



บริษัท เทคโนโลยีคัล จำกัด (มหาชน)
Techno Medical Public Company Limited

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No. TM04/2023

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Subject: Management Discussion and Analysis for the nine-month period ended September 30, 2023

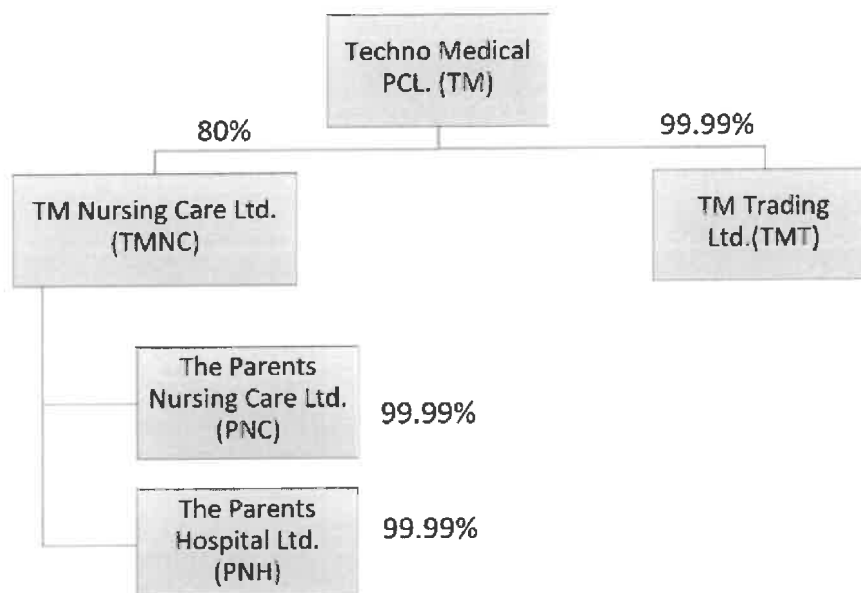
To: The President
 The Stock Exchange of Thailand

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

Statement of Comprehensive Income for the nine-month period ended September 30, 2023 and 2022

| Statement of Comprehensive Income | Consolidated FS | | Separated FS | | Change (Consolidated FS) | |
|--|----------------------|----------------------|----------------------|----------------------|--------------------------|----------------|
| | 9-month 30 Sep 23 | 9-month 30 Sep 22 | 9-month 30 Sep 23 | 9-month 30 Sep 22 | | |
| | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | % |
| Revenue from Sales – net | 506.99 | 472.69 | 505.01 | 473.37 | 34.30 | 7.3% |
| Service Income | 6.95 | - | - | - | 6.95 | n/a |
| Other Income | 0.80 | 1.67 | 0.79 | 1.22 | - 0.87 | 52.1% |
| Total Income | 514.74 | 474.36 | 505.80 | 474.59 | 40.38 | 8.5% |
| Cost of Sales | 324.94 | 302.05 | 324.83 | 302.64 | 22.89 | 7.6% |
| Cost of Service | 15.89 | - | - | - | 15.89 | n/a |
| Gross Profit from Sales (Exclude Other Income) | 182.05 | 170.64 | 180.18 | 170.73 | 11.41 | 6.7% |
| Gross Profit from Service Income (Exclude Other Income) | - 8.94 | - | - | - | - 8.94 | n/a |
| Gross Profit from Sales% | 35.9% | 36.1% | 35.7% | 36.1% | | |
| Gross Profit from Service Income% | -128.6% | n/a | n/a | n/a | | |
| Distribution Costs | 66.73 | 70.65 | 66.73 | 70.65 | - 3.92 | -5.5% |
| Administrative Expenses | 95.8 | 81.98 | 79.66 | 77.14 | 13.82 | 16.9% |
| Loss from exchange rate | 1.25 | 4.44 | 1.25 | 4.44 | - 3.19 | -71.8% |
| Profit from operating activities | 10.13 | 15.24 | 33.33 | 19.72 | - 5.11 | -33.5% |
| Finance Costs | 10.96 | 4.25 | 7.81 | 5.02 | 6.71 | 157.9% |
| Loss (reversal of loss) on impairment of financial assets | -0.67 | -0.69 | - 0.67 | - 0.69 | 0.02 | -2.9% |
| Profit (loss) before Income Tax | -0.16 | 11.68 | 26.19 | 15.39 | - 11.84 | -101.4% |
| Income Tax Expense | 7.41 | 4.12 | 6.98 | 4.12 | 3.29 | 79.9% |
| Net Profit (loss) | -7.57 | 7.56 | 19.21 | 11.27 | - 15.13 | -200.1% |
| Net Profit% | -1.5% | 1.6% | 3.8% | 2.4% | | |
| Profit (Loss) attributable to: | | | | | | |
| Owners of the parent | -2.09 | 8.28 | | | | |
| Non-controlling interest | -5.48 | -0.72 | | | | |

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 |

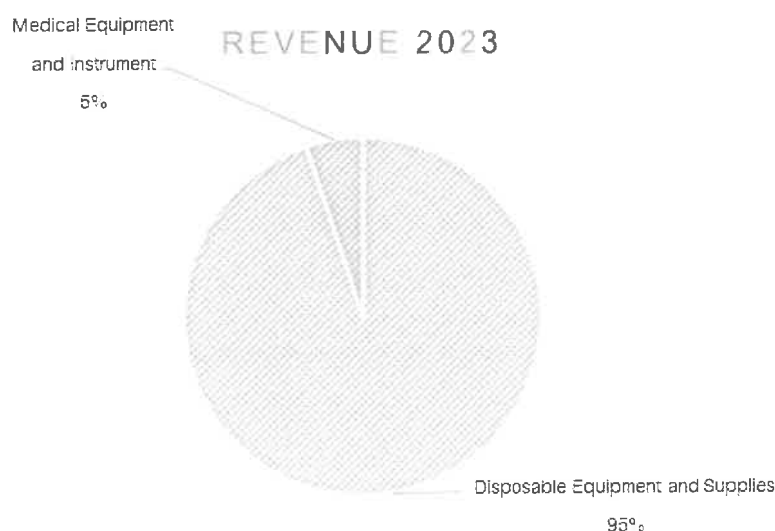
Currently, the group has main income as follows:

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 nine-month period ended September 30, 2023 amounted to Baht 506.99 million, increased by Baht 34.30 million (+7.3%) compared to the same period of last year. The income structure by product group in 2023 consisted of sales from Disposable Equipment and Supplies 95% and sales from Medical Equipment and Instrument 5%



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

| Disposable Equipment and Supplies | 2023 | 2022 | Change | |
|-----------------------------------|--------------|--------------|--------------|------|
| | Million Baht | Million Baht | Million Baht | % |
| Revenue from Sales – net | 480.92 | 453.93 | 26.99 | 5.9% |
| Gross profit | 170.55 | 163.53 | 7.02 | 4.3% |
| Gross profit % | 35.5% | 36.0% | | |

Sales from Disposable Equipment and Supplies increased by Baht 26.99 million or +5.9% 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.

Gross profit margin decreased slightly due to facing price competition from competitors. However, the Company has added new products to increase sales.

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

| Medical Equipment and Instrument | 2023 | 2022 | Change | |
|-------------------------------------|--------------|--------------|--------------|-------|
| | Million Baht | Million Baht | Million Baht | % |
| Revenue from Sales – net | 26.07 | 18.77 | 7.30 | 38.9% |
| Gross profit | 11.51 | 7.11 | 4.40 | 61.9% |
| Gross profit % | 44.2% | 37.9% | | |

Sales from Medical Equipment and Instrument increased by Baht 7.30 million or +38.9% because the Company has expanded its customer base for hemoglobin analyzer to a large number. Moreover, the Company has delivered surgical instruments to hospitals according to the backlog outstanding since last year, resulting in increased sales.

The gross profit margin increased from 37.9% to 44.2% 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 nine-month period ended September 30, 2023, amounted to Baht 6.95 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 6.6 million. In addition, PNC has income from teaching nursery students amounted to Baht 0.6 million in 2023.

However, TMNC had gross loss from service income in the amount of Baht 8.94 million because there were still a small number of people using the services of The Parents elderly care facility. But TMNC has relatively high fixed expenses, such as depreciation and employee wages, resulting in a gross loss.

Other income

Other income for the nine-month period ended September 30, 2023 amounted to Baht 0.80 million, decreased by Baht 0.87 million or -52.1% compared with the same period of last year because the Company has gain from sales of vehicles in 2022.

Loss on exchange rate

Loss on exchange rate for the nine-month period ended September 30, 2023 amounted to Baht 1.25 million. While in the same period last year, the Company had a loss from foreign exchange of Baht 4.44 million. The loss decreased by Baht 3.19 million because most of the Company's products were imported from abroad, mainly purchased in US dollars. In 2023, Thai Baht depreciated less against the US dollar than in 2022, resulting in lower loss from exchange rate.

Distribution costs

Distribution costs for the nine-month period ended September 30, 2023 amounted to Baht 66.73 million, decreased by Baht 3.92 million or -5.5% 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 nine-month period ended September 30, 2023 amounted to Baht 95.80 million, increased by Baht 13.82 million or +16.9% 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.

At the same time, TM has increased administrative expenses due to the rental of one more warehouse in 2023 to support sales expansion.

Finance costs

Finance cost for the nine-month period ended September 30, 2023 amounted to Baht 10.96 million, increased by Baht 6.71 million or +157.9% 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 nine-month period ended September 30, 2023 amounted to Baht 0.67 million decreased by Baht 0.02 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 nine-month period ended September 30, 2023 amounted to Baht 7.41 million, increased by Baht 3.29 million. 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 nine-month period ended September 30, 2023, amounted to Baht 26.19 million, increased by Baht 10.80 million or +70.2% compared to the same period last year. The main reason TM's profits increased was due to increased sales revenue and decreased distribution costs. When profits are higher, it results in higher income tax expenses as well.

Net profit and net profit margin

Net loss for the nine-month period ended September 30, 2023 amounted to Baht 7.57 million, decreased by Baht 15.13 million or -200.1% 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,



Mr. Supapong Chanlongbutra
President

Techno Medical Public Company Limited