

November 14, 2023

Ref: SET-2023-015

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

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 Quarter 3' 2023 with the summary as follows: -

1. Nature of operations of the Group

The Group of companies engages in the business of distributing products and equipment, designing, assembling, and installing purification water treatment systems and wastewater treatment and providing maintenance services for water treatment systems. Providing medical services for end-stage chronic kidney disease patients who have undergone blood purification through a dialysis machine Selling medical instruments and equipment related to the medical field and providing healthcare and beauty medical clinic services.

The nature of business operations for each company are as follows:

- 1) Filter Vision Public Company Limited ("FVC")** providing distributing products and equipment, designing, assembling, and installing water treatment systems for both purification water and wastewater treatment. This includes providing maintenance services for customers in two business groups: **1.1)** Industrial and OEM (B1) and **1.2)** Commercial and residential (B2).
- 2) 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.
- 3) 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.
- 4) Irving Corporation Limited ("IRV")** operates 4 main businesses as follows: **4.1)** Design, installation of water purification system , wastewater treatment systems for hemodialysis and system maintenance **4.2)** Production and distribution of hemodialysis concentrate **4.3)** Designing and decorating the hemodialysis centers **4.4)** Designing, assembling and distributing medical equipment for hemodialysis.

- 5) **Medical Vision Co., Ltd. ("MV")** operates the business of design and installation of pneumatic tube system including system maintenance services.
- 6) **Hi Healthcare Center Co., Ltd.** providing healthcare and beauty medical clinic services. Currently, the temporary closure of all branches since December 31, 2020.

2. Overview of operating results for the third quarter of the year 2023

In the third quarter of 2023, the Thai economy showed gradual recovery, driven by both the tourism sector and the expansion of private consumption. However, it faced challenges from the fragile global economy, which remained vulnerable due to uncertainties in the global financial markets. The Thai economy encountered risks of slowdown, particularly in the export sector. Nevertheless, domestic consumption adjusted well, benefiting from the strengthening economy, especially with the continuous expansion of inbound international tourists. This resulted in a growth of 26.23 percent in the third quarter for the income of the company group compared to the same quarter of the previous year.

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

1.) Industrial and OEM (B1) the company obtaining project work and maintenance service jobs, which can be carried out according to plan. Following the end of 2022, there were project installations that were completed and gradually translated into revenues according to the outlined plan. It is anticipated that the projects for which purchase orders have been received during the first half of the year will generate nearly all of the projected revenue for the year 2023. Furthermore, the company is poised to expand its revenue streams into preventive maintenance services, having secured contracts from existing clients with whom the company has previously worked on water system installation projects.

2.) Commercial and residential (B2) the main customers include convenience stores, restaurants, and beverage outlets, has shown continuous expansion. This growth is attributed to increased domestic consumption and a rise in international tourists compared to the previous year. Consequently, there has been an increase in revenue related to the installation of new equipment and maintenance and repair of existing systems. Business owners, including convenience stores, restaurants, and beverage outlets, have placed renewed importance on preventive maintenance, leading to a 37.77 percent increase in revenue for this segment in the 9 months compared to the same period in 2022.

3.) Medical services (B3) is operated by KT Medical Service Public Company Limited ("KTMS") and its subsidiaries ("KTMS Group"). The overall medical services business group has shown continuous growth due to business expansion efforts, particularly in the field of providing blood purification services through dialysis machines, which has grown by 22.28% compared to the third quarter of the previous year. This growth is a result of the expansion of the dialysis unit branch of the business, as well as an increase in the number of patients receiving services.

4.) Hi Healthcare Center Co., Ltd. has experienced consecutive losses from its past operations, leading the management to decide on the temporary closure of all branches starting from December 31, 2020.

3. Analysis of Operating Results

Statements of Comprehensive Income – Consolidated (Million Baht)	For 3-month period ended September 30,				For 9-month period ended September 30,			
	2023	2022	Increase /(Decrease)	%	2023	2022	Increase /(Decrease)	%
Revenues from sales and services	231.84	183.67	48.17	26.23%	664.67	554.87	109.80	19.79%
Gross profit from sales and services	51.32	49.48	1.84	3.72%	150.06	147.69	2.37	1.60%
Other income	2.18	1.10	1.08	98.18%	6.35	5.58	0.77	13.80%
Selling expenses	6.56	3.71	2.85	76.82%	18.30	13.52	4.78	35.36%
Administrative expenses	35.57	30.41	5.16	16.97%	107.19	95.57	11.62	12.16%
Net profit before finance costs and corporate income tax	11.37	16.46	(5.09)	-30.92%	30.92	44.17	(13.25)	-30.00%
Finance costs	2.58	2.92	(0.34)	-11.64%	7.04	6.74	0.30	4.45%
Corporate income tax	2.76	2.63	0.13	4.94%	6.36	8.46	(2.10)	-24.82%
Profit from continuing operation	6.03	10.91	(4.88)	-44.73%	17.52	28.97	(11.45)	-39.52%
Loss from discontinued operation	(0.17)	(0.16)	(0.01)	6.25%	(0.31)	(0.41)	0.10	-24.39%
Profit for the period	5.86	10.75	(4.89)	-45.49%	17.21	28.56	(11.35)	-39.74%
Comprehensive income for the period								
Total Comprehensive income for the period	5.86	10.75	(4.89)	-45.49%	17.21	28.56	(11.35)	-39.74%
Profit or loss attributable to:								
- Equity holders of the Company	4.34	9.28	(4.94)	-53.23%	13.03	24.10	(11.07)	-45.93%
- Non-controlling interests of the subsidiaries	1.52	1.47	0.05	3.40%	4.18	4.46	(0.28)	-6.28%

3.1 Revenues from sales and services

The operational performance of the group of companies has seen an increase in revenue from sales and services. For the 3 months period, there was an increase of 48.17 million Baht, representing a growth of 26.23%. Similarly, for the 9 months period, there was a rise of 109.80 million Baht, equivalent to a growth rate of 19.79%, when compared to the corresponding period in the previous year. This improvement can be further explained by categorizing it according to the business groups as follows:

Revenue by Business Segments	For 3-month period ended September 30,						For 9-month period ended September 30,					
	2023		2022		Increase /(Decrease) %	Increase /(Decrease) %	2023		2022		Increase /(Decrease) %	Increase /(Decrease) %
	Million Baht	(%)	Million Baht	(%)			Million Baht	(%)	Million Baht	(%)		
Revenues from continuing operations												
1. Industrial and OEM (B1) ¹	29.93	12.91%	20.22	11.01%	9.71	48.02%	95.94	14.44%	75.37	13.58%	20.57	27.29%
2. Commercial and residential (B2) ¹	84.49	36.44%	67.42	36.71%	17.07	25.32%	235.71	35.46%	202.64	36.52%	33.07	16.32%
3. Medical services (B3) ²	117.43	50.65%	96.03	52.28%	21.40	22.28%	333.03	50.10%	276.86	49.89%	56.17	20.29%
Total Revenues from continuing operations	231.84	100.00%	183.67	100.00%	48.17	26.23%	664.67	100.00%	554.87	99.99%	109.80	19.79%
Revenues from discontinued operation												
4. Medical beauty treatment service (B4) ³	-	-	-	-	-	-	-	-	0.04	0.01%	(0.04)	-100.00%
Total Revenues from Discontinued Operations	-	-	-	-	-	-	-	-	0.04	0.01%	(0.04)	-100.00%
Total Revenues	231.84	100.00%	183.67	100.00%	48.17	26.23%	664.67	100.00%	554.91	100.00%	109.76	19.78%

¹B1, B2: Filters Vision Public Company Limited (Herein after “The Company”).

²B3 : KT Medical Services Co., Ltd., Irving Corporation Ltd., Medical Vision Co., Ltd. And Nephro Vision Co., Ltd. (Herein after “The Subsidiaries”).

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

Industrial and OEM (B1)

The revenue in business group B1 for the 3 months period increased by 9.71 million Baht, representing a growth of 48.02%. Similarly, for the 9 months period, there was a rise of 20.57 million Baht, equivalent to a growth rate of 27.29%, when compared to the same period in 2022. This growth can be attributed to the economic recovery since the latter part of 2022, which has resulted in the company securing projects and maintenance services. These operations have been executed according to the planned schedule. Moreover, following the trend from the latter part of 2022, there were project installations that were completed and translated into revenues as planned. Additionally, the company has expanded its revenue streams into preventive maintenance services, securing contracts from existing clients with whom the company has previously worked on water system installation projects.

Commercial and residential (B2)

The revenue in business group B2 for the 3 months period increased by 17.07 million Baht, representing a growth of 25.32%. Similarly, for the 9 months period, there was a rise of 33.07 million Baht, equivalent to a growth rate of 16.32%, when compared to the same period in 2022. This growth is attributed to the primary customers being convenience stores, restaurants, and beverage establishments. These sectors have been continuously expanding due to increased purchases by both Thai consumers and international tourists, surpassing the previous year. As a result, revenue related to new equipment installations and maintenance, repair, and servicing of existing systems has grown. Additionally, business owners in these sectors are emphasizing preventive maintenance, for the 9 months period leading to a 37.77% increase in revenue in this segment compared to the year 2022.

Medical services (B3)

The revenue in business group B3 for the 3 months period increased by 21.40 million Baht, representing a growth of 22.28%. Similarly, for the 9 months period, there was a rise of 56.17 million Baht, equivalent to a growth rate of 20.29%, when compared to the same period in the previous year. The primary reason for this growth is attributed to the performance of the blood purification service business group utilizing dialysis machines, operated by KT Medical Services Public Company Limited (“KTMS”). For the 3 months period, there was an increase of 19.78 million Baht, representing a growth of 27.04%, and for the 9 months period, there was a rise of 51.57 million Baht, equivalent to a growth rate of 24.71%, when compared to the same period in 2022. This growth is primarily due to an increase in the number of patients receiving services and the continuous expansion of branches.

3.2 Gross profit from sales and services

The group of companies achieved an initial profit for the 3 months period, increasing by 1.84 million Baht, equivalent to a growth of 3.72%. However, the initial profit margin decreased by (4.80%) (2023: 22.14%, 2022: 26.94%) when compared to the same period of the previous year. Similarly, for the 9 months period, there was an increase of 2.37 million Baht, equivalent to a growth of 1.60%. However, the initial profit margin decreased by (4.04%) (2023: 22.58%, 2022: 26.62%) when compared to the same period of the previous year. These decreases are primarily due to increased product costs driven by exchange rate fluctuations and inflation, along with upward adjustments in raw material prices and transportation costs when compared to the same period of the previous year.

3.3 Administration expenses

The group of companies experienced an increase in management expenses for the 3 months period, with an additional amount of 5.16 million Baht, representing a growth of 16.97%. Similarly, for the 9 months period, there was an increase of 11.62 million Baht, equivalent to a growth of 12.16%, when compared to the same period of the previous year. The main reason for this increase is that the group of companies incurred higher expenses related to employees, primarily due to the hiring of additional staff between 2022 and 2023, as well as annual salary adjustments. Additionally, KTMS saw an increase in expenses due to charitable donations to state hospitals.

3.4 Operating results

The group of companies experienced a decrease in net profit for the 3 months period, with a reduction of (4.89) million Baht, representing a decrease of (45.49%). Similarly, for the 9 months period, there was a decrease of (11.35) million Baht, equivalent to a decrease of (39.74%), when compared to the same period of the previous year. The main reasons for these decreases are primarily due to the decline in initial profit margins and the increase in management expenses as explained above.

4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase/ (Decrease)	%
	30 September 2023	December 31, 2022		
Asset	1,154.09	1,139.70	14.39	1.26%
Liabilities	427.45	428.66	(1.21)	(0.28%)
Shareholders' equity	726.64	711.04	15.60	2.19%
Issued and fully paid-up common share (Million Share)	565.14	565.14	-	-
Par (Baht)	0.50	0.50	-	-

4.1 Assets

The total asset as at September 30, 2023 was increased in an amounting of (14.39) million Baht or (1.26%) from the end of 2022. Significant changes was included

Cash and cash equivalents was decreased in an amounting of (182.32) million Baht. The significant reduction primarily stems from "KTMS" (KT Medical Service Public Company Limited.), a publicly listed subsidiary company, which incurred various expenditures including land and building acquisitions, construction of buildings, establishment of dialysis units, procurement of dialysis machines, equipment for newly opened branches, investment in securities for trading, repayment of long-term loans to financial institutions, and payment of the 2022 annual bonuses for the group of companies.

Trade and other receivable was increased in an amounting of 45.35 million Baht. The increase was mainly due to Medical Vision Company Limited benefiting from a higher number of patients and an increased number of treatments in both the existing branches that have been operational and the new branches opened during the year 2023.

Inventory was increased in an amounting of 10.39 million Baht. The increase was mainly due to significant purchases of products from the parent company (FVC) to support the operations in the year 2023,

Other current financial assets increased in an amounting of 74.23 million Baht. From investments in securities for trading by KT Medical Service Public Company Limited.

Property, buildings and equipment was increased in an amounting of 60.41 million Baht. Significant increases were primarily attributed to the purchases of land and buildings, construction of buildings, interior decoration of dialysis units, as well as acquisitions of dialysis machines, medical equipment, and instruments for newly opened branches by of KTMS and its subsidiary.

4.2 Liabilities

The overall liability as at 30 September 2023 was decreased from the end of 2022 by (1.21) million Baht or (0.28%). Significant changes included

Bank Overdrafts and short-term loans from financial institutions was increased in an amounting of 18.39 million Baht, The main reason for the increase was due to the issuance of promissory notes for foreign trade financing, which resulted in higher borrowing during the year by the major company (FVC).

Trade creditors and other creditors increased by 4.68 million Baht. The main reason for the increase is due to the creditors for the purchase of dialysis machines and construction costs for clinics in preparation for the opening of clinics by Nephro Vision Company Limited ("NEP") (a subsidiary of KTMS), which increased by 3.61 million Baht. This includes trade creditors for the purchase of goods from foreign supplier by FVC, which increased by 1.37 million Baht.

Long-term loans was decreased in an amounting of (27.13) million Baht. The primary decrease stemmed from repayments of loans made by the major company (FVC) and KTMS during the year.

4.3 Shareholders' equity

The overall summary of shareholders' equity as of September 30, 2023, increased by 15.60 million Baht from the end of 2022, representing a percentage increase of approximately 2.19%. This increase was mainly due to the group's operational profit of 17.21 million baht. However, it decreased due to the distribution of dividends to shareholders, amounting to 4.60 million baht.

5. The direction of the company towards the end of the year 2023.

Industrial and OEM (B1)

During the first half of the year, the company's performance has been in line with the planned objectives. Significant progress has been made in executing large-scale water system projects, which are expected to be completed by the year 2023. This will contribute to realizing the full revenue potential of these projects. The company's strategy for the upcoming period focuses on capitalizing on the recovery of the household customer segment, as well as attracting investments from industrial clients in wastewater treatment systems. Efforts will be directed towards retaining existing customers and stimulating new product purchases. Market expansion will also be pursued in areas where the company possesses competitive advantages and where the market demand is robust. Furthermore, the company remains committed to its market leadership strategy in water treatment and disinfection technologies, aiming to address customer challenges. Continuous expansion efforts are underway, including the presentation of projects and products tailored for leading large-scale industrial facilities. Currently, the company has received orders from customers for 8 projects with a total value of 50.94 million baht. Among these orders, there are 7 projects totaling 21.82 million baht, expected to be installed and completed within the year 2023. Additionally, there is another order for 1 project with a value of 29.12 million baht, expected to be installed and completed within the first quarter of the year 2024.

Commercial and residential (B2)

Due to the slow and gradual economic recovery in Thailand, customers of the company in the restaurant and tourism industries, both domestically and internationally, have increased continuously. This has resulted in higher orders for parts, filters, water filtration equipment, as well as increased demand for maintenance and servicing. Additionally, customers are planning to install new water systems. Furthermore, the impact of the COVID-19 pandemic has led customers to place greater emphasis on health and hygiene standards for food and beverages. This has provided the company with an opportunity to sell products related to ozone, such as hydrogen water generators and ozone water, to leading customers in the food and beverage industry. Moreover, the company continues to develop products and foster partnerships with new business allies to increase sales within existing and new customer segments in emerging market areas, aiming to expand market share. Currently, the company has received orders from customers for water filtration system installations and ice-making machine sales, with a total value of 29.53 million baht. These installations are expected to be completed within the second quarter of the year 2024.

Medical services (B3) or KTMS Group

- **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.
- **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.
- **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.
- **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,

Wijit Techakasem
(Dr.Wijit Techakasem)
Managing Director