



บริษัท เทคโนโลยีคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM04/2021

November 7, 2021

Subject: Management Discussion and Analysis for the nine-month period ended September 30, 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 nine-month period ended September 30, 2021, with detail as follows

Statement of Comprehensive Income for the nine-month period ended September 30, 2021 and 2020

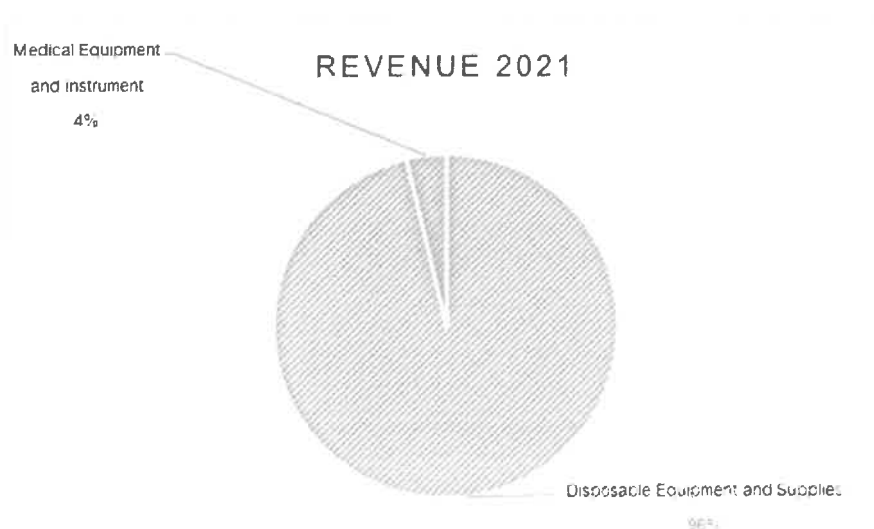
Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Separated FS)	
	9-month FY2021	9-month FY2020	9-month FY2021	9-month FY2020		
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	520.27	477.16	520.27	477.16	43.11	9.0%
Gain (Loss) on Exchange Rate	-6.9	-6.48	- 6.90	- 6.48	0.42	6.5%
Gain on sales of non-current asset held for sale	0	0	28.60	-	28.60	n/a
Other Income	1.18	0.49	0.87	0.30	0.57	190.0%
Total Income	514.55	471.17	542.84	470.98	71.86	15.3%
Cost of Sales	319.67	292.56	319.67	292.56	27.11	9.3%
Gross Profit (Exclude Other Income)	200.6	184.6	200.60	184.60	16.00	8.7%
Gross Profit%	38.6%	38.7%	38.6%	38.7%		
Distribution Costs	70.56	68.81	70.56	68.81	1.75	2.5%
Administrative Expenses	82.65	71.86	79.79	71.48	8.31	11.6%
Profit from operating activities	41.67	37.94	72.82	38.13	34.69	91.0%
Finance Costs	3.78	6.10	3.95	6.10	- 2.15	-35.2%
Loss (reversal of loss) on impairment of financial assets	0.64	-6.80	0.64	- 6.80	7.44	-109.4%
Profit before Income Tax	37.25	38.64	68.23	38.83	29.40	75.7%
Income Tax Expense	13.95	8.30	13.95	8.30	5.65	68.1%
Net Profit	23.3	30.34	54.28	30.53	23.75	77.8%
Net Profit%	4.5%	6.4%	10.4%	6.4%		
Profit (Loss) attributable to:						
Owners of the parent	23.78	30.38				
Non-controlling interest	-0.48	-0.04				

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 nine-month period ended September 30, 2021 amounted to Baht 520.27 million, increased by Baht 43.11 million (+9.0%) 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 nine-month period ended September 30, 2021 and 2020 are as following

Disposable Equipment and Supplies	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	499.72	428.05	71.67	16.7%
Gross profit	194.46	175.54	18.92	10.8%
Gross profit %	38.9%	41.0%		

Sales from Disposable Equipment and Supplies increased by Baht 71.67 million or +16.7% due to severe COVID-19 outbreak in Thailand. As a result, sales of anti-infection products have grown dramatically, such as gowns, gloves, and Purell® hand sanitizer. Moreover, the Company has sold COVID-19 Antigen Test Kit since 3rd Quarter. Therefore, sales and gross profit increased sharply compare to the first two quarter of 2021, which ATK had not been released.

Sales and gross profit from Medical Equipment and Instrument for the nine-month period ended September 30, 2021 and 2020 are as following

Medical Equipment and Instrument	2021	2020	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	20.55	49.10	-28.55	-58.1%
Gross profit	6.13	9.05	-2.92	-32.3%
Gross profit %	29.8%	18.4%		

Sales from Medical Equipment and Instrument decreased by Baht 28.55 million or -58.1% 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

Loss on exchange rate for the nine-month period ended September 30, 2021 amounted to Baht 6.90 million, increased by Baht 0.42 million or +6.5% 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 third quarter of 2021. Thai Baht continually depreciated due to COVID-19 outbreak. However, the Company has partially hedged its foreign currency debt volatility in order to mitigate the impact of the baht depreciation.

Gain on sales of non-current asset held for sale

Gain on sales of non-current asset held for sale for the nine-month period ended September 30, 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 nine-month period ended September 30, 2021 amounted to Baht 0.87 million, increased by Baht 0.57 million or +190% 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 were no such transaction in 2020.

Distribution costs

Distribution costs for the nine-month period ended September 30, 2021 amounted to Baht 70.56 million, increased by Baht 1.75 million or +2.5% compared with the same period of the prior year due to the fact that sales increased, thus, variable expenses also increased such as commissions, distribution expenses, traveling expenses.

Administrative expenses

Administrative expenses for the nine-month period ended September 30, 2021 amounted to Baht 79.79 million, increased by Baht 8.31 million or +11.6% 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 showroom which was completed in the first quarter of 2021 and the Company purchased vehicles. Moreover, the Company has a land transfer fee for transferring land to TMNC in the 2nd Quarter of 2021.

Consolidated FS, administrative expenses for the nine-month period ended September 30, 2021 amounted to Baht 82.65 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 nine-month period ended September 30, 2021 amounted to Baht 3.95 million, decreased by Baht 2.15 million or -35.2% compared with the same period of the prior year because the parent company borrowed the subsidiary in the form of short-term loans. As a result, the entire group of companies can save interest.

Loss (reversal of loss) on impairment of financial assets

Loss on impairment of financial assets for the nine-month period ended September 30, 2021 amounted to Baht 0.64 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 6.80 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 nine-month period ended September 30, 2021 amounted to Baht 13.95 million, increased by Baht 5.65 million or +68.1% 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 to TMNC amounted to Baht 28.60 million.

Net profit and net profit margin

Net profit for the nine-month period ended September 30, 2021 amounted to Baht 54.28 million in separated financial statements, increased by Baht 23.75 million or +77.8% 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 to TMNC. Also, the company's sales increased by 9% compared to the same period last year. Therefore, the company has increased gross profit and net profit increased as well.

Net profit for the nine-month period ended September 30, 2021 amounted to Baht 23.30 million in consolidated financial statements, decreased by Baht 7.04 million or -23.2% compared to the same period of prior year. The decrease in net profit was mainly due to the increase in administrative expenses and increase in income tax expense due to transferring the Land to TMNC.

Please be informed accordingly.

Yours sincerely,



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