



บริษัท เทคโนเมดิคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM01/2024

February 17, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023

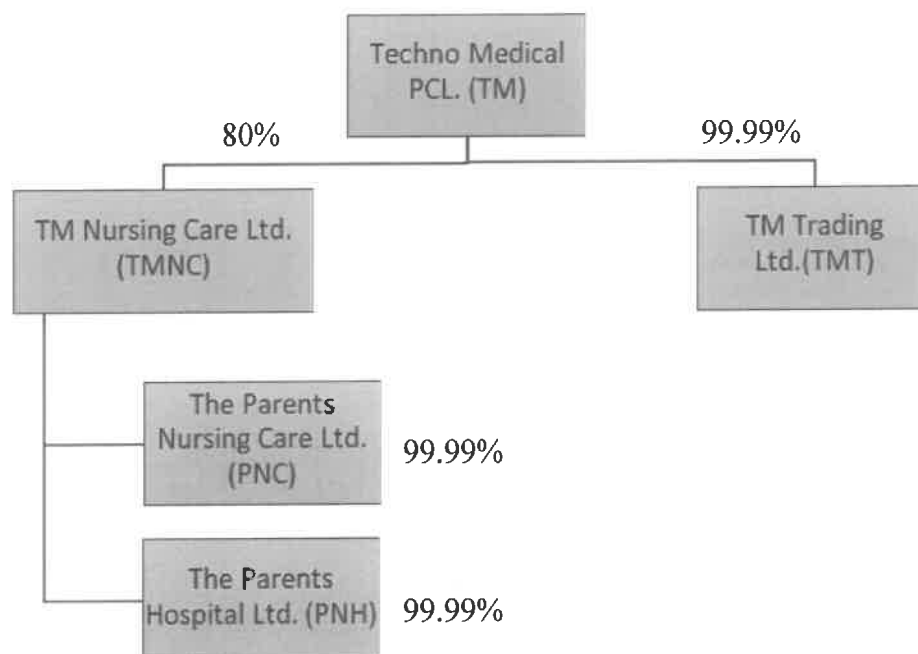
To: The President  
The Stock Exchange of Thailand

Techno Medical Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis for the year ended December 31, 2023, with detail as follows

Statement of Comprehensive Income for the year ended December 31, 2023 and 2022

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22	Million Baht	%
	Million Baht	Million Baht	Million Baht	Million Baht		
Revenue from Sales – net	685.76	642.86	683.04	644.26	42.90	6.7%
Service Income	10.25	-	-	-	10.25	n/a
Other Income	0.99	2.18	0.95	1.53	1.19	-54.6%
Gain on exchange rate	5.66	4.69	5.66	4.69	0.97	20.7%
<b>Total Income</b>	<b>702.66</b>	<b>649.73</b>	<b>689.65</b>	<b>650.48</b>	<b>52.93</b>	<b>8.1%</b>
Cost of Sales	442.72	414.33	442.60	415.68	28.39	6.9%
Cost of Service	22.78	-	-	-	22.78	n/a
<b>Gross Profit from Sales (Exclude Other Income)</b>	<b>243.04</b>	<b>228.53</b>	<b>240.44</b>	<b>228.58</b>	<b>14.51</b>	<b>6.3%</b>
<b>Gross Profit from Service Income (Exclude Other Income)</b>	<b>- 12.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.53</b>	<b>n/a</b>
<b>Gross Profit from Sales%</b>	<b>35.4%</b>	<b>35.5%</b>	<b>35.2%</b>	<b>35.5%</b>		
<b>Gross Profit from Service Income%</b>	<b>-122.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>		
Distribution Costs	90.64	94.9	90.64	94.90	4.26	-4.5%
Administrative Expenses	134.6	117.4	113.73	105.97	17.20	14.7%
<b>Profit from operating activities</b>	<b>11.92</b>	<b>23.1</b>	<b>42.68</b>	<b>33.93</b>	<b>11.18</b>	<b>-48.4%</b>
Finance Costs	15.58	6.27	11.11	7.40	9.31	148.5%
Loss (reversal of loss) on impairment of financial assets	-0.61	-0.14	0.61	0.14	0.47	335.7%
<b>Profit (loss) before Income Tax</b>	<b>-3.05</b>	<b>16.97</b>	<b>32.18</b>	<b>26.67</b>	<b>20.02</b>	<b>-118.0%</b>
Income Tax Expense	8.87	5.89	8.21	5.91	2.98	50.6%
<b>Net Profit (loss)</b>	<b>-11.92</b>	<b>11.08</b>	<b>23.97</b>	<b>20.76</b>	<b>23.00</b>	<b>-207.6%</b>
<b>Net Profit%</b>	<b>-1.7%</b>	<b>1.7%</b>	<b>3.5%</b>	<b>3.2%</b>		
Profit (Loss) attributable to:						
Owners of the parent	-4.48	12.99				
Non-controlling interest	-7.44	-1.91				

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:

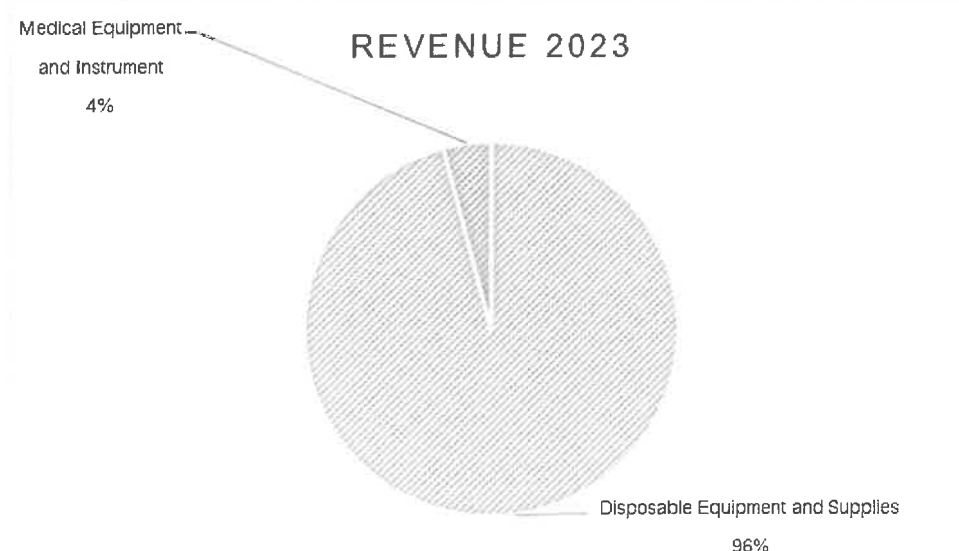
1. Revenue from sales of medical devices - It is considered the main income of the group of companies, with TM and TMT mainly selling. TMT focuses on wholesale to public hospitals, while TM sells to both public and private hospitals. Revenue from sales of products of TM and TMT can be divided into 2 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 year ended December 31, 2023 amounted to Baht 685.76 million, increased by Baht 42.90 million (+6.7%) compared with the same period of last year. The income structure by product group in 2023 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 year ended December 31, 2023 and 2022 are as following

Disposable Equipment and Supplies	2023	2022	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales -- net	657.20	612.93	44.27	7.2%
Gross profit	230.14	217.15	12.99	6.0%
Gross profit %	35.0%	35.4%		

Sales from Disposable Equipment and Supplies increased by Baht 44.27 million or +7.2% compare with the same period of prior year 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 year ended December 31, 2023 and 2022 are as following

Medical Equipment and Instrument	2023	2022	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	28.56	29.94	-1.38	-4.6%
Gross profit	12.90	11.39	1.51	13.3%
Gross profit %	45.2%	38.0%		

Sales from Medical Equipment and Instrument decreased by Baht 1.38 million or -4.6% compared with the same period of prior year because in 2022 the Company sold 1 heart lung machine, but in 2023 the company no longer sold this product. However, sales of hemoglobin analyzer in 2023 increased significantly. As a result, even sales decreased. But gross margin increased because hemoglobin analyzer had better gross margin.

### **Service Income**

The Company has service income for the year ended December 31, 2023, amounted to Baht 10.25 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 9.65 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 12.53 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 year ended December 31, 2023 amounted to Baht 0.99 million, decreased by Baht 1.19 million or -54.6% compared with the same period of last year because the Company has gain from sales of vehicles in 2022.

### **Gain on exchange rate**

Gain on exchange rate for the year ended December 31, 2023 amounted to Baht 5.66 million, increased by Baht 0.97 million or +20.7% compared with the same period of prior year 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 year ended December 31, 2023 amounted to Baht 90.64 million, decreased by Baht 4.26 million or -4.5% 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 year ended December 31, 2023 amounted to Baht 134.60 million, increased by Baht 17.20 million or +14.7% 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 year ended December 31, 2023 amounted to Baht 15.58 million, increased by Baht 9.31 million or +148.5% 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 year ended December 31, 2023 amounted to Baht 0.61 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 year ended December 31, 2023 amounted to Baht 8.87 million, increased by Baht 2.98 million or +50.6% compared with the same period pf 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.

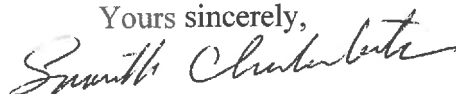
TM has profit before income tax expenses for the year ended December 31, 2023, amounted to Baht 32.18 million, increased by Baht 5.51 million or +20.7% compared to the same period last year. The main reason TM's profits increased was due to increased sales revenue and decreased distribution costs. When profits are higher, it results in higher income tax expenses as well.

**Net profit and net profit margin**

Net loss for the year ended December 31, 2023 amounted to Baht 11.92 million, decreased by Baht 23.00 million or -207.6% compared to the same period of prior year. While in 2022, the Company had net profit of Baht 11.08 million in the consolidated financial statements. 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