

February 28, 2023

Ref: SET-2023-003

Re: Management Discussion and Analysis for the year 2022

Attn. to: President

The Stock Exchange of Thailand

Filter Vision 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 Group**

The Group has principally engaged in distribution of product and equipment, design, assembly and installation, and maintenance service of pure water treatment system; including operate clinical business which dialysis services for kidney patients who receive replacement therapy with dialysis by dialysis machinery (Dialysis Center) and distribution of medical equipment as well as medical service concerning health and esthetics.

### **2. Overview of operating results for the year 2022**

For the year 2022, COVID-19 pandemic situation was unravel. People were back to the normal life including with tourist industry was improve from foreign tourist and affect to Thai’s economy recovery. Increasing in Thai’s tourist and foreign tourist were affect to tourist attraction and business which related to tourism such as Retail store, Food and Beverage. Those business were came back to open again and affect to revenue of the Groups which was increased from prior year around 19.06 percent.

However, Thai’s economy was slowly recovery due to the prolonged conflict between Russia and Ukraine including with conflict between countries in many region. Moreover the impact of the greatly baht depreciating in the year 2022 and continued high inflation have caused higher energy prices and product and service costs of the Groups.

The summary of performance in each Business Unit are describe as following;

1.) Industrial and OEM (B1) still maintain the level of growth in revenue from sale (Trading) tools and equipment which use in maintenance service to industrial's clients. However, the revenue recognition of water system projects was lower than the prior year due to the Company got the purchase order in last quarter of 2022 and will operate and recognize the revenue in the first quarter of the year 2023.

2.) Commercial and residential (B2) which the main customers are convenience store, restaurant and beverage business that they can operate their business as usual. Accordingly, the Company's revenue which related to open the new store was increased a lot from trading tools and equipment both of new installation and maintenance service of water system.

3.) Medical services (B3) which operated by KT Medical Services Public Company Limited ("KTMS") and its subsidiaries can operation as usual close to before COVID-19 pandemic situation. The summary of performance are describe as following;

3.1) 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.

3.2) 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.

3.3) Irving Corporation Limited ("IRV") operates 4 main businesses as follows: 3.3.1) Design, installation of water purification system for hemodialysis and system maintenance 3.3.2) Production and distribution of hemodialysis concentrate 3.3.3) designing and decorating the hemodialysis centers and 3.3.4) designing, assembling and distributing medical equipment for hemodialysis.

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

4.) Hi Healthcare Center Co., Ltd. was temporarily closed all branches since December 31, 2020 due to loss on operation continuously until the new business's opportunity and have a new suitable locations.

### 3. Analysis of Operating Results

Statements of Comprehensive Income – Consolidated (Million Baht)	For the Year Ended December 31,			Increase / (Decrease)	% Change
	2020	2021	2022		
Revenues from sales and services	558.80	645.43	769.13	123.70	19.17 %
Gross profit from sales and services	147.14	179.94	198.41	18.47	10.26 %
Other income	2.62	5.48	6.96	1.48	27.01 %
Selling expenses	18.30	18.75	19.37	0.62	3.31 %
Administrative expenses	136.61	111.07	126.42	15.35	13.82 %
<b>Net profit (loss) before finance costs and corporate income tax</b>	(5.15)	55.60	59.58	3.98	7.16 %
Finance costs	9.21	6.91	8.87	1.96	28.36 %
Corporate income tax	1.19	9.50	11.05	1.55	16.32 %
<b>Profit (loss) from continuing operation</b>	(15.55)	39.19	39.66	0.47	1.20 %
<b>Profit (loss) from discontinued operation</b>	(81.17)	3.60	(0.57)	(4.17)	(115.83)%
<b>Profit (loss) for the period</b>	(96.72)	42.79	39.09	(3.70)	(8.65)%
Other comprehensive income - net of tax	5.79	-	3.45	3.45	100%
<b>Total Comprehensive income for the period</b>	(90.93)	42.79	42.54	(0.25)	(0.58)%
<b>Profit (loss) Sharing for the Period</b>					
- The Company's Equity	(92.94)	37.98	32.94	(5.04)	(13.27)%
- Non-controlling Interest of subsidiaries	(3.78)	4.81	6.15	1.34	27.86 %
<b>Total Comprehensive income Sharing for the period</b>					
- The Company's Equity	(87.41)	37.98	35.86	(2.12)	(5.58)%
- Non-controlling Interest of subsidiaries	(3.52)	4.81	6.68	1.87	38.88 %

### 3.1 Revenues from sales and services

Revenues from sales and services was increased from the year 2022 in an amounting of Baht 123.70 million or 19.17 percent which can be divided into business segments as per information in following table

Revenue by Business Segments	For the Year Ended December 31,						Increase / (Decrease)	% Change
	2020		2021		2022			
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)		
<b>Revenues from continuing operations</b>								
1. Industrial and OEM (B1) <sup>1</sup>	109.94	17.99%	102.34	15.84%	106.22	13.81%	3.88	3.79%
2. Commercial and residential (B2) <sup>1</sup>	237.36	38.86%	233.65	36.16%	284.95	37.04%	51.30	21.96%
3. Medical services (B3) <sup>2</sup>	211.50	34.62%	309.44	47.89%	377.96	49.13%	68.52	22.14%
<b>Total Revenues from continuing operations</b>	<b>558.80</b>	<b>91.47%</b>	<b>645.43</b>	<b>99.89%</b>	<b>769.13</b>	<b>99.98%</b>	<b>123.70</b>	<b>19.17%</b>
<b>Revenues from discontinued operation</b>								
4. Medical beauty treatment service (B4) <sup>3</sup>	52.08	8.53%	0.71	0.11%	0.18	0.02%	(0.53)	(74.65)%
<b>Total Revenues from Discontinued Operations</b>	<b>52.08</b>	<b>8.53%</b>	<b>0.71</b>	<b>0.11%</b>	<b>0.18</b>	<b>0.02%</b>	<b>(0.53)</b>	<b>(74.65)%</b>
<b>Total Revenues</b>	<b>610.88</b>	<b>100.00%</b>	<b>646.14</b>	<b>100.00%</b>	<b>769.31</b>	<b>100.00%</b>	<b>123.17</b>	<b>19.06%</b>

<sup>1</sup>**B1, B2:** Filters Vision Public Company Limited (Herein after “The Company”).

<sup>2</sup>**B3** : KT Medical Services Pub Co., Ltd, Irving Corporation Ltd., Medical Vision Co., Ltd.

(Herein after “The Subsidiaries”).

<sup>3</sup>**B4** : Hi Healthcare Center Co., Ltd. (Herein after “The Subsidiary”) (Discontinued Operation)

#### **B1 Industrial and OEM**

The Revenue in the B1 business group for 2022 increased by 3.88 million baht or 3.79 percent compared to the previous year. Mainly due to sales (Trading), materials, spare parts, water systems including maintenance services which supports the maintenance of water system equipment, industrial customers increased more than 2021

### ***B2 Commercial and residential***

Revenue in the B2 business group for 2022 increased by 51.30 million baht or 21.96 percent compared to the previous year. From the main customers, which are convenience stores, food and beverage outlets was able to open as usual. As a result, the increase of revenue related to the Re-opening both in terms of sales revenue and maintenance of water system equipment.

### ***B3 Medical services (B3)***

The revenue from business segment B3 was increased from previous year in an amounting of Baht 68.52 million or 22.14 percent. Due to the quantity of patients and Hemodialysis center were increased.

Revenue by Business Segments B3	For the Year Ended December 31,					
	2021		2022		Change	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Hemodialysis <sup>A</sup>	214.80	69.42%	286.18	75.72%	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 <sup>B</sup>	63.54	20.53%	72.84	19.27%	9.30	14.64%
3. Design and installation of pneumatic tube system of equipment for medical service <sup>C</sup>	31.10	10.05%	18.94	5.01%	(12.16)	(39.10)%
<b>Total revenues from sales and services</b>	<b>309.44</b>	<b>100.00%</b>	<b>377.96</b>	<b>100.00%</b>	<b>68.52</b>	<b>22.14%</b>

<sup>A</sup> KT Medical Service Public Company Limited (Herein after “The Company”) and Nephro Vision Co., Ltd. (Herein after “The Subsidiaries”).

<sup>B</sup> Irving Corporation Ltd., (Herein after “The Subsidiaries”).

<sup>C</sup> Medical Vision Co., Ltd., (Herein after “The Subsidiaries”).

### **B3. (1) 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.

### **B3. (2) 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 9.30 million or 14.64 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.

### **B3. (3) 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.

### **B4 Medical beauty treatment services**

The revenue from business segment B4 was decreased from previous year in an amounting of Baht (0.53) million or (74.65) percent. Due to Hi Healthcare Center Co., Ltd. was temporarily discontinued on 31 December 2020.

## **3.2 Administration expenses**

The Group of the Company has an increase in administrative expenses of 15.35 million baht or 13.82 percent compared to the previous year. The main cause is due to the record for doubtful debts of trade receivables and accrued income of the parent company about 5.03 million baht. Which the main transaction is caused by the debtor's returned cheque, at present, the debtor has negotiated some installments. Including losses from the exchange rate of about 2.40 million baht and for KT Medical Service Public Company Limited 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.

### 3.3 Operating results

The Group's administrative expense for the year 2022 was decreased in an amounting of Baht (3.70) million or (8.65) percent compared to the previous year which can be divided into 2 parts:

- Continuous operating profit increased by 0.47 million baht or 1.20 percent compared to the previous year. The main cause is the performance of the Group continuous improvement.
- Profit (loss) from discontinued operation decreased by (4.17) million baht or equivalent to a percentage (115.83) due to the B4's profit from the sale of tools and equipment decreased.

## 4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at December 31,			Increase / (Decrease)	%
	2020	2021	2022		
Asset	736.90	843.82	1,139.70	295.88	35.06%
Liabilities	423.15	407.28	428.66	21.38	5.25%
Shareholders' equity	313.75	436.54	711.04	274.5	62.88%
Issued and fully paid-up common share (Million Share)	565.14	565.14	565.14		
Par (Baht)	0.50	0.50	0.50		

### 4.1 Assets

The overall asset as of December 31, 2022 increased from of the year 2021 in the amount of 295.88 million baht or 35.06 percent. Important changes include.

**Cash and cash equivalents was increased in an amounting of Baht 196.51 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. The parent company (FVC) is the main list from the payment of financial institution loans (24.22) million baht.

**Trade and other receivable was increased in an amounting Baht 29.54 million.** Major increase from the parent company (FVC), trade receivables increased by 26.38 million baht from the sale of materials, spare parts of water systems. Including the increase in accrued income of KT Medical Service Public Company Limited. Mainly came from increase of KTMS unearned income from increase in quantity of patients in an amounting of Baht 17.29 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.

**Inventory was increased in an amounting Baht 24.48 million.** The mainly increase from the parent company (FVC), was arrangement products to support the business reopening for customers in the section of Industrial and OEM (B1) and Commercial and residential (B2).

**Restricted bank deposits was increased in an amounting Baht 6.07 million.** Mainly from KT Medical Services Public Company Limited used as bank collateral for credit facilities.

**Property, buildings and equipment was increased in an amounting of Baht 50.66 million.** An increase from KT Medical Service Public Company Limited purchased land and buildings instead of leased and purchase dialysis machine and medical tools and equipment to open a new branch and building renovation.

**Right-of-use asset was decreased in an amounting of Baht (7.52) million.** Mainly came from terminate the lease of land and building of KT Medical Services Public Company Limited change to purchasing and also results in the Lease Liability was decreased in an amounting of Baht (5.55) million. And, the parent company (FVC) has a car lease is due during the year.

#### **4.2 Liabilities**

The overall liabilities as of December 31, 2022 decreased from the end of 2021 in the amount of Baht (21.38) million baht or (5.25) percent. Significant changes included

**Bank Overdrafts and short-term loans from financial institutions was decreased in an amounting of Baht (15.94) million** mainly from the company repayment of promissory notes.

**Trade and other payables was increased in an amounting of Baht 11.76 million.** Mainly increased by buying filters and UV disinfection lamp from foreign trade creditors.

**Long-term loans was increased in an amounting of Baht 33.87 million.** Mainly came from KT Medical Service Public Company Limited due to purchasing land and buildings and Hemodialysis Machine.



#### **4.3 Shareholders' equity**

The overall of shareholders' equity as of December 31, 2022, an increase of 274.50 million baht or 62.88% from the end of 2021, an increase of 230.45 million baht from KTMS, issued new shares, and the group's operating profits by 2022 in the amount of 39.09 million baht.

#### **5. Company's direction in the year 2023**

##### **Industrial and OEM (B1) and Commercial and Residential (B2) operated by FVC**

Divide the characteristics of products and services for support the needs of customers into 4 types as follows:

1. Supply of products and their materials including spare parts to all FVC PCL's customers, so calls Component Trading segment
2. Supply of completely whole system projects which will cover system design, materials selection, and installation including complicated equipment and products in order to achieve the customers' requirements, so calls Components Integration Projects.
3. Supply of whole project system installation or so calls Project Erection.
4. Supply of system maintenance services or Maintenance Service Agreement (MA), whereby MA will totally cover Preventive Maintenance (PM) and Corrective Maintenance (CM) accordingly.

##### **5.1 Industrial and OEM (B1)**

Although the Covid-19 pandemic has already been lighter and many sectors have begun to expand more. But due to the results that have been interrupted for a long time causing the price competition to be more severe which can be seen from the sale of materials, equipment and spare parts which the number of orders has not changed much but the price of each product has a lower final selling price. As a result, the total sales value decreases even if the purchase amount is the same. In the same way, adding new customers is very competitive, making it even when combined with new customers, the total sales value does not change from the previous year.

The sale of products, materials, equipment, including installation, ready to use began to gradually occur after the recovery from the Covid outbreak. But each step is careful and careful Projects are reviewed the importance and necessity. Or urgency to wait for the situation as a result, sales in 2022 have not yet increased. But the trend found that various projects have begun to gradually install and drive. Which is expected that in 2023 will result in sales in the distribution of products, materials, equipment that are more complicated according to the market.

Other parts that will help promote higher total sales value. The company added products that were originally unique as products used for industrial levels. Come to adjust the characteristics and present as products used at the community level Which although the profit difference (Margin) is not much, but has a large volume in the market Therefore is another way for increasing total sales.

The whole system installation project in this section, the work is in accordance with the goal and operates according to the plan. But because the project has a relatively longer installation construction period than other groups causing the work that has been ordered and operated at the end of 2022 will have a recognition of revenue across the 1st quarter of 2023 and for this part of the past two years, the B1 business department has succeeded in collaborating with partners to create needs and create new projects of government agencies. In 2023, it will continue to expand this section to create projects. That results in continuous sales.

Maintenance service Preventive maintenance service which has decreased throughout the past Covid outbreak currently, customers will start to return to some system maintenance. But the nature of the maintenance service is a gradual work over time. Causing the value to recognize income is not as large as other groups including the amount of work that has not returned as before the Covid period

## **5.2 Commercial and residential (B2)**

With the situation of the Covid-19 outbreak that is lighter causing the company's customers in the restaurant and beverage group to reopen in various commercial districts across the country. However, the company's customers in the part of entrepreneurs in the hotel business group began to recover. Prepare to accept more travelers to contact business and travel in the country. But the hotel business has gradually resumed its operations in line with the real needs of the market in each area.

In the direction of the business group B2 still focuses on marketing in the distribution of materials, equipment and spare parts to entrepreneurs, distribution of complex materials and maintenance services. By still focusing on marketing customer service from design, select products that are suitable for use with customers' machinery and equipment. In order for customers to produce food and beverage products with standard quality as needed As well as providing maintenance services for the company's products in the form of maintenance service contract according to the level of customer needs.

Distribution of materials, equipment and spare parts Began to increase compared to the previous year But customers are still careful in spending by investing only important And due to the price of the product, it is necessary to increase from the significantly higher cost after the outbreak of Covid-19. Due to the shortage of containers including waiting for foreign products Causing this sales to grow gradually.

Part of the Maintenance Service Agreement (MA) Entrepreneurs began to pay attention to returning to the MA contract from the original suspension of the contract during the Covid-19 epidemic in the past 2-3 years, resulting in this income. Maintain the important income base of the business, which the company focuses on maintaining standards and continuously improving the work process to offer products that meet the needs of customers. It is expected that from returning to contract with the company will make sales meet the target.

### **5.3 Medical services (B3)**

5.3.1 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.

5.3.2 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.

5.3.3 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.

5.3.4 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,

Wijit Techakasem  
( Dr.Wijit Techakasem )  
Managing Director