



บริษัท เทคโนโลยีเมดิคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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November 12, 2022

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

Statement of Comprehensive Income for the nine-month period ended September 30, 2022 and 2021

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)		
	9-month FY2022	9-month FY2021	9-month FY2022	9-month FY2021			
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%	
Revenue from Sales – net	472.69	520.26	473.37	520.26	-	47.57	-9.1%
Gain on sales of non-current asset held for sale	-	-	-	28.60	-	-	n/a
Gain (Loss) on Exchange Rate	-4.44	-6.9	4.44	6.90	2.46	35.7%	
Other Income	1.67	1.18	1.22	0.87	0.49	41.5%	
Total Income	469.92	514.54	470.15	542.83	-	44.62	-8.7%
Cost of Sales	302.05	319.67	302.64	319.67	-	17.62	-5.5%
Gross Profit (Exclude Other Income)	170.64	200.59	170.73	200.59	-	29.95	-14.9%
Gross Profit%	36.1%	38.6%	36.1%	38.6%			
Distribution Costs	70.65	70.56	70.65	70.56	0.09	0.1%	
Administrative Expenses	81.98	82.65	77.14	79.78	-	0.67	-0.8%
Profit from operating activities	15.24	41.66	19.72	72.82	-	26.42	-63.4%
Finance Costs	4.25	3.78	5.02	3.95	0.47	12.4%	
Loss (reversal of loss) on impairment of financial assets	-0.69	0.64	0.69	0.64	-	1.33	-207.8%
Profit before Income Tax	11.68	37.24	15.39	68.23	-	25.56	-68.6%
Income Tax Expense	4.12	13.95	4.12	13.95	-	9.83	-70.5%
Net Profit	7.56	23.29	11.27	54.28	-	15.73	-67.5%
Net Profit%	1.6%	4.5%	2.4%	10.4%			
Profit (Loss) attributable to:							
Owners of the parent	8.28	23.77					
Non-controlling interest	-0.72	-0.48					

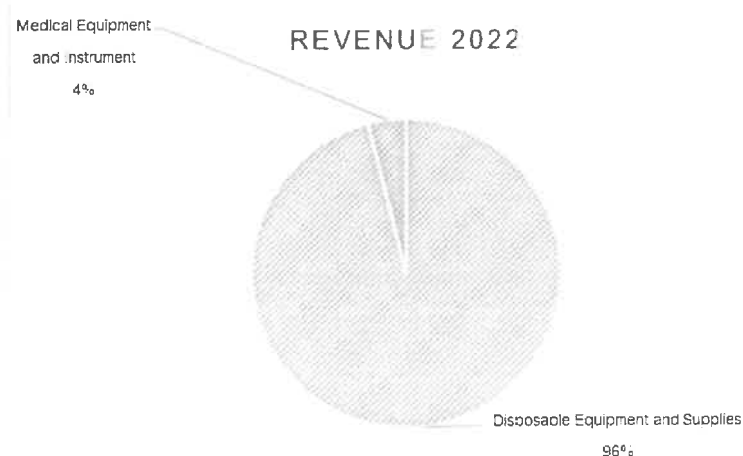
On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited (“TMNC”), the subsidiary of which shares are held by the Company at 80%, with authorized share of Baht 125 million, in order to engage in business relating to small geriatric hospital and elderly care facility 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 nine-month period ended September 30, 2022 amounted to Baht 472.69 million, decreased by Baht 47.57 million (-9.1%) 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 nine-month period ended September 30, 2022 and 2021 are as following

Disposable Equipment and Supplies	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	454.6	499.72	-45.12	-9.0%
Gross profit	163.62	194.46	-30.84	-15.9%
Gross profit %	36.0%	38.9%		

Sales from Disposable Equipment and Supplies decreased by Baht 45.12 million or -9.0% due to the fact that in the third quarter of 2021, the Company had sales from the Antigen Test Kit (ATK), but in 2022 the Company did not continue selling ATK, resulting in a decrease in sales of this product group by approximately Baht 63 million.

Although the company will no longer sell ATK in 2022, other products such as disposable items in operating rooms, products used in blood banks sales increased by about 5% compared to the same period last year due to the spread of COVID-19 decrease since the second quarter of 2022. And the Ministry of Health has announced that COVID-19 endemic. As a result, operations in the hospital, especially the operating room, began to return to normal. And the demand for these products started to return.

The gross profit margin dropped from 38.6% to 36.1% as Baht depreciated against the USD and Euro, especially in 2022 when Baht depreciated significantly. As a result, the gross profit margin has decreased accordingly.

Sales and gross profit from Medical Equipment and Instrument for the nine-month period ended September 30, 2022 and 2021 are as following

Medical Equipment and Instrument	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	18.77	20.55	-1.78	-8.7%
Gross profit	7.12	6.13	0.99	16.2%
Gross profit %	37.9%	29.8%		

Sales from Medical Equipment and Instrument decreased by Baht 1.78 million or -8.7% 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

Loss on exchange rate for the nine-month period ended September 30, 2022 amounted to Baht 4.44 million, decreased by Baht 2.46 million compared with the same period of prior year. Because in 2022, the Company has hedged against foreign exchange risk during Baht appreciation in February 2022, before continuing to depreciate throughout the 2nd and 3rd quarter of 2022.

Other income

Other income for the nine-month period ended September 30, 2022 amounted to Baht 1.67 million, increased by Baht 0.49 million or +41.5% compared with the same period of last year because the Company has gain from sales of vehicles.

Distribution costs

Distribution costs for the nine-month period ended September 30, 2022 amounted to Baht 70.65 million, increased by Baht 0.09 million or +0.1% compared with the same period of the prior year. After the announcement of COVID-19 endemic, the company has returned to organize academic meetings to increase product knowledge for customers. As a result, the cost

of this part is higher. At the same time, the company has reduced other expenses such as the cost of sample products, including lower commissions due to lower sales.

Administrative expenses

Administrative expenses for the nine-month period ended September 30, 2022 amounted to Baht 81.98 million, decreased by Baht 0.67 million or -0.8% 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.

However, TMNC has increased expenses due to investment in preparing to open a care facility for the elderly under The Parents project in the fourth quarter of 2022.

Finance costs

Finance cost for the nine-month period ended September 30, 2022 amounted to Baht 4.25 million, increased by Baht 0.47 million or +12.4% 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 (reversal of loss) on impairment of financial assets

Reversal of loss on impairment of financial assets for the nine-month period ended September 30, 2022 amounted to Baht 0.69 million decreased by Baht 1.33 million or -207.8% compared with the same period of the prior year. Because the company has received payment from debtors that the company has reserved allowance for doubtful accounts.

Income tax expense

Income tax expense for the nine-month period ended September 30, 2022 amounted to Baht 4.12 million, decreased by Baht 9.83 million or -70.5% 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. Declining sales resulted in lower gross margins as well.

Net profit and net profit margin

Net profit for the nine-month period ended September 30, 2022 amounted to Baht 7.56 million, decreased by Baht 15.73 million or -67.5% compared to the same period of prior year. The decrease in net profit was mainly due to the fact that the Company had lower sales and gross profit.

Please be informed accordingly.

Yours sincerely,



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