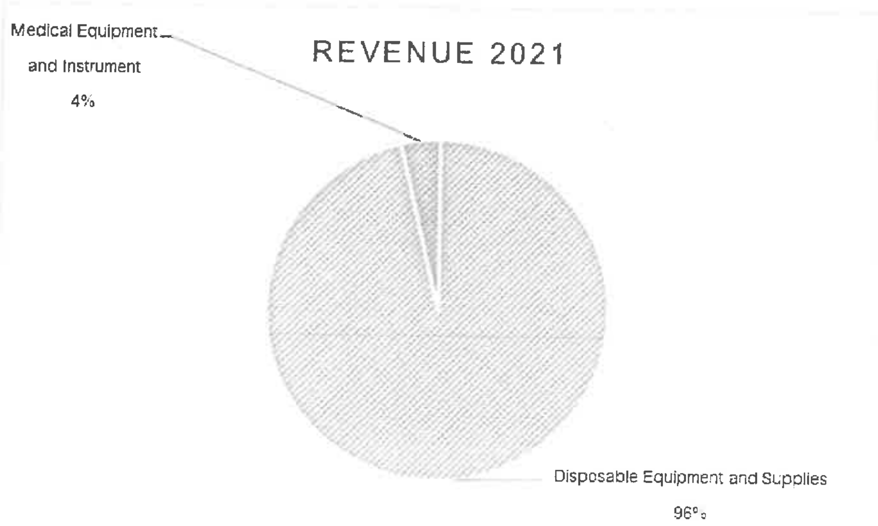
Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Separated FS)	
	FY2021	FY2020	FY2021	FY2020		
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	674.15	630.87	674.15	630.87	43.28	6.9%
Gain (Loss) on Exchange Rate	-4.91	-5.04	- 4.91	- 5.04	0.13	-2.6%
Gain on sales of non-current asset held for sale	0	0	28.60	-	28.60	n/a
Other Income	1.3	0.75	0.89	0.47	0.42	89.4%
Total Income	670.54	626.58	698.73	626.30	72.43	11.6%
Cost of Sales	418.32	383.78	418.31	383.78	34.53	9.0%
Gross Profit (Exclude Other Income)	255.83	247.09	255.84	247.09	8.75	3.5%
Gross Profit%	37.9%	39.2%	38.0%	39.2%		
Distribution Costs	93.59	93.13	93.58	93.13	0.45	0.5%
Administrative Expenses	108.22	96.97	103.77	95.91	7.86	8.2%
Profit from operating activities	50.41	52.7	83.07	53.48	29.59	55.3%
Finance Costs	5.02	7.61	5.26	7.62	- 2.36	-31.0%
Loss (reversal of loss) on impairment of financial assets	0.21	-6.93	0.21	- 6.93	7.14	-103.0%
Profit before Income Tax	45.18	52.02	77.60	52.79	24.81	47.0%
Income Tax Expense	15.45	11.10	15.45	11.10	4.35	39.2%
Net Profit	29.73	40.92	62.15	41.69	20.46	49.1%
Net Profit%	4.4%	6.5%	9.2%	6.6%		
Profit (Loss) attributable to:						
Owners of the parent	30.49	41.07				
Non-controlling interest	-0.76	-0.15				

On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited("TMNC"), 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 June 2021, TMNC increased its capital from Baht 125 million to Baht 300 million (increase by Baht 175 million). The Company has invested in the same proportion of Baht 140 million. Minority shareholders of TMNC have invested Baht 35 million.

Revenue from sales - net

Revenue from sales for the year ended December 31, 2021 amounted to Baht 674.15 million, increased by Baht 43.28 million (+6.9%) compared to the same period of last year. The income structure by product group in 2021 consisted of sales from Disposable Equipment and Supplies 96% and sales from Medical Equipment and Instrument 4%



Sales and gross profit from Disposable Equipment and Supplies for the year ended December 31, 2021 and 2020 are as following

Disposable Equipment and Supplies	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	647.4	573.31	74.09	12.9%
Gross profit	247.35	235.38	11.97	5.1%
Gross profit %	38.2%	41.1%		

Sales from Disposable Equipment and Supplies increased by Baht 74.09 million or +12.9% due to severe COVID-19 outbreak in Thailand. The demand for the company's products has therefore increased. As a result, sales of medical equipment products related to COVID-19 grow up exponentially such as COVID-19 Antigen Test Kit and Close Suction. In addition, sales of infection prevention products also grew significantly such as examination gloves, surgical gloves and surgical gowns.

However, gross profit margin ratio decreased since the Company has a higher cost of importing products in 2021 comparing to 2020 due to higher shipping costs coupled with the depreciation of the Thai Baht exchange rate.

Sales and gross profit from Medical Equipment and Instrument for year ended December 31, 2021 and 2020 are as following

Medical Equipment and Instrument	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	26.74	57.56	-30.82	-53.5%
Gross profit	8.48	11.70	-3.22	-27.5%
Gross profit %	31.7%	20.3%		

Sales from Medical Equipment and Instrument decreased by Baht 30.82 million or -53.5% due to the fact that the Company has discontinued distributorship with the cardiac surgery product supplier in 2019. As a result, sales of medical equipment and equipment products have decreased continuously. However, gross margins increased due to lower sales of cardiac surgery products and higher sales of general surgery products. General surgery products has a higher gross margin than cardiac surgery products. The Company is committed to selling more general surgical products in the future.

Gain (Loss) on exchange rate

Loss on exchange rate for the year ended December 31, 2021 amounted to Baht 4.91 million, decreased by Baht 0.13 million or 2.6% compared with the same period of last year. This is because the depreciation of Thai Baht against foreign currencies such as the US dollar and Euro tends to decline compared to 2020.

Gain on sales of non-current asset held for sale

Gain on sales of non-current asset held for sale for the year ended December 31, 2021 amounted to Baht 28.60 million was from the Company has sold its land to TMNC in order to build hospital and nursing care facilities.

Other income

Other income for the year ended December 31, 2021 amounted to Baht 0.89 million, increased by Baht 0.42 million or +89.4% compared with the same period of last year because the Company has gain from sales of vehicles in 2021 and received compensation from Social Security, whereas there was no such transaction in 2020.

Distribution costs

Distribution costs for the year ended December 31, 2021 amounted to Baht 93.58 million, increased by Baht 0.45 million or +0.5% compared with the same period of the prior year due to the Company's sales increase compared to the same period last year, resulting in increased commissions. But at the same time, the Company has tried to reduce expenses related to sales such as promotional expenses and samples.

Administrative expenses

Administrative expenses for the year ended December 31, 2021 amounted to Baht 103.77 million, increased by Baht 7.86 million or +8.2% compared with the same period of the prior year. This is mainly due to the fact that in 2021 the Company paid transfer fee for the transfer of land for building hospitals and elderly care facilities from the Company to TMNC. In addition, depreciation expenses increased because the Company invested in building and decorating showrooms, which was completed in 2021.

Consolidated FS, administrative expenses for year ended December 31, 2021 amounted to Baht 108.22 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 year ended December 31, 2021 amounted to Baht 5.26 million, decreased by Baht 2.36 million or -31.0% compared with the same period of the prior year due to lower interest rates on bank loans. As a result, the finance cost of the Company is also reduced.

Loss (reversal of loss) on impairment of financial assets

Loss on impairment of financial assets for the year ended December 31, 2021 amounted to Baht 0.21 million 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 6.93 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 year ended December 31, 2021 amounted to Baht 15.45 million, increased by Baht 4.35 million or +39.2% compared with the same period of the prior year, relating to the increase of net profit before income tax expenses increased due to gain from sales of land for building hospitals and elderly care facilities to TMNC amounted to Baht 28.60 million.

Net profit and net profit margin

Net profit for the year ended December 31, 2021 amounted to Baht 62.15 million in separated financial statements, increased by Baht 20.46 million or +49.1% compared to the same period of prior year. Most of the net profit increased because the company gained Baht 28.60 million from the sale of land for building hospitals and elderly care facilities to TMNC.

Net profit for the year ended December 31, 2021 amounted to Baht 29.73 million in consolidated financial statements, decreased by Baht 11.19 million or -27.3% compared to the same period of prior year. The decrease in net profit was mainly due to higher administrative expenses from land transfer fees, depreciation and operating expenses of TMNC. In addition, income tax expenses increased from the profit from the transfer of land from the Company to TMNC.

Please be informed accordingly.

Yours sincerely,

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