



บริษัท เทคโนโลยีคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM02/2022

May 7, 2022

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2022

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, 2022, with detail as follows

Statement of Comprehensive Income for the three-month period ended March 31, 2022 and 2021

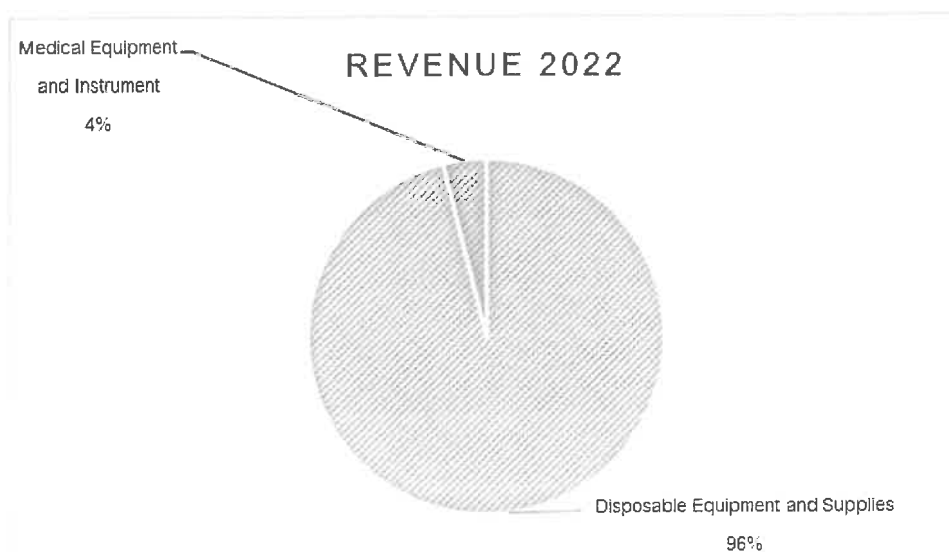
Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	3-month FY2021	3-month FY2020	3-month FY2021	3-month FY2020	Million Baht	%
	Million Baht	Million Baht	Million Baht	Million Baht		
Revenue from Sales – net	154.29	147.35	154.29	147.35	6.94	4.7%
Gain (Loss) on Exchange Rate	0.81	-1.59	0.81	- 1.59	2.40	-150.9%
Other Income	1.19	0.62	1.10	0.51	0.57	91.9%
Total Income	156.29	146.38	156.20	146.27	9.91	6.8%
Cost of Sales	99.13	91.36	99.13	91.36	7.77	8.5%
Gross Profit (Exclude Other Income)	55.16	55.99	55.16	55.99	- 0.83	-1.5%
Gross Profit%	35.8%	38.0%	35.8%	38.0%		
Distribution Costs	23.43	23.17	23.43	23.17	0.26	1.1%
Administrative Expenses	25.32	29.12	24.31	28.18	3.80	-13.0%
Profit from operating activities	8.41	2.73	9.33	3.56	5.68	208.1%
Finance Costs	1.14	1.14	1.39	1.14	-	0.0%
Loss (reversal of loss) on impairment of financial assets	0.43	0.54	0.43	0.54	0.11	-20.4%
Profit before Income Tax	6.84	1.05	7.51	1.88	5.79	551.4%
Income Tax Expense	1.1	0.74	1.10	0.74	0.36	48.6%
Net Profit	5.74	0.31	6.41	1.14	5.43	1751.6%
Net Profit%	3.7%	0.2%	4.2%	0.8%		
Profit (Loss) attributable to:						
Owners of the parent	5.87	0.32				
Non-controlling interest	-0.13	-0.01				

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 three-month period ended March 31, 2022 amounted to Baht 154.29 million, increased by Baht 6.94 million (+4.7%) compared to the same period of last year. The income structure by product group in 2022 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 three-month period ended March 31, 2022 and 2021 are as following

Disposable Equipment and Supplies	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	148.27	140.19	8.08	5.8%
Gross profit	52.83	56.34	-3.51	-6.2%
Gross profit %	35.6%	40.2%		

Sales from Disposable Equipment and Supplies increased by Baht 8.08 million or +5.8% due to the fact that Thailand has an Omicron Covid-19 outbreak in the first quarter of 2022. The number of covid patients requiring treatment was increasing. As a result, the demand for medical devices related to the treatment of COVID has increased. These products include gloves, surgical gowns, Antigen Test Kit (ATK), and the Close Suction System. However, the gross profit margin declined because in 2021, Thai Baht value compared to the US dollar

averaged 30.00 – 30.50 Baht per US dollar. While in 2022, Thai Baht compared to the US dollar averaged at 32.25 – 33.81 Baht per US dollar. The depreciation of Thai Baht and higher import costs, such as freights and taxes, resulted in lower gross profit margins.

Sales and gross profit from Medical Equipment and Instrument for the three-month period ended March 31, 2022 and 2021 are as following

Medical Equipment and Instrument	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	6.01	7.16	-1.15	-16.1%
Gross profit	2.32	-0.35	2.67	762.9%
Gross profit %	38.6%	-4.9%		

Sales from Medical Equipment and Instrument decreased by Baht 1.15 million or -16.1% 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

Gain on exchange rate for the three-month period ended March 31, 2022 amounted to Baht 0.81 million. While in the same period last year, the Company had a loss on foreign exchange at Baht 1.59 million. This is because in the first quarter of 2022, Thai Baht appreciated against the US dollar in February before depreciating again. Whereas in the same period last year, Thai Baht continued to depreciate.

Other income

Other income for the three-month period ended March 31, 2022 amounted to Baht 1.19 million, increased by Baht 0.57 million or +91.9% compared with the same period of last year because the Company has gain from sales of vehicles.

Distribution costs

Distribution costs for the three-month period ended March 31, 2022 amounted to Baht 23.43 million, increased by Baht 0.26 million or +1.1% 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 three-month period ended March 31, 2022 amounted to Baht 25.32 million, decreased by Baht 3.80 million or -13% compared with the same period of the prior year. This is mainly due to the fact that in 2022, the Company has attempted to reduce the Company's expenses especially staff expenses.

Finance costs

Finance cost for the three-month period ended March 31, 2022 amounted to Baht 1.14 million, equal to the same period last year. There is no significant difference.

Loss on impairment of financial assets

Loss on impairment of financial assets for the three-month period ended March 31, 2022 amounted to Baht 0.43 million decreased by Baht 0.11 million or -20.4% compared with the same period of the prior year. This is because the Company has reduced allowance for doubtful accounts according to TFRS 9 because it expects to be able to receive more payments compared to the same period last year.

Income tax expense

Income tax expense for the three-month period ended March 31, 2022 amounted to Baht 1.10 million, increased by Baht 0.36 million or +48.6% compared with the same period of the prior year, relating to the increase of net profit before income tax expenses.

Net profit and net profit margin

Net profit for the three-month period ended March 31, 2022 amounted to Baht 5.74 million, increased by Baht 5.43 million or +1,751.6% compared to the same period of prior year. The increase in net profit was mainly due to lower administrative expenses, since the company has been trying to reduce costs, and profit from the exchange rate

Please be informed accordingly.

Yours sincerely,



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