



November 10, 2023

Ref: SET-2023-018

Re: Management Discussion and Analysis for the Quarter 3'2023

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 Discussion and Analysis for the Quarter 3'2023 with the summary as follows:-

1. Nature of operations of the Company and its subsidiaries

1) KT Medical Service 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 25 branches (324 Hemodialysis Machines) 1 branch in Bangkok, 12 branches in northeastern provinces, 2 branches in western provinces, 5 branches in northern provinces, 1 branch in central province, 2 branches in eastern provinces and 2 branches in south provinces.

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

3) Irving Corporation Limited ("IRV") operates 4 main businesses as follows: 3.1) Design, installation of water purification system for hemodialysis and system maintenance 3.2) Production and distribution of hemodialysis concentrate 3.3) Designing and decorating the hemodialysis centers 3.4) 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 September 30,		Increase (Decrease)	%	For 9-month period ended September 30,		Increase (Decrease)	%
	2023	2022			2023	2022		
	Revenues from sales and services	117.56			96.16	21.40		
Cost of sales and services	96.40	77.26	19.14	24.77%	274.26	223.56	50.70	22.68%
Gross profit from sales and services	21.16	18.90	2.26	11.96%	59.19	53.75	5.44	10.12%
Other income	1.12	1.11	0.01	0.90%	6.01	5.38	0.63	11.71%
Selling and distribution expenses	2.03	1.37	0.66	48.18%	5.43	4.42	1.01	22.85%
Administrative expenses	13.75	10.37	3.38	32.59%	43.67	31.60	12.07	38.20%
Operating profit	6.50	8.27	(1.77)	(21.40%)	16.10	23.11	(7.01)	(30.33%)
Finance cost	1.00	1.62	(0.62)	(38.27%)	2.96	3.38	(0.42)	(12.43%)
Income tax expense	1.80	1.55	0.25	16.13%	3.34	4.07	(0.73)	(17.94%)
Profit for the year	3.70	5.10	(1.40)	(27.45%)	9.80	15.66	(5.86)	(37.42%)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the year	3.70	5.10	(1.40)	(27.45%)	9.80	15.66	(5.86)	(37.42%)
Profit (loss) Sharing								
- Equity holders of the Company	3.92	5.13	(1.21)	(23.59%)	10.22	15.71	(5.49)	(34.95%)
- Non-controlling interests of the subsidiaries	(0.22)	(0.03)	(0.19)	(633.33%)	(0.42)	(0.05)	(0.37)	(740.00%)

2.1 Revenues from sales and services

Revenues from sales and services for the 3 months period was increased in an amounting of Baht 21.40 million or 22.25 percent and the 9 months period was increased in an amounting of Baht 56.14 million or 20.24 percent when compare with the same period of the year 2022 which can be divided into business segments as per information in the following table.

Revenue by Business Segments	For 3-month period ended September 30,				For 9-month period ended September 30,			
	2023		2022		2023		2022	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Hemodialysis ¹	92.94	79.06%	73.16	76.08%	260.30	78.06%	208.73	75.27%
2. Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service ²	16.56	14.09%	18.60	19.34%	53.83	16.15%	56.91	20.52%
3. Design and installation of pneumatic tube system of equipment for medical service ³	8.06	6.85%	4.40	4.58%	19.32	5.79%	11.67	4.21%
Total revenues from sales and services	117.56	100.00%	96.16	100.00%	333.45	100.00%	277.31	100.00%

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 3 months period was increased in an amounting of Baht 19.78 million or 27.04 percent and the 9 months period was increased in an amounting of Baht 51.57 million or 24.71 percent when compare with the same period of the year 2022. Mainly came from increase in the 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 for the 3 months period was decreased in an amounting of Baht (2.04) million or (10.97) percent and the 9 months period was decreased in an amounting of Baht (3.08) million or (5.41) percent when compare with the same period of the year 2022. Mainly came from

- Revenue from production and distribution of hemodialysis concentrate for the 3 months period was increased in an amounting of Baht 0.63 million or 6.77 percent and the 9 months period was increased in an amounting of Baht 2.55 million or 9.52 percent when compare with the same period of the year 2022. Due to purchase orders from customer were continuous increasing.

- Revenue from design services, installation of water purification system for hemodialysis and service preventive maintenance for the 3 months period was decreased in an amounting of Baht (2.39) million or (32.12) percent and the 9 months period was decreased in an amounting of Baht (4.56) million or (18.98) percent when compare with the same period of the year 2022. Due to projects quantity and projects value of water purification system was decreased from previous year.
- Revenue from distributing medical equipment for hemodialysis center for the 3 months period was decreased in an amounting of Baht (0.28) million or (15.05) percent from decrease of customer order in July - September 2023 and the 9 months period was decreased in an amounting of Baht (1.07) million or (17.57) percent when compare with the same period of the year 2022. Due to sales 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 for the 3 months period was increased in an amounting of Baht 3.66 million or 83.18 percent and the 9 months period was increased in an amounting of Baht 7.65 million or 65.55 percent when compare with the same period of the year 2022. Due to projects quantity and projects value were increased from the same period in 2022.

2.2 Administration expenses

The Group administrative expense for the 3 months period was increased in an amounting of Baht 3.38 million or 32.59 percent and the 9 months period was increased in an amounting of Baht 12.07 million or 38.20 percent when compare with the same period of the year 2022. Mainly came from employee expenses was increased from got new employees during 2022 - 2023 and annual salary increased, donation expenses to government hospitals and advertising and public relations expenses etc.

2.3 Operating results

The Group net profit for the 3 months period was decreased in an amounting of Baht (1.40) million or (27.45) percent and the 9 months period was decreased in an amounting of Baht (5.86) million or (37.42) percent when compare with the same period of the year 2022. Mainly came from increasing of administration expenses according to the reason which mentioned above.

3. Financial position

Statement of Financial Position - Consolidated (Million Baht)	As at,		Increase (Decrease)	%
	30 September 2023	31 December 2022		
Assets	656.38	682.19	(25.81)	(3.78%)
Liabilities	166.49	195.28	(28.79)	(14.74%)
Shareholders' equity	489.89	486.91	2.98	0.61%

3.1 Assets

The total asset as at 30 September 2023 was decreased from the end of the year 2022 in an amounting of Baht (25.81) million or (3.78) percent. Significant changes was included.

Cash and cash equivalents was decreased in an amounting of Baht (214.18) million. Mainly came from KTMS purchase of land and buildings, building construction, hemodialysis center decoration, dialysis machines and equipment for new branches, investment in trading securities and repayment long-term loans to financial institution including paid for annual bonus 2022 of the Group.

Trade and other receivables was increased in an amounting of Baht 42.43 million. Mainly came from increasing of the quantity of patients and treatments from the branches which already operated including the new branches which opened in 2023.

Other current financial assets was increased in an amounting of Baht 73.82 million. Came from investment in trading securities.

Property, buildings and equipment was increased in an amounting of Baht 80.66 million. Mainly came from purchase land and buildings, building construction, hemodialysis center decoration including dialysis machines, medical tools and equipment for new branches of KTMS and its subsidiary.

Right-of-use assets was decreased in an amounting of Baht (12.17) million. Due to KTMS purchase land and buildings for use as clinic instead of rental.

3.2 Liabilities

The overall liability as at 30 September 2023 was decreased from the end of the year 2022 in an amounting of Baht (28.79) million or (14.74) percent. Significant changes was included.

Trade and other payables was increased in an amounting of Baht 3.46 million. Mainly came from other payable of hemodialysis machine from KTMS and its subsidiary including other payable of hemodialysis center decoration for new branches.

Long-term loans was decreased in an amounting of Baht (24.24) million. Mainly came from repayment long-term loans to financial institution during the year.

Lease liabilities was decreased in an amounting of Baht (12.81) million. Due to KTMS purchase land and buildings for use as clinic instead of rental.

3.3 Shareholders' equity

The overall shareholders' equity as at 30 September 2023 was increased from the end of the year 2022 in an amounting of Baht 2.98 million or 0.61 percent. Due to share subscription of its subsidiary in 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. In fourth quarter of 2023, we expected to expand branches about 3 - 4 branches and increase about 16 - 40 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. In fourth quarter of 2023, we expected to opened 1 - 2 branches and increase about 8 - 16 Hemodialysis machines.

4.3 Irving Corporation Limited. Currently, we received purchase orders of water purification system from customers by 10 projects in an amounting of Baht 7.47 million and expected to be completed in 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 5 projects in a total amounting of Baht 5.20 million, which under installation and expected to be completed in fourth quarter of 2023.

Sincerely Yours,

Kanjana Pongpattanadecha
(Ms.Kanjana Pongpattanadecha)
Chief Executive Officer