



บริษัท เทคโนโลยีเมดิคัล จำกัด (มหาชน)

*Techno Medical Public Company Limited*

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No. TM03/2020

August 5, 2020

Subject: Management Discussion and Analysis for the six-month period ended June 30, 2020

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, 2020, with detail as follows

Statement of Comprehensive Income for the six-month period ended June 30, 2020 and 2019

Statement of Comprehensive Income	Consolidated FS	Separated FS			Change (Separated FS)		
	Six-month FY2020	Six-month FY2020	Six-month FY2019				
	Million Baht	Million Baht	Million Baht	Million Baht	%		
Revenue from Sales – net	308.89	308.89	358.49	-	49.60	-13.8%	
Gain (Loss) on Exchange Rate	-4.61	-	4.61	4.98	-	9.59	-192.6%
Other Income	0.28	0.18	0.56	-	0.38	-67.9%	
<b>Total Income</b>	<b>304.56</b>	<b>304.46</b>	<b>364.03</b>	-	<b>59.57</b>	<b>-16.4%</b>	
Cost of Sales	186.01	186.01	220.81	-	34.80	-15.8%	
<b>Gross Profit (Exclude Other Income)</b>	<b>122.88</b>	<b>122.88</b>	<b>137.68</b>	-	<b>14.80</b>	<b>-10.7%</b>	
<b>Gross Profit%</b>	<b>39.8%</b>	<b>39.8%</b>	<b>38.4%</b>				
Distribution Costs	48.39	48.39	49.57	-	1.18	-2.4%	
Administrative Expenses	46.99	46.85	45.41		1.44	3.2%	
<b>Profit from operating activities</b>	<b>23.17</b>	<b>23.21</b>	<b>48.24</b>	-	<b>25.03</b>	<b>-51.9%</b>	
Finance Costs	4.28	4.28	3.17		1.11	35.0%	
Loss (reversal of loss) on impairment of financial assets	-4.57	-	4.57	1.55	-	6.12	-394.8%
<b>Profit before Income Tax</b>	<b>23.46</b>	<b>23.50</b>	<b>43.52</b>	-	<b>20.02</b>	<b>-46.0%</b>	
Income Tax Expense	5.12	5.12	9.51	-	4.39	-46.2%	
<b>Net Profit</b>	<b>18.34</b>	<b>18.38</b>	<b>34.01</b>	-	<b>15.63</b>	<b>-46.0%</b>	
<b>Net Profit%</b>	<b>5.9%</b>	<b>6.0%</b>	<b>9.5%</b>				
Profit (Loss) attributable to:							
Owners of the parent		18.35					
Non-controlling interest		-0.009					

On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited, 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.

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

Revenue from sales for the six-month period ended June 30, 2020 amounted to Baht 308.89 million, decreased by Baht 49.60 million (-13.8 % YoY) compared to the same period of last year, contributing to decreasing sales from Disposable Equipment and Supplies category, from Baht 332.35 million in 2019 to Baht 283.76 million in 2020 (-14.6 % YoY). And sales from Medical Equipment and Instrument category decreased from Baht 26.14 million in 2019 to Baht 25.14 million (-3.8% YoY) due to cancellation of sales of some products of Medical Equipment and Instrument specialized for heart surgery.

Moreover, the Company has non-recurring item in the first quarter of 2019; selling certain inventories of Medical Equipment and Instrument specialized for heart surgery amounting to Baht 65 million to a foreign supplier, since the Company canceled the distributorship with the supplier.

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

Loss on exchange rate for the six-month period ended June 30, 2020 amounted to Baht 4.61 million, decreased by Baht 9.59 million or -192.6% 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. Resulting in realized loss from exchange rate increased when payments to overseas vendors were made comparing to the same period of prior year.

### **Other income**

Other income for the six-month period ended June 30, 2020 amounted to Baht 0.18 million, decreased by Baht 0.38 million or -67.9% compared with the same period of last year because the Company has gain from sales of vehicles and investment in 2019, whereas there were no such transaction during this period.

### **Cost of goods sold and gross profit margin**

Cost of goods sold for the six-month period ended June 30, 2020 amounted to Baht 186.01 million, decreased by Baht 34.80 million or -15.8% compared with the same period of last year, relatively to the sales decrease. The Company has gross profit amounted to Baht 122.88 million which decreased by Baht 14.80 million or -10.7% compared with the same period of last year.

Gross profit margin increased from 38.4% in 2019 to 39.8% in 2020 due to the fact that the gross profit margin of Baht 65 million buyback transaction is 23.64%, resulting in a lower overall gross margin, whereas there is no such transaction in 2020.

### **Distribution costs**

Distribution costs for the six-month period ended June 30, 2020 amounted to Baht 48.39 million, decreased by Baht 1.18 million or -2.4% compared with the same period of the prior year due to the fact that the Company has transferred sales employees for Medical Equipment and Instrument specialized for heart surgery to the supplier in the first quarter of 2019. Thus, employee expenses decreased.

**Administrative expenses**

Administrative expenses for the six-month period ended June 30, 2020 amounted to Baht 46.85 million, increased by Baht 1.44 million or +3.2% 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 office building, which was completed in the 1st quarter of year 2020.

Consolidated FS, administrative expenses for the six-month period ended June 30, 2020 amounted to Baht 46.99 million, increased comparing to separated FS due to expenses for establishing subsidiary.

**Finance costs**

Finance cost for the six-month period ended June 30, 2020 amounted to Baht 4.28 million, increased by Baht 1.11 million or +35.0% compared with the same period of the prior year because the Company had short-term loan to buy product (Trust Receipt) more than the same period of prior year.

**Loss (reversal of loss) on impairment of financial assets**

Reversal of loss on impairment of financial assets for the six-month period ended June 30, 2020 amounted to Baht 4.57 million since the Company has received payment from trade receivables overdue more than 12 months, resulting in decreased of allowance for doubtful accounts and profit increased. But in the 1<sup>st</sup> quarter of year 2019 the Company had loss on impairment of financial assets amounted to Baht 1.55 million due to the fact that the Company had trade receivables overdue more than 12 months increased in such period.

**Income tax expense**

Income tax expense for the six-month period ended June 30, 2020 amounted to Baht 5.12 million, decreased by Baht 4.39 million or -46.2% compared with the same period of the prior year, relating to the decrease of net profit before income tax expenses decreased by Baht 20.02 million or -46%.

**Net profit and net profit margin**

Net profit for the six-month period ended June 30, 2020 amounted to Baht 18.34 million, decreased by Baht 15.63 million or -46% compared with the same period of the prior year, which net profit Baht 34.01 million. The main cause is decremental of sales, loss from exchange rate, incremental of administrative expenses and finance cost as above mention.

Please be informed accordingly.

Yours sincerely,



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