



บริษัท เทคโนเมดิคัล จำกัด (มหาชน)  
Techno Medical Public Company Limited

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No. TM03/2022

August 9, 2022

Subject: Management Discussion and Analysis for the six-month period ended June 30, 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 six-month period ended June 30, 2022, with detail as follows

Statement of Comprehensive Income for the six-month period ended June 30, 2022 and 2021

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	6-month FY2022	6-month FY2021	6-month FY2022	6-month FY2021	Million Baht	%
	Million Baht	Million Baht	Million Baht	Million Baht		
Revenue from Sales – net	306.87	293.58	307.51	293.58	13.29	4.5%
Gain on sales of non-current asset held for sale	-	-	-	28.60	-	n/a
Gain (Loss) on Exchange Rate	0.01	-3.16	0.01	- 3.16	3.17	100.3%
Other Income	1.24	0.71	1.13	0.54	0.53	74.6%
<b>Total Income</b>	<b>308.12</b>	<b>291.13</b>	<b>308.65</b>	<b>319.56</b>	<b>16.99</b>	<b>5.8%</b>
Cost of Sales	194.7	181.52	195.35	181.52	13.18	7.3%
<b>Gross Profit (Exclude Other Income)</b>	<b>112.17</b>	<b>112.06</b>	<b>112.16</b>	<b>112.06</b>	<b>0.11</b>	<b>0.1%</b>
<b>Gross Profit%</b>	<b>36.6%</b>	<b>38.2%</b>	<b>36.5%</b>	<b>38.2%</b>		
Distribution Costs	47.61	45.75	47.61	45.75	1.86	4.1%
Administrative Expenses	50.85	53.2	48.44	51.19	- 2.35	-4.4%
<b>Profit from operating activities</b>	<b>14.96</b>	<b>10.66</b>	<b>17.25</b>	<b>41.10</b>	<b>4.30</b>	<b>40.3%</b>
Finance Costs	2.86	2.42	3.20	2.46	0.44	18.2%
Loss (reversal of loss) on impairment of financial assets	0.004	1.49	0.00	1.49	- 1.49	-99.7%
<b>Profit before Income Tax</b>	<b>12.096</b>	<b>6.75</b>	<b>14.05</b>	<b>37.15</b>	<b>5.35</b>	<b>79.2%</b>
Income Tax Expense	2.72	7.42	2.72	7.42	- 4.70	-63.3%
<b>Net Profit</b>	<b>9.376</b>	<b>-0.67</b>	<b>11.33</b>	<b>29.73</b>	<b>10.05</b>	<b>1499.4%</b>
<b>Net Profit%</b>	<b>3.1%</b>	<b>-0.2%</b>	<b>3.7%</b>	<b>10.1%</b>		
Profit (Loss) attributable to:						
Owners of the parent	9.77	-0.30				
Non-controlling interest	-0.39	-0.36				

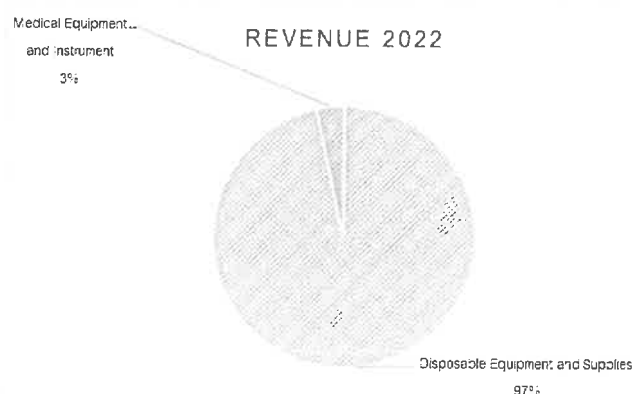
On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited (“TMNC”), the subsidiary of which shares are held by the Company at 80%, with authorized share of Baht 125 million, in order to engage in business relating to small geriatric hospital and elderly care facility under the name of “The Parents” project. The elderly care facility is currently expected to open in the fourth quarter of 2022. And the hospital is expected to open in the first quarter of 2024.

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.

On July 26, 2022, the Company registered the establishment of TM Trading Company Limited (“TMT”), the subsidiary of which shares are held by the Company at 99%, in order to conduct business related to the wholesale of medical equipment products.

### **Revenue from sales - net**

Revenue from sales for the six-month period ended June 30, 2022 amounted to Baht 306.87 million, increased by Baht 13.29 million (+4.5%) compared to the same period of last year. The income structure by product group in 2022 consisted of sales from Disposable Equipment and Supplies 97% and sales from Medical Equipment and Instrument 3%



Sales and gross profit from Disposable Equipment and Supplies for the six-month period ended June 30, 2022 and 2021 are as following

Disposable Equipment and Supplies	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	296.89	282.65	14.24	5.0%
Gross profit	108.05	111.16	-3.11	-2.8%
Gross profit %	36.4%	39.3%		

Sales from Disposable Equipment and Supplies increased by Baht 14.24 million or +5.0% 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 30.03 – 32.22 Baht per US dollar. While in 2022, Thai Baht compared to the US dollar averaged at 32.30 – 35.70 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 six-month period ended June 30, 2022 and 2021 are as following

Medical Equipment and Instrument	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	10.61	10.93	-0.32	-2.9%
Gross profit	4.11	0.91	3.2	351.6%
Gross profit %	38.7%	8.3%		

Sales from Medical Equipment and Instrument decreased by Baht 0.32 million or -2.9% 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 Blood Banks products such as Blood Bags, Blood Bag Sealing Machine.

#### **Gain on sales of non-current asset held for sale**

Gain on sales of non-current asset held for sale decreased by Baht 28.60 million because the Company transferred land at market price to TMNC in order to build hospital and elderly care facility “The Parents” project in 2021.

#### **Gain (Loss) on exchange rate**

Gain on exchange rate for the six-month period ended June 30, 2022 amounted to Baht 0.01 million. While in the same period last year, the Company had a loss on foreign exchange at Baht 3.16 million. Because in 2022, the Company has hedged against foreign exchange risk during Baht appreciation in February 2022, before continuing to depreciate throughout the 2nd quarter of 2022.

#### **Other income**

Other income for the six-month period ended June 30, 2022 amounted to Baht 1.24 million, increased by Baht 0.53 million or +74.6% compared with the same period of last year because the Company has gain from sales of vehicles.

#### **Distribution costs**

Distribution costs for the six-month period ended June 30, 2022 amounted to Baht 47.61 million, increased by Baht 1.86 million or +4.1% 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 variable costs such as commissions and freight. In addition, higher oil prices have also resulted in higher travel costs for salespeople and higher freight costs.

#### **Administrative expenses**

Administrative expenses for the six-month period ended June 30, 2022 amounted to Baht 50.85 million, decreased by Baht 2.35 million or -4.4% compared with the same period of

the prior year. This is mainly due to the fact that in 2021, the Company had special charge, that was, a fee to transfer the land to TMNC for the construction of The Parents project.

**Finance costs**

Finance cost for the six-month period ended June 30, 2022 amounted to Baht 2.86 million, increased by Baht 0.44 million or +18.2% compared with the same period of the prior year. This is mainly due to fact that the Company has drawn out loans for the construction of TMNC's The Parents project since the 4th quarter of 2021. In addition, interest rates for working capital increased due to the increase in interest rates from financial institutions.

**Loss on impairment of financial assets**

Loss on impairment of financial assets for the six-month period ended June 30, 2022 amounted to Baht 0.004 million decreased by Baht 1.49 million or -99.7% 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 six-month period ended June 30, 2022 amounted to Baht 2.72 million, decreased by Baht 4.70 million or -63.3% compared with the same period of the prior year. Because in 2021, the Company had profit from the sale of land to TMNC amounted to Baht 28.60 million, but in 2022 there was no such transaction. As a result, income tax expenses were reduced.

**Net profit and net profit margin**

Net profit for the six-month period ended June 30, 2022 amounted to Baht 9.38 million, increased by Baht 10.05 million or +1,499.4% compared to the same period of prior year. The increase in net profit was mainly due to lower income tax expense, lower loss from exchange rate and lower loss on impairment of financial assets.

Please be informed accordingly.

Yours sincerely,



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