

February 24, 2023

Ref: SET-2023-005

Re: Management Discussion and Analysis for the year 2022

Attn. to: President

The Stock Exchange of Thailand

KT Medical Service Public Company Limited and its subsidiaries (Hereinafter called "The Group") would like to submit Management's discussion and analysis for the year 2022 with the summary as follows:-

1. Nature of operations of the Company and its subsidiaries

1) KT Medical Services Public Company Limited ("KTMS") operates the business of providing hemodialysis services. (Hemodialysis) both in the form of hemodialysis clinic (Stand-Alone) and hemodialysis units in hospitals (Outsource). Currently, there are 22 Hemodialysis Center (266 Hemodialysis Machines) 1 Hemodialysis Center in Bangkok, 11 Hemodialysis Centers in northeastern provinces, 2 Hemodialysis Center in western province, 5 Hemodialysis Centers in northern provinces, 1 Hemodialysis Center in central province and 2 Hemodialysis Centers in eastern provinces.

2) Nephro Vision Co., Ltd. ("NEP") operates the business of providing hemodialysis services with hemodialysis machines, both in the form of hemodialysis clinic (Stand-Alone) and hemodialysis units in hospitals (Outsource). NEP was established on 20 May 2022. Currently, NEP has no commercial income.

3) Irving Corporation Limited ("IRV") operates 4 main businesses as follows: 1.1) Design, installation of water purification system for hemodialysis and system maintenance 1.2) Production and distribution of hemodialysis concentrate 1.3) designing and decorating the hemodialysis centers and 1.4) designing, assembling and distributing medical equipment for hemodialysis.

4) Medical Vision Co., Ltd. ("MV") operates the business of design and installation of pneumatic tube system including system maintenance services.

2. Analysis of Operating Results

Statements of Comprehensive Income - Consolidated (Million Baht)	For the Year Ended December 31,		Increase (Decrease)	%
	2022	2021		
Revenues from sales and services	378.44	310.30	68.14	21.96%
Cost of sales and services	305.79	247.15	58.64	23.73%
Gross profit from sales and services	72.65	63.15	9.50	15.04%
Other income	6.64	3.49	3.15	90.26%
Selling and distribution expenses	6.11	5.17	0.94	18.18%
Administrative expenses	42.69	34.97	7.72	22.08%
Operating profit	30.49	26.50	3.99	15.06%
Finance cost	4.43	5.68	(1.25)	(22.01%)
Tax expense	4.96	4.02	0.94	23.38%
Profit for the year	21.10	16.80	4.30	25.60%
Other comprehensive income - net of tax	1.13	-	1.13	100.00%
Total Comprehensive income for the year	22.23	16.80	5.43	32.32%
Profit (loss) Sharing				
- Equity holders of the Company	22.31	16.80	5.51	32.80%
- Non-controlling interests of the subsidiaries	(0.08)	-	(0.08)	(100.00%)

2.1 Revenues from sales and services

Revenues from sales and services for the year 2022 was increased from previous year in an amounting of Baht 68.14 million or 21.96 percent which can be divided into business segments as per information in the following table.

Revenue by Business Segments	For the Year Ended December 31,					
	2022		2021		Change	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Hemodialysis ¹	286.18	75.62%	214.80	69.22%	71.38	33.23%
2. Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service ²	73.32	19.38%	64.40	20.76%	8.92	13.85%
3. Design and installation of pneumatic tube system of equipment for medical service ³	18.94	5.00%	31.10	10.02%	(12.16)	(39.10%)
Total revenues from sales and services	378.44	100.00%	310.30	100.00%	68.14	21.96%

¹ KT Medical Service Public Company Limited (Herein after “**The Company**”) and Nephro Vision Co., Ltd. (Herein after “**The Subsidiaries**”).

² Irving Corporation Ltd., (Herein after “**The Subsidiaries**”).

³ Medical Vision Co., Ltd., (Herein after “**The Subsidiaries**”).

Hemodialysis

The revenue of hemodialysis for the year 2022 was increased from previous year in an amounting of Baht 71.38 million or 33.23 percent. Mainly came from increase in quantity of patients and Hemodialysis Centers.

Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service

The revenue of design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service for the year 2022 was increased from previous year in an amounting Baht 8.92 million or 13.85 percent. Mainly came from

- Revenue from production and distribution of hemodialysis concentrate was increased from previous year in an amounting of Baht 3.68 million or 11.16 percent.
- Revenue from design services, installation of water purification system for hemodialysis and system maintenance was increased from previous year in an amounting of Baht 2.60 million or 9.85 percent due to sale of water purification system was increased from previous year 2 projects.
- Revenue from distributing medical equipment for hemodialysis center was increased from previous year in an amounting of Baht 2.64 million or 52.49 percent due to sale of hemodialysis equipment set was increased from previous year.

Design and installation of pneumatic tube system of equipment for medical service

Revenue from design and installation of pneumatic tube system of equipment for medical service for the year 2022 was decreased from previous year in an amounting of Baht (12.16) million or (39.10) percent. Due to in 2021 its subsidiary received a large project of pneumatic tube system along with project value which received in 2022 were less than project value in 2021.

2.2 Administration expenses

The Group administrative expense for the year 2022 was increased from the previous year in an amounting of Baht 7.72 million or 22.08 percent. Mainly came from employee expenses was increased from get new employees within 2022 and annual salary increased, land mortgage fee, IPO expense and advertising expense etc.

2.3 Operating results

The Group net profit for the year 2022 was increased from previous year in an amounting of Baht 4.30 million or 25.60 percent. Mainly came from operation profit from hemodialysis was continuously increasing.

3. Financial position

Statement of Financial Position - Consolidated (Million Baht)	As at December 31,		Increase (Decrease)	%
	2022	2021		
Assets	682.19	388.57	293.62	75.56%
Liabilities	195.28	155.84	39.44	25.31%
Shareholders' equity	486.91	232.73	254.18	109.22%

3.1 Assets

The total asset as at 31 December 2022 was increased from the end of 2021 in an amounting of Baht 293.62 million or 75.56 percent. Significant changes was included.

Cash and cash equivalents was increased in an amounting of Baht 219.76 million. Mainly came from KTMS due to capital increase from IPO in an amounting of Baht 230.45 million (net of fee for issue IPO shares) and addition borrowings of loans for purchase of hemodialysis machined while decrease from paid for hemodialysis machines, tools and equipment for new branch in year 2022 in an amounting of Baht (74.52) million.

Trade and other receivables was increased in an amounting of Baht 12.44 million. Mainly came from increase of KTMS unearned income from increase in quantity of patients in an amounting of Baht 17.29 million and increase from reduction in allowance for doubtful debt of its subsidiary due to received payments from some long-overdue debtors in an amounting of Baht 6.22 million. However, its subsidiary account receivable decreased from received payments from a major pneumatic tube systems debtors in an amounting of Baht (10.64) million.

Property, buildings and equipment was increased in an amounting of Baht 65.62 million. Mainly came from an increase from KTMS purchase land and buildings including hemodialysis machine, medical tools and equipment for support new branches and increased from building renovation of KTMS office and its subsidiary.

3.2 Liabilities

The overall liability as at 31 December 2022 was increased from the end of 2021 by Baht 39.44 million or 25.31 percent. Significant changes in consist of:

Trade and other payables was increased in an amounting of Baht 5.60 million. Mainly came from purchasing medicine and medical supplies for support new branches of KTMS.

Long-term loans was increased in an amounting of Baht 45.69 million. Mainly came from KTMS due to purchasing land and buildings including hemodialysis machines and decreased from loan repayment during the year.

Lease liabilities was decreased in an amounting of Baht (11.37) million. Mainly came from KTMS due to purchasing land and buildings.

3.3 Shareholders' equity

The overall shareholders' equity as at 31 December 2022 was increased from the end of 2021 in an amounting of Baht 254.18 million or 109.22 percent. Mainly came from issuance of new ordinary shares of KTMS in an amounting of Baht 230.45 million and increase from share capital of its subsidiary in an amounting of Baht 1.50 million along with the Group operation profit in 2022.

4. Company's direction in the year 2023

4.1 KT Medical Service Public Company Limited. Currently, we have plans to expand branches and Hemodialysis machines. For the year 2023, we expected to expand branches around 4 - 10 branches and increase around 70 - 99 Hemodialysis machines according to economic environment, marketing and supply chain.

4.2 Nephro Vision Company Limited. Currently, we have plans to expand branches and Hemodialysis machines. For the year 2023, we expected to expand branches around 1 - 2 branches and increase around 16 - 24 Hemodialysis machines according to economic environment, marketing and supply chain.

4.3 Irving Corporation Limited. Currently, we received purchase orders of water purification system from customers by 5 projects in an amounting of Baht 4.07 million and expected to be completed in first quarter of 2023.

4.4 Medical Vision Company Limited. Currently, we received purchase orders of installation of pneumatic tube system of equipment for medical service from customers by 7 projects in a total amounting of Baht 12.30 million, which under installation and expected to be completed in second and third quarter of 2023.

Sincerely Yours,

Kanjana Pongpattanadecha
(Ms.Kanjana Pongpattanadecha)
Chief Executive Officer