



บริษัท เทคโนเมดิคัล จำกัด (มหาชน)
Techno Medical Public Company Limited

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 No. TM01/2023

February 20, 2022

Subject: Management Discussion and Analysis for the year ended December 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 year ended December 31, 2022, with detail as follows

Statement of Comprehensive Income for the year ended December 31, 2022 and 2021

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	FY2022	FY2021	FY2022	FY2021	Million Baht	%
	Million Baht	Million Baht	Million Baht	Million Baht		
Revenue from Sales – net	642.86	674.14	644.26	674.15	- 31.28	-4.6%
Gain on sales of non-current asset held for sale	-	-	-	28.60	-	n/a
Gain (Loss) on Exchange Rate	4.69	-4.91	4.69	- 4.91	9.60	195.5%
Other Income	2.17	1.3	1.53	0.89	0.87	66.9%
Total Income	649.72	670.53	650.48	698.73	- 20.81	-3.1%
Cost of Sales	414.33	418.31	415.68	418.31	- 3.98	-1.0%
Gross Profit (Exclude Other Income)	228.53	255.83	228.58	255.84	- 27.30	-10.7%
Gross Profit%	35.5%	37.9%	35.5%	38.0%		
Distribution Costs	94.9	93.59	94.90	93.59	1.31	1.4%
Administrative Expenses	117.4	108.22	105.97	103.77	9.18	8.5%
Profit from operating activities	23.09	50.41	33.93	83.06	- 27.32	-54.2%
Finance Costs	6.27	5.02	7.40	5.26	1.25	24.9%
Loss (reversal of loss) on impairment of financial assets	-0.15	0.20	- 0.15	0.20	- 0.35	-175.0%
Profit before Income Tax	16.97	45.19	26.68	77.60	- 28.22	-62.4%
Income Tax Expense	5.89	15.45	5.91	15.45	- 9.56	-61.9%
Net Profit	11.08	29.74	20.77	62.15	- 18.66	-62.7%
Net Profit%	1.7%	4.4%	3.2%	9.2%		
Profit (Loss) attributable to:						
Owners of the parent	12.99	30.49				
Non-controlling interest	-1.91	-0.76				

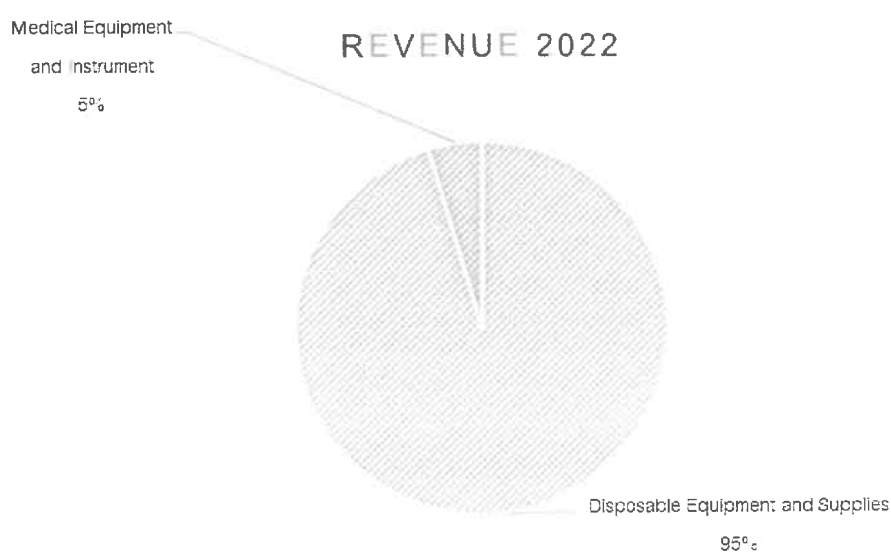
On January 16, 2020, the Company registered the establishment of TM Nursing Care Company Limited (“TMNC”), the subsidiary of which shares are held by the Company at 80%, with authorized share of Baht 125 million, in order to engage in business relating to small geriatric hospital and elderly care facility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

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 year ended December 31, 2022 amounted to Baht 642.86 million, decreased by Baht 31.28 million (-4.6%) compared to the same period of last year. The income structure by product group in 2022 consisted of sales from Disposable Equipment and Supplies 95% and sales from Medical Equipment and Instrument 5%



Sales and gross profit from Disposable Equipment and Supplies for the year ended December 31, 2022 and 2021 are as following

Disposable Equipment and Supplies	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	614.33	647.4	-33.07	-5.1%
Gross profit	217.19	247.35	-30.16	-12.2%
Gross profit %	35.4%	38.2%		

Sales from Disposable Equipment and Supplies decreased by Baht 33.07 million or -5.1% due to the fact that in the third and the fourth 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 70 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 6% 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 38.2% to 35.4% 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 year ended December 31, 2022 and 2021 are as following

Medical Equipment and Instrument	2022	2021	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	29.94	26.74	3.2	12.0%
Gross profit	11.39	8.48	2.91	34.3%
Gross profit %	38.0%	31.7%		

Sales from Medical Equipment and Instrument increased by Baht 3.20 million or +12% because the Company turns to sell products that are profitable, such as equipment used in blood banks, air purifier, etc.

The gross profit margin increased from 31.70% to 38.0% because most of the sales in 2021 came from low-profit heart surgery products. In 2022, the company's sales of this group of products decreased. Resulting in a better gross profit margin.

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 year ended December 31, 2022 amounted to Baht 4.69 million, increased by Baht 9.60 million compared with the same period of prior year. Because Thai Baht has returned to appreciate in the fourth quarter of 2022

Other income

Other income for the year ended December 31, 2022 amounted to Baht 2.17 million, increased by Baht 0.87 million or +66.9% compared with the same period of last year because the Company has gain from sales of vehicles.

Distribution costs

Distribution costs for the year ended December 31, 2022 amounted to Baht 94.90 million, increased by Baht 1.31 million or +1.4% 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 year ended December 31, 2022 amounted to Baht 117.40 million, increased by Baht 9.18 million or +8.5% compared with the same period of the prior year. Since in the fourth quarter of 2022, The Parents elderly care facility opened for service, resulting in relatively high expenses such as depreciation of buildings, employee wages, etc.

Finance costs

Finance cost for the year ended December 31, 2022 amounted to Baht 6.27 million, increased by Baht 1.25 million or +24.9% 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, in 2022, the Bank of Thailand raised interest rates. As a result, financial institutions increased the company's working capital interest rate.

Loss (reversal of loss) on impairment of financial assets

Reversal of loss on impairment of financial assets for the year ended December 31, 2022 amounted to Baht 0.15 million decreased by Baht 0.35 million or -175% 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 year ended December 31, 2022 amounted to Baht 5.89 million, decreased by Baht 9.56 million or -61.9% 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 year ended December 31, 2022 amounted to Baht 11.08 million, decreased by Baht 18.66 million or -62.7% 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 from sales of ATK.

Please be informed accordingly.

Yours sincerely,



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