

May 15, 2024

Ref: SET-2024-008

Re: Management Discussion and Analysis for the Quarter 1'2024

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 1'2024 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, installing water treatment systems for both purification water and wastewater treatment, and providing maintenance services for water treatment systems. Furthermore, the Group provides medical services for end-stage chronic kidney disease patients who have undergone blood purification through hemodialysis machines and sells 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")** operates the business of providing distributing products and equipment, designing, assembling, installing water treatment systems for both purification water and wastewater treatment, and providing maintenance services for customers in two business groups: 1.1.1) Industrial and OEM (B1) and 1.1.2) Commercial and residential (B2).
- 1.2 KT Medical Service Public Company Limited ("KTMS")** operates the business of providing hemodialysis services both in the form of hemodialysis clinics (Stand-Alone) and hemodialysis units in hospitals (Outsource). Currently, there are 28 branches (352 Hemodialysis Machines) 1 branch in Bangkok, 14 branches in northeastern provinces, 2 branches in western provinces, 5 branches in northern provinces, 2 branches in central provinces, 2 branches in eastern provinces and 2 branches in southern provinces.
- 1.3 Nephro Vision Co., Ltd. ("NEP")** operates the business of providing hemodialysis services with hemodialysis machines in the form of hemodialysis clinics (Stand-Alone). Currently, there are 2 branches (12 Hemodialysis Machines) 1 branch in northern province and 1 branch in western province.

1.4 Irving Corporation Limited (“IRV”) operates 4 main businesses as follows: 1.4.1) Design, installation of water purification system for hemodialysis and system maintenance 1.4.2) Production and distribution of hemodialysis concentrate 1.4.3) Designing and decorating the hemodialysis centers 1.4.4) 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 Quarter 1’2024

In the first quarter of 2024, the Thai economy is experiencing a modest recovery. Some sectors have benefited from an increase in tourist arrivals, the decrease in inflation rates due to government measures to reduce the cost of living by stabilizing energy prices, and economic stimulus policies through tax incentives that have positively impacted private consumption. As a result, the revenue of the Group grew by 18.14 percent for the three-month period of 2024 compared to the same period in the previous year.

The summary of performance in each business unit is described as follows;

2.1 Industrial and OEM (B1) the company obtaining project work and maintenance service, which can be carried out according to plan. Following the end of the year 2023, there were completed projects and the company gradually recognized them as revenue according to the outlined plan. Additionally, the number of customers in trading segment has increased compared to the previous year.

2.2 Commercial and residential (B2) the main customers include convenience stores, restaurants, and beverage establishments, 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. Including business owners of convenience stores, restaurants, and beverage establishments, have returned to prioritizing preventive maintenance.

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, particularly in the field of providing blood purification services through hemodialysis machines, which has grown by 22.17 percent compared to the same period in the previous year. This growth is a result of the branch expansion of the hemodialysis units, 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 three-month period ended March 31,			
	2024	2023	Increase / (Decrease)	%
Revenues from sales and services	252.83	214.01	38.82	18.14%
Gross profit from sales and services	57.79	53.27	4.52	8.49%
Other income	1.87	2.32	(0.45)	(19.40%)
Selling expenses	6.43	5.30	1.13	21.32%
Administrative expenses	39.13	35.40	3.73	10.54%
Net profit (loss) before finance costs and corporate income tax	14.10	14.89	(0.79)	(5.31%)
Finance costs	2.06	2.22	(0.16)	(7.21%)
Corporate income tax	2.98	3.23	(0.25)	(7.74%)
Profit (loss) from continuing operation	9.06	9.44	(0.38)	(4.03%)
Profit (loss) from discontinued operation	-	(0.01)	0.01	(100.00%)
Profit (loss) for the period	9.06	9.43	(0.37)	(3.92%)
Other comprehensive income - net of tax	-	-		
Total Comprehensive income for the period	9.06	9.43	(0.37)	(3.92%)
Profit (loss) Sharing for the Period				
- The Company's Equity	8.48	8.14	0.34	4.18%
- Non-controlling Interest	0.58	1.29	(0.71)	(55.04%)

3.1 Revenues from sales and services

For the first quarter of 2024, the Group has revenues from sales and services increased from the previous year in the amount of Baht 38.37 million or 17.89 percent which can be divided into business segments as follows:

Revenue by Business Segments	For the three-month period ended March 31,					
	2024		2023		Increase / (Decrease)	%
	Million Baht	%	Million Baht	%		
Revenues from continuing operations						
1. Industrial and OEM (B1) ¹	42.15	16.67%	32.01	14.93%	10.14	31.68%
2. Commercial and residential (B2) ¹	84.81	33.54%	78.97	36.82%	5.84	7.40%
3. Medical services (B3) ²	125.87	49.78%	103.03	48.04%	22.84	22.17%
Total Revenues from continuing operations	252.83	100.00%	214.01	99.79%	38.82	18.14%

Revenue by Business Segments	For the three-month period ended March 31,					
	2024		2023		Increase / (Decrease)	%
	Million Baht	%	Million Baht	%		
Revenues from discontinued operation						
4. Medical beauty treatment service (B4) ³	-	-	0.45	0.21%	(0.45)	(100.00%)
Total Revenues from Discontinued Operations	-	-	0.45	0.21%	(0.45)	(100.00%)
Total Revenues	252.83	100.00%	214.46	100.00%	38.37	17.89%

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

² **B3** : KT Medical Services Public Company Limited, Irving Corporation Ltd., Medical Vision Co., Ltd. and Nephro Vision Co., Ltd. (“The Subsidiaries”).

³ **B4** : Hi Healthcare Center Co., Ltd. (Ceased to be a subsidiary the Company since December 22, 2023).

B1 Industrial and OEM

The revenue from business segment B1 for the three-month period increased in an amounting of Baht 10.14 million or 31.68 percent compared to the same period of the previous year. This is due to the company obtaining project work, which can be carried out according to plan. Following the end of the year 2023, there were completed projects and the company gradually recognized them as revenue according to the outlined plan. Additionally, the number of customers in trading segment has increased compared to the previous year.

B2 Commercial and residential

The revenue from business segment B2 increased in an amounting of Baht 5.84 million or 7.40 percent compared to the the same period of the previous year. This is due to the continuous expansion of key customers, including convenience stores, restaurants, and beverage establishments, 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 the systems.

B3 Medical services (B3)

The revenue from business segment B3 was increased from the same period of the year 2023 in an amounting of Baht 22.84 million or 22.17 percent which can be divided into business segments as follows:

Revenue by Business Segments	For the three-month period ended March 31,					
	2024		2023		Change	
	Million Baht	%	Million Baht	%	Increase / (Decrease)	%
1. Hemodialysis ¹	100.24	79.64%	80.83	78.45%		
2. Design and installation of pure water treatment system and service preventive maintenance of pure water treatment system for medical service ²	20.53	16.31%	19.47	18.90%	1.06	5.44%
3. Design and installation of pneumatic tube system of equipment for medical service ³	5.10	4.05%	2.73	2.65%	2.37	86.81%
Total revenues from sales and services	125.87	100.00%	103.03	100.00%	22.84	22.17%

¹ KT Medical Service Public Company Limited (“The Company”) and Nephro Vision Co., Ltd. (“The Subsidiaries”).

² Irving Corporation Ltd., (“The Subsidiaries”).

³ Medical Vision Co., Ltd., (“The Subsidiaries”).

- Hemodialysis

The revenue of hemodialysis was increased from the same period of the year 2023 in an amounting of Baht 19.41 million or 24.01 percent. 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 was increased from the same period of the year 2023 in an amounting of Baht 1.06 million or 5.44 percent. Mainly came from

- Revenue from production and distribution of hemodialysis concentrate was increased from the same period of the year 2023 in an amounting of Baht 2.71 million or 29.05 percent. Due to purchase orders from customer were continuous increasing.
- Revenue from design and hemodialysis center decoration was increased from the same period of the year 2023 in an amounting of Baht 0.69 million or 100.00 percent. Due to get a project of hemodialysis center decoration in 2024.

- Revenue from design services, installation of water purification system for hemodialysis and service preventive maintenance was decreased from the same period of the year 2023 in an amounting of Baht (2.30) million or (26.26) percent. Due to projects quantity of water purification system was decreased from previous year.
- Revenue from distributing medical equipment for hemodialysis center was decreased from the same period of the year 2023 in an amounting of Baht (0.18) million or (11.25) percent. 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 was increased from the same period of the year 2023 in an amounting of Baht 2.37 million or 86.81 percent. Due to projects quantity was increased from the year 2023.

3.2 Gross profit from sales and services

The Group's gross profit for the three-month period increased in an amounting of Baht 4.52 million, or 8.49 percent. However, the gross profit margin decreased in an amounting of (2.03) percent (2024: 22.86%, 2023: 24.89%), compared to the same period in the previous year. The primary reasons for this decline due to higher product costs driven by exchange rate fluctuations and inflation, as well as increased prices for raw materials and transportation.

3.3 Administration expenses

The Group's administrative expenses for the three-month period increased in an amounting of Baht 3.73 baht or 10.54 percent, compared to the same period in the previous year. The primary reasons for this increase came from employee expenses due to the hiring of additional staff during 2023 - 2024 and annual salary increased, as well as financial consulting fees.

3.4 Operating results

The Group's net profit for the three-month period decreased in an amounting of Baht (0.37) million or (3.92) percent, compared to the same period in the previous year. The primary reason for this decrease was the increase in administrative expenses, as explained above.

4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase / (Decrease)	%
	31 March 2024	31 March 2023		
Asset	1,174.08	1,166.13	7.95	0.68%
Liabilities	367.89	361.71	6.18	1.71%
Shareholders' equity	806.19	804.42	1.77	0.22%
Issued and fully paid-up common share (Million Share)	565.14	565.14	-	-
Par (Baht)	0.50	0.50	-	-

4.1 Assets

The overall asset as of March 31, 2024 was increased from of the ended of the year 2023 in an amounting of Baht 7.95 million or 0.68 percent. The significant changes in assets include the following:

Other current financial assets decreased in an amounting of Baht (18.93) million, mainly came from the subsidiary (KTMS), resulting from the sale of trading securities.

Other financial assets increased in an amounting of Baht 2.85 million, mainly came from the company (FVC) has advance payments for treasury shares and prepaid expenses for ERP system.

Property, buildings and equipment increased in an amounting of Baht 27.24 million, mainly came from building construction and the decoration of hemodialysis centers, hemodialysis machines, medical tools and equipment for new branches of the subsidiaries (KTMS and NEP).

4.2 Liabilities

The overall liability as at March 31, 2024 was decreased from the ended of the year 2023 in an amounting of Baht 6.18 million or 1.71 percent. The significant changes in liabilities include the following:

Short-term loans from banks decreased in an amounting of Baht (13.06) million, came from the company (FVC) has repayment short-term loans for purchasing goods from international suppliers.

Trade and other payables increased in an amounting of Baht 20.46 million, mainly came from other payables of hemodialysis machines from the subsidiaries (KTMS and NEP).

Long-term loans from banks decreased in an amounting of Baht (5.89) million, mainly came from the Group (FVC and KTMS) has repayment long-term loans during the period.

Advance received from customers increased in an amounting of Baht 4.75 million, mainly came from the company (FVC) received advanced payments for goods from the project customers

Other current liabilities increased in an amounting of Baht 2.60 million, mainly came from the Group (FVC and KTMS) has withholding tax payable and advance received for retention of project works.

4.3 Shareholders' equity

The overall shareholders' equity as at March 31, 2024 was increased from the ended of the year 2023 in an amounting of Baht 1.77 million or 0.22 percent. The significant changes came from the Group's operating profit in an amounting of Baht 9.06 million. However, shareholders' equity was decreased due to treasury shares in an amounting of Baht (7.29) million.

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 segments has increased. These four revenue segments consist of: 1. Projects 2. Maintenance (MA) 3. Services and 4. Trading

For the Trading revenue segment, the sales and marketing strategies in 2024 will focus on the expansion of sales channels into new market segments, targeting a new group of customers and introducing new products to existing target customer groups to enhance the sales volumes and drive profit margins upward.

For the Project, MA, and Service revenue segments, particularly in Project, the sales and marketing strategies in 2024 will continue to follow the current direction, with increased investment in resources to accelerate sales growth and revenue recognition. Based on the success of Project, efforts in 2024 will focus on continuing marketing strategies to provide ongoing Maintenance (MA) and Service work following project completion, aligning with the project's growth.

Currently, the company has received orders from customers for 13 projects, with a total value of Baht 32.08 million. It is anticipated that these projects will be executed and installed gradually, with completion expected by the end 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 2023, 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 second quarter of 2024, we expected to expand branches about 2 - 3 branches and increases about 42 - 76 Hemodialysis machines according to economic environment, marketing and supply chain.

5.3.2 Nephro Vision Co., Ltd. Currently, we have plans to expand branches and Hemodialysis machines in second quarter of 2024 for 1 branch and increase about 4 Hemodialysis machines.

5.3.3 Irving Corporation Limited. Currently, we received purchase orders of water purification system from customers by 4 projects in an amounting of Baht 3.95 million, hemodialysis center decoration by 1 project in an amounting of Baht 1.86 million and mobile water purification machine by 4 projects in an amounting of Baht 1.08 million which expected to be completed in second quarter of 2024.

5.3.4 Medical Vision Co., Ltd. Currently, we received purchase orders of installation of pneumatic tube system of equipment for medical service from customers by 3 projects in a total amounting of Baht 3.77 million, which under installation and expected to be completed in second quarter of 2024.

Sincerely Yours,

Wijit Techakasem
(Dr.Wijit Techakasem)
Managing Director