

February 29, 2024

Ref: SET-2024-002

Re: Management Discussion and Analysis for the year 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 year 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 and selling medical instruments and equipment related to the medical field.

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

- 1.1) 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).
- 1.2) 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 27 branches (345 Hemodialysis Machines) 1 branch in Bangkok, 14 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.
- 1.3) Nephro Vision Co., Ltd. (“NEP”)** operates the business of providing hemodialysis services with hemodialysis machines in the form of hemodialysis clinic (Stand-Alone). Currently, there is 1 branch in northern province (4 Hemodialysis Machines).
- 1.4) 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.

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

2. Overview of operating results for the year 2023

The Thai economy in the year 2023 continues its continuous recovery, driven primarily by expanding private sector consumption resulting from improved income adjustments and sustained tourism sector growth. In 2023, the number of tourists visiting Thailand totaled 28 million, an increase from 11 million the previous year. Inflation slowed down due to the decrease in oil prices, which had a significant impact on the revenue growth of companies in 2023, rising by 17.31% compared to the previous year.

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

2.1.) 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. This has resulted in a 21.26% increase in total revenue for this segment compared to the previous year.

2.2.) 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. This has resulted in a 11.32% increase in total revenue for this segment compared to the previous year.

2.3.) 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 20.72% 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.

3. Analysis of Operating Results

Statements of Comprehensive Income – Consolidated (Million Baht)	For the Year Ended December 31,			เพิ่ม / (ลด)	%
	2021	2022	2023		
Revenues from sales and services	645.43	769.13	902.29	133.16	17.31 %
Gross profit from sales and services	179.94	198.41	205.12	6.71	3.38 %
Other income	5.48	6.96	68.49	61.53	884.05 %
Selling expenses	18.75	19.37	23.75	4.38	22.61 %
Administrative expenses	111.07	126.42	151.92	25.50	20.17 %
Net profit (loss) before finance costs and corporate income tax	55.60	59.58	97.94	38.36	64.38 %
Finance costs	6.91	7.65	8.32	0.67	8.76 %
Corporate income tax	9.50	11.05	(9.33)	(20.38)	(184.43)%
Profit (loss) from continuing operation	39.19	39.66	98.95	59.29	149.50 %
Profit (loss) from discontinued operation	3.60	(0.57)	(2.73)	(2.16)	378.95 %
Profit (loss) for the period	42.79	39.09	96.22	57.13	146.15 %
Other comprehensive income - net of tax	-	3.45	-	(3.45)	(100.00)%
Total Comprehensive income for the period	42.79	42.54	96.22	53.68	126.19 %
Profit (loss) Sharing for the Period					
- The Company's Equity	37.98	32.94	90.46	57.52	174.62 %
- Non-controlling Interest	4.81	6.15	5.76	(0.39)	(6.34)%
Total Comprehensive income Sharing for the period					
- The Company's Equity	37.98	35.86	90.46	54.60	152.26 %
- Non-controlling Interest	4.81	6.68	5.76	(0.92)	(13.77)%

3.1 Revenues from sales and services

Revenues from sales and services was increased from the year 2023 in an amounting of Baht 133.16 million or 17.31 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
	2021		2022		2023			
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)		
Revenues from continuing operations								
1. Industrial and OEM (B1) ¹	102.34	15.84%	106.22	13.81%	128.8	14.27%	22.58	21.26%
2. Commercial and residential (B2) ¹	233.65	36.16%	284.95	37.04%	317.21	35.16%	32.26	11.32%
3. Medical services (B3) ²	309.44	47.89%	377.96	49.13%	456.27	50.57%	78.32	20.72%
Total Revenues from continuing operations	645.43	99.89%	769.13	99.98%	902.28	100.00%	133.16	17.31%
Revenues from discontinued operation								
4. Medical beauty treatment service (B4) ³	0.71	0.11%	0.18	0.02%	-	-	(0.18)	(100.00)%
Total Revenues from Discontinued Operations	0.71	0.11%	0.18	0.03%	-	-	(0.18)	(100.00)%
Total Revenues	646.14	100.00%	769.31	100.00%	902.28	100.00%	132.97	17.28%

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

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

³**B4** : Hi Healthcare Center Co., Ltd. (Herein after “The Subsidiary”) (Ceased to be a subsidiary of the Company since December 22, 2023).

B1 Industrial and OEM

The Revenue in the B1 business group for 2023 increased by 22.58 million baht or 21.26 percent compared to the previous year. 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.

B2 Commercial and residential

Revenue in business group B2 increased by 32.26 million baht, or 11.32% compared to the previous year. This is due to the continuous expansion of key customers, including convenience stores, restaurants, and beverage outlets, which have seen increased purchasing power from both Thai consumers and international tourists returning in greater numbers than the previous year. As a result, revenue from the installation of new equipment and maintenance services for existing systems has grown. Additionally, business owners in convenience stores, restaurants, and beverage outlets have emphasized the importance of preventive maintenance (PM). This has led to a 32.33% increase in revenue from PM services in 2023 compared to the previous year.

B3 Medical services (B3)

The revenue from business segment B3 was increased from previous year in an amounting of Baht 78.32 million or 20.72 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		2023		Change	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Hemodialysis ^A	214.80	69.42%	286.18	75.72%	354.89	77.70%	68.71	24.01%
2. Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service ^B	63.54	20.53%	72.84	19.27%	78.24	17.23%	5.41	7.41%
3. Design and installation of pneumatic tube system of equipment for medical service ^C	31.10	10.05%	18.94	5.01%	23.14	5.07%	4.20	22.18 %
Total revenues from sales and services	309.44	100.00%	377.96	100.00%	456.27	100.00%	78.32	20.72%

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

^B Irving Corporation Ltd., (Herein after “The Subsidiaries”).

^C Medical Vision Co., Ltd., (Herein after “The Subsidiaries”).

B3. (1) Hemodialysis

The revenue of hemodialysis was increased from previous year in an amounting of Baht 68.71 million or 24.01 percent. Mainly came from increase in the quantity of patients and branches expansion were continuous increasing.

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 was increased from previous year in an amounting of Baht 5.41 million or 7.41 percent. Mainly came from

- Revenue from production and distribution of hemodialysis concentrate was increased from previous year in an amounting of Baht 4.46 million or 12.17 percent Due to purchase orders from customer were continuous increasing.
- Revenue from design services, installation of water purification system for hemodialysis and service preventive maintenance was increased from previous year in an amounting of Baht 2.12 million or 7.31 percent Due to projects quantity and projects value of water purification system was increased from previous year.
- Revenue from distributing medical equipment for hemodialysis center was decreased from previous year in an amounting of Baht (1.20) million or (15.65) percent. Due to sales of medical equipment was decreased 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 was increased from previous year in an amounting of Baht 4.20 million or 22.18 percent. Due to projects quantity and projects value were increased from the year 2022.

3.2 Gross profit from sales and services

The group of companies gross profit the year 2023. , increasing by 6.71 million Baht, equivalent to a growth of 3.38%. However, the gross profit margin decreased by (3.07%) (2023: 22.73%, 2022: 25.80%) 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 Administration expenses for the year 2022, with an additional amount of 25.50 million Baht, representing a growth of 20.17% . 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' net profit increase of 59.29 million baht in 2023, or 149.50% when compared to the same period of the previous year. The primary reason for this increase is FVC's divestment of investments in Hi-Healthcare Center Co., Ltd., amounting to 67.99 million baht.

4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	ณ วันที่			Increase / (Decrease)	%
	31-Dec-21	31-Dec-22	31-Dec-23		
Asset	843.82	1,139.70	1,166.13	26.43	2.32 %
Liabilities	407.28	428.66	361.71	(66.95)	(15.62)%
Shareholders' equity	436.54	711.04	804.42	93.38	13.13 %
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, 2023 increased from of the year 2022 in the amount of 26.43 million baht or 2.32 percent. Important changes include.

Cash and cash equivalents was decreased in an amounting of (214.89) 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 44.04 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 24.78 million Baht. The increase was mainly due to significant purchases of products from the parent company (FVC) to support the operations in the year 2024,

Other current financial assets increased in an amounting of 58.84 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 99.18 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.

Deferred tax assets increased by 14.10 million baht. The significant increase mainly from the losses incurred from the sale of investments in Hi-Healthcare Center Co., Ltd., amounting to 13.30 million baht.

4.2 Liabilities

The overall liability as at December 31, 2023 was decreased from the end of 2022 by (66.95) million Baht or (15.62%). Significant changes included

Bank Overdrafts and short-term loans from financial institutions was increased in an amounting of 3.62 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 25.73 million Baht. The main reason for the decrease was the adjustment of payables from Hi-Healthcare Center Co., Ltd., which was excluded from the Consolidated financial statements with a total of 41.73 million baht and 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). This includes trade creditors for the purchase of goods from foreign supplier by FVC.

Long-term loans was decreased in an amounting of (28.63) million Baht. The primary decrease stemmed from repayments of loans made by the major company (FVC) and KTMS during the year.

Advance received from customers decreased by (24.27) million baht. The main reason for the decrease was the adjustment of advance payments from customers of Hi-Healthcare Center Co., Ltd., which were excluded from the preparation of the consolidated financial statements.

Provision from guarantee increased by 6.49 million baht. The main increase came from recording the liability from guaranteeing loans from a bank to Hi-Healthcare Center Co., Ltd.

4.3 Shareholders' equity

The overall summary of shareholders' equity as of December 31, 2023, increased by 93.38 million Baht from the end of 2022, representing a percentage increase of approximately 13.13%. This increase was mainly due to the group's operational profit of 96.22 million baht. However, it decreased due to the distribution of dividends to shareholders, amounting to 4.60 million baht.

5. Company's direction in the year 2024

5.1 Industrial and OEM (B1)

As various sectors of the economy gradually expand in accordance with economic trends, the revenue of B1 in all four groups has increased. These four revenue groups consist of: 1.Projects (Project) 2.Maintenance (MA) 3.Services (Service) 4.Trading

For the Trading group, it has experienced the lowest revenue growth rate compared to other groups. Additionally, the initial profit margins have decreased compared to the previous year due to intensified price competition. Despite an increase in order volumes, the final selling prices for individual items have decreased significantly. As a result, although overall sales have increased, the initial profit margins have decreased, leading to a reduction in the profit margin for the Trading group. To address this, sales and marketing strategies for 2024 will focus on expanding sales channels in new target markets and introducing new products to existing target customer groups to boost sales. Furthermore, efforts will be made to push for an adjustment in initial profit margins upwards.

For the Project, MA, and Service revenue groups, the increased sales have followed the marketing plan, especially for Projects. This is due to continuous marketing efforts since 2565, resulting in consistent orders and revenue recognition in 2566. Therefore, the sales and marketing plans for 2024 will continue along the current trajectory. Additionally, there will be increased investment in resources to accelerate sales and revenue recognition.

Based on the success of project growth, efforts will be made in 2024 to continue marketing plans, focusing on presenting Maintenance (MA) and Service offerings consistently after completing projects to align with project growth.

Currently, the company has received orders from customers for 11 projects, with a total value of 49.15 million baht. It is anticipated that these projects will be executed and installed gradually, with completion expected within the first and second quarters of 2024.

5.2 Commercial and residential (B2)

Market conditions in the B2 business group have returned to normalcy, with customers in the restaurant and hotel businesses resuming full operations. However, there have been significant changes in the market environment affecting customers within this group. Previously dominated by a few large-scale operators, the market has shifted to a new landscape characterized by numerous smaller-scale operators, each with a limited number of branches. Consequently, reaching these smaller customer segments poses a challenge for marketing in the B2 business group. Utilizing appropriate marketing strategies and building strong relationships with these smaller customers will be crucial to overcoming this challenge in the future of the B2 business group.

The direction of the B2 business group this year continues to focus on customers in the restaurant and beverage industries. This involves actively participating in product design to select products that are suitable for customers' usage, ensuring that the ingredients derived from these products are of high quality, and ultimately satisfying consumer preferences when used in food and beverage preparation.

The company focuses on offering Maintenance (MA) services as a Total Solutions Provider, catering to customers' needs. This approach helps customers sustain their businesses continuously and provides a stable revenue stream for the company. Concurrently, the company introduces new products that meet the demands of both existing and potential customers, whom the company has not yet targeted. Marketing efforts commenced towards the end of 2566, and it is anticipated that orders for the company's products will be received from customers in 2024.

5.3 Medical services (B3)

5.3.1 KT Medical Service Public Company Limited. Currently, we have plans to expand branches and Hemodialysis machines. In first quarter of 2024, we expected to expand branches about 1 - 2 branches and increase about 6 - 24 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 in first quarter of 2024 for 1 branch and increase about 8 - 12 Hemodialysis machines.

5.3.3 Irving Corporation Limited. Currently, we received purchase orders of water purification system from customers by 9 projects in an amounting of Baht 7.77 million and hemodialysis center decoration by 2 projects in an amounting of Baht 0.69 million which expected to be completed in first quarter of 2024.

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 11.77 million, which under installation and expected to be completed in first quarter of 2024.

Sincerely Yours,

Wijit Techakasem
(Dr.Wijit Techakasem)
Managing Director