

May 10, 2023

Ref: SET-2023-010

Re: Management Discussion and Analysis for the Quarter 1'2023

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 Quarter 1'2023 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 23 Hemodialysis Center (283 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, 2 Hemodialysis Centers in eastern provinces and 1 Hemodialysis Center in south province.

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 3-month period ended		Increase (Decrease)	%
	March 31,			
	2023	2022		
Revenues from sales and services	103.25	89.92	13.33	14.82%
Cost of sales and services	84.86	71.19	13.67	19.20%
Gross profit from sales and services	18.39	18.73	(0.34)	(1.82%)
Other income	2.51	2.50	0.01	0.40%
Selling and distribution expenses	1.48	1.56	(0.08)	(5.13%)
Administrative expenses	14.78	11.61	3.17	27.30%
Operating profit	4.64	8.06	(3.42)	(42.43%)
Finance cost	0.99	0.99	-	-
Tax expense	0.82	1.41	(0.59)	(41.84%)
Profit for the year	2.83	5.66	(2.83)	(50.00%)
Other comprehensive income - net of tax	-	-	-	-
Total Comprehensive income for the year	2.83	5.66	(2.83)	(50.00%)
Profit (loss) Sharing				
- Equity holders of the Company	2.87	5.66	(2.79)	(49.29%)
- Non-controlling interests of the subsidiaries	(0.04)	-	(0.04)	(100.00%)

2.1 Revenues from sales and services

For Quarter 1'2023, Revenues from sales and services was increased from the same period of the year 2022 in an amounting of Baht 13.33 million or 14.82 percent which can be divided into business segments as per information in the following table.

Revenue by Business Segments	For 3-month period ended March 31,					
	2023		2022		Change	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Hemodialysis ¹	80.83	78.29%	66.08	73.49%	14.75	22.32%
2. Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service ²	19.69	19.07%	19.90	22.13%	(0.21)	(1.06%)
3. Design and installation of pneumatic tube system of equipment for medical service ³	2.73	2.64%	3.94	4.38%	(1.21)	(30.71%)
Total revenues from sales and services	103.25	100.00%	89.92	100.00%	13.33	14.82%

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 was increased from the same period of the year 2022 in an amounting of Baht 14.75 million or 22.32 percent. Mainly came from increase in quantity of patients and branches expansion were continuous increasing.

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 was decreased from the same period of the year 2022 in an amounting Baht (0.21) million or (1.06) percent. Mainly came from

- Revenue from production and distribution of hemodialysis concentrate was increased from the same period of the year 2022 in an amounting of Baht 0.83 million or 9.76 percent. Due to purchase orders were continuous increasing
- Revenue from design services, installation of water purification system for hemodialysis and service preventive maintenance was decreased from the same period of the year 2022 in an amounting of Baht (0.09) million or (1.02) percent due to project value of water purification system was less than previous year.

- Revenue from distributing medical equipment for hemodialysis center was decreased from the same period of the year 2022 in an amounting of Baht (0.95) million or (37.25) percent due to sale of medical equipment was decreased 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 was decreased from the same period of the year 2022 in an amounting of Baht (1.21) million or (30.71) percent. Due to project value of pneumatic tube system in 2023 was less than project value in 2022.

2.2 Administration expenses

The Group administrative expense was increased from the same period of the year 2022 in an amounting of Baht 3.17 million or 27.30 percent. Mainly came from employee expenses was increased from get new employees during 2022 - 2023 and annual salary increase, donation expense to government hospitals and advertising and public relations expense etc.

2.3 Operating results

The Group net profit was decreased from the same period of the year 2022 in an amounting of Baht (2.83) million or (50.00) percent. Mainly came from increasing of administration expense according to the reason which mentioned above.

3. Financial position

Statement of Financial Position - Consolidated (Million Baht)	As at,		Increase (Decrease)	%
	31 March 2023	31 December 2022		
Assets	649.47	682.19	(32.72)	(4.80%)
Liabilities	159.73	195.28	(35.55)	(18.20%)
Shareholders' equity	489.74	486.91	2.83	0.58%

3.1 Assets

The total asset as at 31 March 2023 was decreased from the end of 2022 in an amounting of Baht (32.72) million or (4.80) percent. Significant changes was included.

Cash and cash equivalents was decreased in an amounting of Baht (64.64) million. Mainly came from KTMS purchase of land and buildings, building construction, hemodialysis center decoration, dialysis machines and equipments for new branches including paid for annual bonus 2022 of the Group.

Property, buildings and equipment was increased in an amounting of Baht 43.10 million. Mainly came from KTMS purchase land and buildings, building construction, hemodialysis center decoration including dialysis machines, medical tools and equipment for open the new branches of KTMS and its subsidiary.

Right-of-use assets was decreased in an amounting of Baht (10.61) million. Due to purchase land and buildings of KTMS for use as clinic instead of rental.

3.2 Liabilities

The overall liability as at 31 March 2023 was decreased from the end of 2022 in an amounting of Baht (35.55) million or (18.20) percent. Significant changes was consist of:

Trade and other payables was decreased in an amounting of Baht (22.31) million. Mainly came from paid for annual bonus 2022 of the Group and paid for hemodialysis machine of KTMS.

Long-term loans was decreased in an amounting of Baht (4.98) million. Mainly came from repayment loan during the year.

Lease liabilities was decreased in an amounting of Baht (11.14) million. Due to purchase land and buildings of KTMS for use as clinic instead of rental.

3.3 Shareholders' equity

The overall shareholders' equity as at 31 March 2023 was increased from the end of 2022 in an amounting of Baht 2.83 million or 0.58 percent. Due to the Group operation profit in the Quarter 1'2023.

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 about 4 - 9 branches and increase about 70 - 82 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 about 1 - 2 branches and increase about 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 8 projects in an amounting of Baht 6.00 million and expected to be completed in second to fourth 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 9 projects in a total amounting of Baht 16.05 million, which under installation and expected to be completed in second to fourth quarter of 2023.

Sincerely Yours,

Kanjana Pongpattanadecha
(Ms.Kanjana Pongpattanadecha)
Chief Executive Officer