



บริษัท เทคโนเมดิคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM02/2024

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Subject: Management Discussion and Analysis for the three-month period ended March 31, 2024

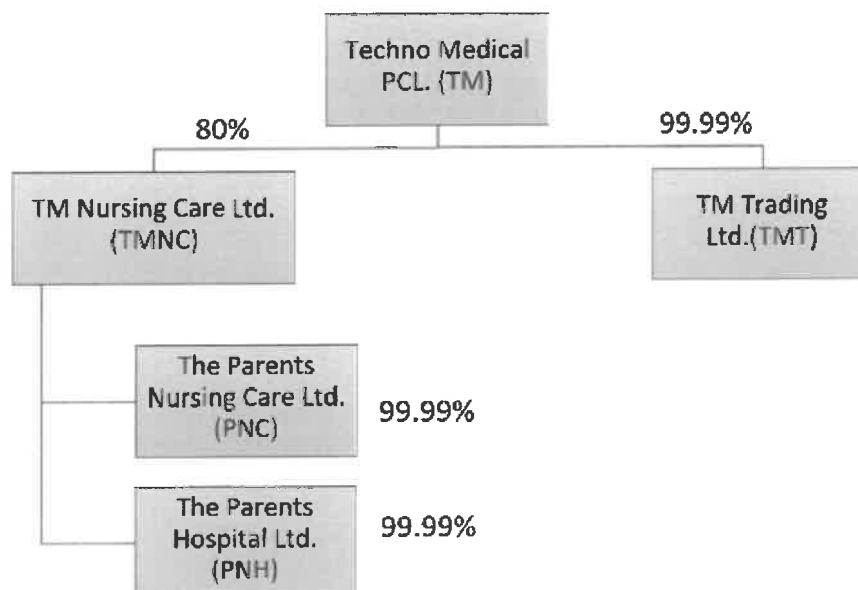
To: The President  
The Stock Exchange of Thailand

Techno Medical Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis for the three-month period ended March 31, 2024, with detail as follows

Statement of Comprehensive Income for the three-month period ended March 31, 2024 and 2023

Statement of Comprehensive Income	Consolidated FS		Separated FS		Change (Consolidated FS)	
	3-month 31 Mar 24	3-month 31 Mar 23	3-month 31 Mar 24	3-month 31 Mar 23	Million Baht	%
	Million Baht	Million Baht	Million Baht	Million Baht		
Revenue from Sales -- net	177.35	164.48	176.40	164.35	12.87	7.8%
Service Income	3.14	2.03	-	-	1.11	54.7%
Other Income	0.12	0.4	0.06	0.41	0.28	-70.0%
Gain (loss) on exchange rate	-1.56	3.19	1.56	3.19	4.75	-148.9%
<b>Total Income</b>	<b>179.05</b>	<b>170.1</b>	<b>174.90</b>	<b>167.95</b>	<b>8.95</b>	<b>5.3%</b>
Cost of Sales	116.99	105.12	116.99	105.24	11.87	11.3%
Cost of Service	5.71	3.32	-	-	2.39	72.0%
<b>Gross Profit from Sales (Exclude Other Income)</b>	<b>60.36</b>	<b>59.36</b>	<b>59.41</b>	<b>59.11</b>	<b>1.00</b>	<b>1.7%</b>
<b>Gross Loss from Service Income (Exclude Other Income)</b>	<b>- 2.57</b>	<b>- 1.29</b>	<b>-</b>	<b>-</b>	<b>1.28</b>	<b>99.2%</b>
<b>Gross Profit from Sales%</b>	<b>34.0%</b>	<b>36.1%</b>	<b>33.7%</b>	<b>36.0%</b>		
<b>Gross Profit (loss) from Service Income%</b>	<b>-81.8%</b>	<b>-63.5%</b>	<b>0.0%</b>	<b>0.0%</b>		
Distribution Costs	25.76	22.3	25.67	22.30	3.46	15.5%
Administrative Expenses	32.33	29.84	27.07	24.50	2.49	8.3%
<b>Profit (loss) from operating activities</b>	<b>-1.74</b>	<b>9.52</b>	<b>5.17</b>	<b>15.91</b>	<b>11.26</b>	<b>-118.3%</b>
Finance Costs	4.87	3.56	3.41	2.63	1.31	36.8%
Loss (reversal of loss) on impairment of financial assets	0.1	-0.39	0.10	0.39	0.49	-125.6%
<b>Profit (loss) before Income Tax</b>	<b>-6.71</b>	<b>6.35</b>	<b>1.66</b>	<b>13.67</b>	<b>13.06</b>	<b>-205.7%</b>
Income Tax Expense	0.84	3.00	0.70	2.75	2.16	-72.0%
<b>Net Profit (loss)</b>	<b>-7.55</b>	<b>3.35</b>	<b>0.96</b>	<b>10.92</b>	<b>10.90</b>	<b>-325.4%</b>
<b>Net Profit(loss)%</b>	<b>-4.3%</b>	<b>2.0%</b>	<b>0.5%</b>	<b>6.6%</b>		
Profit (Loss) attributable to:						
Owners of the parent	-5.75	4.84				
Non-controlling interest	-1.80	-1.49				

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

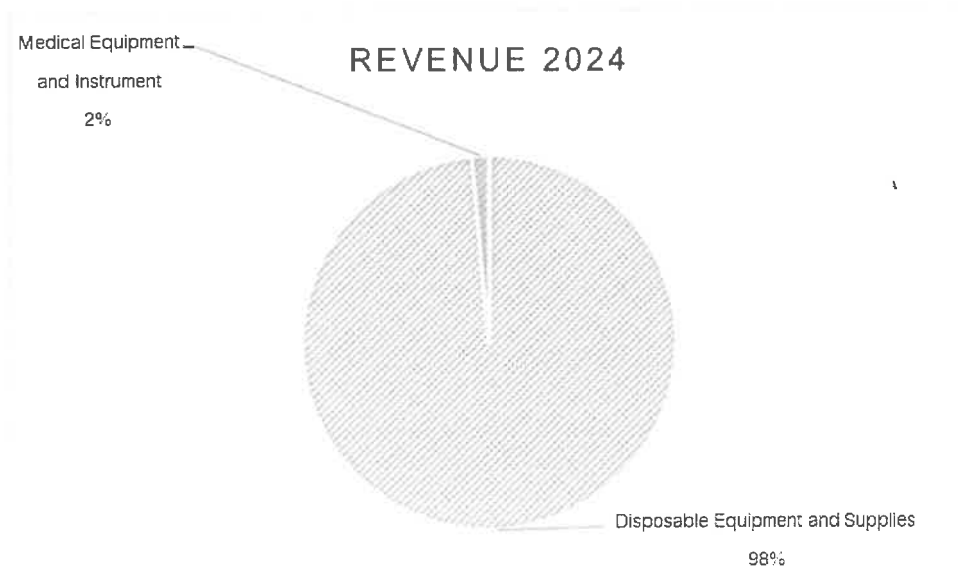
Currently, the group has main income as follows:

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 three-month period ended March 31, 2024 amounted to Baht 177.35 million, increased by Baht 12.87 million (+7.8%) compared with the same period of last year. The income structure by product group in 2024 consisted of sales from Disposable Equipment and Supplies 98% and sales from Medical Equipment and Instrument 2%



Sales and gross profit from Disposable Equipment and Supplies for the three-month period ended March 31, 2024 and 2023 are as following

Disposable Equipment and Supplies	2024	2023	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	174.66	156.04	18.62	11.9%
Gross profit	58.85	55.51	3.34	6.0%
Gross profit %	33.7%	35.6%		

Sales from Disposable Equipment and Supplies increased by Baht 18.62 million or +11.9% compare with the same period of prior year due to the fact that the company is able to sell more products in the same product group from continuous marketing since 2023 such as Hemoglobin Analyzer, Surgical gloves, Closed system IV sets. There are also additional product sales from new product such as Alcohol Pad.

Gross profit margin decreased due to Thai Baht depreciated compared to the US dollar and Euro. As a result, the company has higher cost of sales. While the product price is difficult to increase because medical equipment industry is highly competitive.

Sales and gross profit from Medical Equipment and Instrument for the three-month period ended March 31, 2024 and 2023 are as following

Medical Equipment and Instrument	2024	2023	Change	
	Million Baht	Million Baht	Million Baht	%
Revenue from Sales – net	2.68	8.43	-5.75	-68.2%
Gross profit	1.50	3.85	-2.35	-61.0%
Gross profit %	56.0%	45.7%		

Sales from Medical Equipment and Instrument decreased by Baht 5.75 million or -68.2% compared with the same period of prior year because the Company canceled the renewal of the contract to be a sales representative for surgical instruments with overseas manufacturer. As a result, sales of this group of products decreased. However, the Company has already found a new manufacturer of surgical instruments to prepare for sale in 2024.

### **Service Income**

The Company has service income for the three-month period ended March 31, 2024, amounted to Baht 3.14 million, increased by Baht 1.11 million or +54.7% compared with the same period of prior year. This is because in 2023 it was the first time that TMNC opened the Elderly Care Center, The Parents, and it was not yet well known. Therefore, there will be fewer people using the service than in 2024.

However, TMNC had gross loss from service income in the amount of Baht 2.57 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 three-month period ended March 31, 2024 amounted to Baht 0.12 million, decreased by Baht 0.28 million or -70.0% compared with the same period of last year because the Company has gain from sales of vehicles in 2023.

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

Loss on exchange rate for the three-month period ended March 31, 2024 amounted to Baht 1.56 million, while in the same period last year the Company had gain on exchange rates of Baht 3.19 million. Most of the Company's products are imported from overseas and purchased primarily in US dollars. In 2024, Thai Baht depreciated against the US dollar more than in 2023, resulting in exchange rate losses.

### **Distribution costs**

Distribution costs for the three-month period ended March 31, 2024 amounted to Baht 25.76 million, increased by Baht 3.46 million or +15.5% compared with the same period of the prior year. This is because the Company has donated more expired/obsolete products. And

TMNC has invested in marketing expenses such as website development and online marketing, resulting in higher distribution costs.

#### **Administrative expenses**

Administrative expenses for the three-month period ended March 31, 2024 amounted to Baht 32.33 million, increased by Baht 2.49 million or +8.3% compared with the same period of the prior year. This is because the Company has rented another warehouse in 2023 and has invested in the construction of storage shelves. Resulting in higher administrative costs.

#### **Finance costs**

Finance cost for the three-month period ended March 31, 2024 amounted to Baht 4.87 million, increased by Baht 1.31 million or +36.8% 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. This results in an increase in financial costs as well.

#### **Loss (reversal of loss) on impairment of financial assets**

Loss on impairment of financial assets for the three-month period ended March 31, 2024 amounted to Baht 0.10 million, increased by Baht 0.49 million or -125.6% compared with the same period of the prior year. This is because in 2023 the Company received payment of account receivables that were overdue for more than 12 months, but in 2024 there was no payment of account receivable that was overdue for more than 12 months.

However, the outstanding account receivables are from sales of products to government hospitals, which has a problem with late payment. But the Company can collect in the future.

#### **Income tax expense**

Income tax expense for the three-month period ended March 31, 2024 amounted to Baht 0.84 million, decreased by Baht 2.16 million or -72.0% compared with the same period of the prior year. This is because the Company's profit before income tax decreased. As a result, income tax expenses decreased as well.

#### **Net profit (loss) and net profit (loss) margin**

Net loss for the three-month period ended March 31, 2024 amounted to Baht 7.55 million, decreased by Baht 10.90 million or -325.4% compared to the same period of prior year. While in 2023, the Company had net profit of Baht 3.35 million.

The decrease in net profit was mainly due to the following;

1. The gross profit margin from sales of medical equipment products decreased due to the strong depreciation of Thai Baht in 2024, resulting in higher costs of sales. But product prices are difficult to increase because the medical device industry is highly competitive.
2. In 2023, the Company had gain on exchange rate, while in 2024 the Company had loss on exchange rate due to depreciation of Thai Baht. This resulted in a decrease in foreign exchange profits of Baht 4.75 million.

3. TMNC, which operates The Parents elderly care facility, has an operating loss of approximately Baht 8.9 million in 2024 because there is still not enough occupancy to reach the break-even point. In addition, there are high fixed costs such as depreciation and employee expenses.
4. TM has additional expenses from expired products and renting a second additional warehouse.
5. The Company has higher financial costs from drawing down long-term loans to construct The Parents and drawing down short-term loans for working capital.

Please be informed accordingly.

Yours sincerely,



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