



บริษัท เทคโนโลยีคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM03/2023

August 8, 2023

Subject: Management Discussion and Analysis for the six-month period ended June 30, 2023

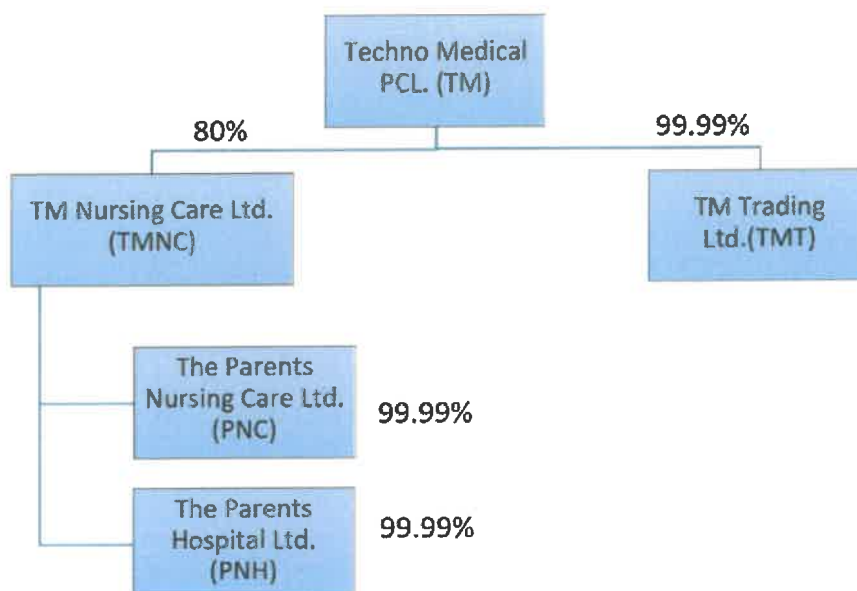
To: The President  
The Stock Exchange of Thailand

Techno Medical Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis for the six-month period ended June 30, 2023, with detail as follows

Statement of Comprehensive Income for the six-month period ended June 30, 2023 and 2022

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	6-month 30 Jun 23	6-month 30 Jun 22	6-month 30 Jun 23	6-month 30 Jun 22		
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	332.49	306.87	331.20	307.51	25.62	8.3%
Service Income	4.03	-	-	-	4.03	n/a
Other Income	0.60	1.24	0.63	1.13	-	0.64 51.6%
Gain on exchange rate	2.63	0	2.63	-	2.63	n/a
<b>Total Income</b>	<b>339.75</b>	<b>308.11</b>	<b>334.46</b>	<b>308.64</b>	<b>31.64</b>	<b>10.3%</b>
Cost of Sales	212.7	194.7	212.59	195.34	18.00	9.2%
Cost of Service	9.65	-	-	-	9.65	n/a
<b>Gross Profit from Sales (Exclude Other Income)</b>	<b>119.79</b>	<b>112.17</b>	<b>118.61</b>	<b>112.17</b>	<b>7.62</b>	<b>6.8%</b>
<b>Gross Profit from Service Income (Exclude Other Income)</b>	<b>-</b>	<b>5.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.62 n/a</b>
<b>Gross Profit from Sales%</b>	<b>36.0%</b>	<b>36.6%</b>	<b>35.8%</b>	<b>36.5%</b>		
<b>Gross Profit from Service Income%</b>	<b>-139.5%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
Distribution Costs	43.73	47.61	44.11	47.61	-	3.88 -8.1%
Administrative Expenses	57.69	50.85	49.06	48.44	6.84	13.5%
<b>Profit from operating activities</b>	<b>15.98</b>	<b>14.95</b>	<b>28.70</b>	<b>17.25</b>	<b>1.03</b>	<b>6.9%</b>
Finance Costs	7.09	2.86	5.08	3.20	4.23	147.9%
Loss (reversal of loss) on impairment of financial assets	-0.47	0.00	-	0.47	-	0.47 n/a
<b>Profit before Income Tax</b>	<b>9.36</b>	<b>12.09</b>	<b>24.09</b>	<b>14.05</b>	<b>-</b>	<b>2.73 -22.6%</b>
Income Tax Expense	7.05	2.71	6.67	2.71	4.34	160.1%
<b>Net Profit</b>	<b>2.31</b>	<b>9.38</b>	<b>17.42</b>	<b>11.34</b>	<b>-</b>	<b>7.07 -75.4%</b>
<b>Net Profit%</b>	<b>0.7%</b>	<b>3.1%</b>	<b>5.3%</b>	<b>3.7%</b>		
Profit (Loss) attributable to:						
Owners of the parent	5.49	9.77				
Non-controlling interest	-3.18	-0.39				

Group Company Structure



Company Name	Abbreviation	Type of Business	Authorized Share Capital (in Million Baht)
Techno Medical PCL.	TM	Import and distribution of medical devices	205.33
TM Trading Co., Ltd.	TMT	Wholesale trading of medical devices	5.00
TM Nursing Care Co., Ltd.	TMNC	Holding company and nursing-care service under the project “The Parents”	300.00
The Parents Nursing Care Co., Ltd.	PNC	Nursing-care school	4.00
The Parents Hospital Co., Ltd.	PH	Elderly hospital under the project “The Parents” *Currently not open for service	30.00

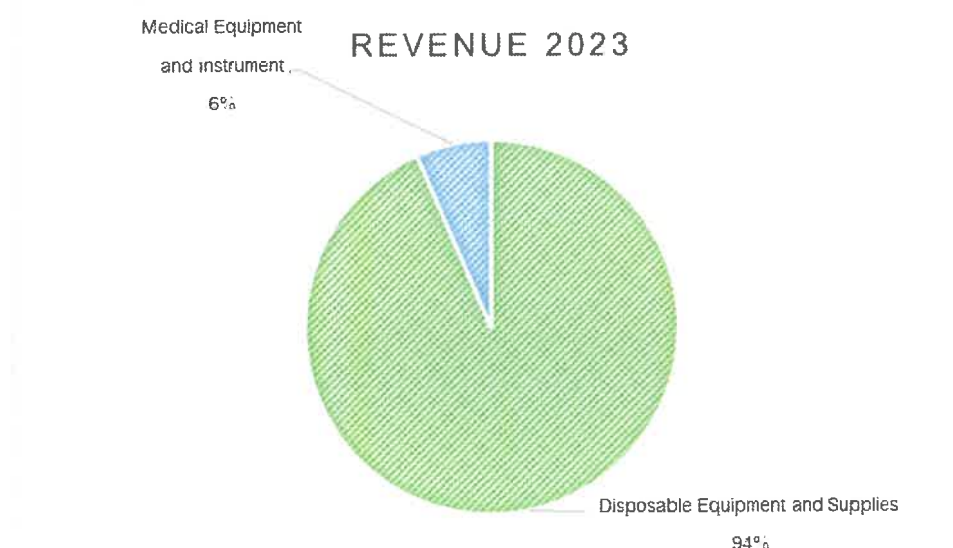
Currently, the group has main income as follows:

1. Revenue from sales of medical devices - It is considered the main income of the group of companies, with TM and TMT mainly selling. TMT focuses on wholesale to public hospitals, while TM sells to both public and private hospitals. Revenue from sales of products of TM and TMT can be divided into 2 types of trading groups as follows:
  - 1.1 Disposable Equipment and Supplies such as alcohol sanitizer, surgical gloves, suction liner etc.
  - 1.2 Medical Equipment and Instrument such as surgical instruments, air purifier etc.

2. Service income divided into 2 types as follows
  - 2.1 Service income from caring for the elderly Under the operation of TMNC, which opened a nursing home for the elderly named “The Parents” located on Rat Phatthana Road, Saphan Sung District, Bangkok.
  - 2.2 Service income from teaching nursing students operated by PNC. Once the nursery student has graduated, will be admitted to work as a nurseryman at The Parents.

**Revenue from sales - net**

Revenue from sales for the six-month period ended June 30, 2023 amounted to Baht 332.49 million, increased by Baht 25.62 million (+8.3%) compared to the same period of last year. The income structure by product group in 2023 consisted of sales from Disposable Equipment and Supplies 94% and sales from Medical Equipment and Instrument 6%



Sales and gross profit from Disposable Equipment and Supplies for the six-month period ended June 30, 2023 and 2022 are as following

Disposable Equipment and Supplies	2023	2022	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	310.90	296.25	14.65	4.9%
Gross profit	110.29	108.05	2.24	2.1%
Gross profit %	35.5%	36.5%		

Sales from Disposable Equipment and Supplies increased by Baht 14.65 million or +4.9% due to the fact that in 2023, the operating rooms started to resume normal operations, unlike in 2022 when Thailand was still affected by the COVID-19 epidemic, less surgical cases than in 2023 when the hospital has surgery as usual. The demand for products and consumables in the operating room has therefore increased.

Sales and gross profit from Medical Equipment and Instrument for the six-month period ended June 30, 2023 and 2022 are as following

Medical Equipment and Instrument	2023	2022	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	21.59	10.61	10.98	103.5%
Gross profit	9.50	4.11	5.39	131.1%
Gross profit %	44.0%	38.7%		

Sales from Medical Equipment and Instrument increased by Baht 10.98 million or +103.5% because the Company turns to sell products that are profitable, such as surgical instruments, air purifier, etc.

The gross profit margin increased from 38.7% to 44.0% because most of the sales in 2022 came from low-profit heart surgery products. In 2023, there was no sale of this product, resulting in a better gross profit margin.

#### **Service Income**

The Company has service income for the six-month period ended June 30, 2023, amounted to Baht 4.03 million, while there was no such transaction for the same period last year. TMNC has started operating a nursing home under The Parents project since fourth quarter of 2022, resulting in income from providing care services for the elderly amounted to Baht 3.8 million.

In addition, PNC has income from teaching nursery students amounted to Baht 0.5 million in 2023.

#### **Other income**

Other income for the six-month period ended June 30, 2023 amounted to Baht 0.60 million, decreased by Baht 0.64 million or -51.6% compared with the same period of last year because the Company has gain from sales of vehicles in 2022.

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

Gain on exchange rate for the six-month period ended June 30, 2023 amounted to Baht 2.63 million, increased by Baht 2.63 million compared with the same period of prior year. This is because the Company has hedged the exchange rate during the strong Baht appreciation in the fourth quarter of 2022 and in the first quarter of 2023.

#### **Distribution costs**

Distribution costs for the six-month period ended June 30, 2023 amounted to Baht 43.73 million, decreased by Baht 3.88 million or -8.1% compared with the same period of the prior year. Due to the Company's efforts to reduce costs, such as changing shipping companies to reduce shipping costs. reduce the cost of sales promotion, etc.

#### **Administrative expenses**

Administrative expenses for the six-month period ended June 30, 2023 amounted to Baht 57.69 million, increased by Baht 6.84 million or +13.5% 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 six-month period ended June 30, 2023 amounted to Baht 7.09 million, increased by Baht 4.23 million or +147.9% 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. Also, the Company has drawn out working capital for purchasing inventories. In addition, the bank has increased the interest rate. This results in an increase in financial costs as well.

**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, 2023 amounted to Baht 0.47 million decreased by Baht 0.47 million 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 six-month period ended June 30, 2023 amounted to Baht 7.05 million, increased by Baht 4.34 million or +160.1% compared with the same period of the prior year. Although profit before income tax decreased in the consolidated financial statements. But when considering the separate financial statements, TM has higher profit before income tax in 2023 comparing with the same period of prior year.

TM has profit before income tax expenses for the six-month period ended June 30, 2023, amounted to Baht 24.09 million, increased by Baht 10.04 million or +71.5% compared to the same period last year. The main reason TM's profits increased was due to increased sales revenue. When profits are higher, it results in higher income tax expenses as well.

However, when considering the consolidated financial statements, it was found that when TMNC's operating results were included, the profit before income tax expenses for the six-month period ending June 30, 2023, it was only Baht 9.36 million because TMNC's operating results were still at a loss of about Baht 15 million. Caused by the relatively small number of people using the elderly care facility under The Parents project. But TMNC has high fixed costs such as depreciation and employee expenses. The Company expects that as more patients use The Parents service, its performance will improve. TMNC performance is expected to improve in 2024 when there are more than 80 monthly patients. Currently, there are about 15 patients at The Parents per month.

**Net profit and net profit margin**

Net profit for the six-month period ended June 30, 2023 amounted to Baht 2.31 million, decreased by Baht 7.07 million or -75.4% compared to the same period of prior year. The decrease in net profit was mainly due to the fact that TMNC opened The Parents elderly care facility but still had a small number of patients, while fixed costs are high. TM's operating results have improved from operating rooms reopening, resulting in higher sales of medical devices.

Please be informed accordingly.

Yours sincerely,



Mrs. Soonthree Chanlongbutra,  
Chief Executive Officer

Techno Medical Public Company Limited