

February 28, 2020

Ref: SET-2020-003

Re: Management Discussion and Analysis for the year 2019

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 2019 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 Hemodialysis services for kidney patients who receive replacement therapy with Hemodialysis by Hemodialysis machinery (Hemodialysis Center) and distribution of medical equipment as well as medical service concerning health and esthetics.

#### 2. Overview of operating results for the year 2019.

Thai's economic has trend to growing lower continuously, Not only exporting business but Travelling business also have trend to growing less than expected and moreover Thai foreign exchange rate of the Baht was appreciate that cause Financial Institutions Policy Committee announce to decrease the policy rate to 1.25% per year that is the second time in 1 years while the government's consumption still growing lower continuously, due to Thailand's budget for fiscal year 2020 was not announced.

Filter Vision Public Company Limited (Hereinafter called "The Company") still has carried adjustment of the business strategy to focus on the large project since last year and we got purchase order from big industry in this year in an amounting of Baht 89.84 million. Moreover the Company still development quality of product and service followed by client's standard that appropriate with their business. The Company also organized the marketing activities to educate the water quality to target's group continuously. At the same time, the subsidiaries consist of

Irving Corporation Limited has distributed products and equipment design and installation of systems related to water treatment systems for medical services. So far the Company still received purchase order for project of installation water treatment systems for medical services and Hemodialysis Solution continuously.

KT Medical Services Co., Ltd. provides health care facilities for patients with end-stage renal disease treated with Hemodialysis Machine (Hemodialysis Center) Currently, there are 6 Hemodialysis Center (75 Hemodialysis Machines) one Hemodialysis Center in Bangkok, three Hemodialysis Centers in northeastern provinces and two Hemodialysis Centers in western provinces. So far the patients are continuously increasing and now the company continuously to focus on expanding hemodialysis Center.

Medical Vision Co., Ltd. has distributed medical equipment. For the year 2019 we can recognize income from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) for 9 projects.

Hi Healthcare Center Co., Ltd. was operated medical service concerning healthcare and esthetics under trademark "Wuttisak Clinic" the Company has change the business strategy for appropriate with the business environment by closed 8 departments which have accumulate loss in year 2019. Moreover the Company has promotional activity, made an advertisement in each area for increased sale.

### 3. Analysis of Operating Results

| Statements of Comprehensive Income – Consolidated (Million Baht) | For 12-month period ended December 31, |        | Increase (Decrease) | %            |
|--|--|--------|---------------------|--------------|
|  | 2019                                   | 2018   |                     |              |
| Revenues from sales and services                                 | 817.56                                 | 656.71 | 160.85              | 24.49%       |
| Gross profit from sales and services                             | 181.55                                 | 125.50 | 56.05               | 44.66%       |
| Other income   | 4.85                                   | 6.10   | (1.25)              | (20.49%)     |
| Selling expenses   | 38.82                                  | 30.05  | 8.77                | 29.18%       |
| Administrative expenses  | 365.10                                 | 100.78 | 264.32              | 262.27%      |
| Net loss before finance costs and corporate income tax           | (217.52)                               | 0.77   | (218.29)            | (28,349.35%) |
| Finance costs  | (12.49)                                | (6.67) | (5.82)              | (87.26%)     |
| Corporate income tax   | (21.95)                                | 2.02   | (23.97)             | (1,186.63%)  |
| Net profit for the period  | (251.96)                               | (3.88) | (248.08)            | (6,393.81%)  |
| Other comprehensive income - net of tax                          | (2.90)                                 | 0.68   | (3.58)              | (526.47%)    |
| Total Comprehensive income for the period                        | (254.86)                               | (3.20) | (251.66)            | (7,864.38%)  |
| Profit Sharing for the Period                                    |  |        |                     |              |
| - The Company's Equity   | (255.15)                               | (4.44) | (250.71)            | (5,646.62%)  |
| - Non-controlling Interest                                       | 0.29                                   | 1.24   | (0.95)              | (76.61%)     |

Total Revenues (Revenues from sales and services and other income) was increased from the year 2018 in an amounting of Baht 159.60 million or 24.08 percent which can be divided into business segments as per information in following table

| Revenue by Business Segments                    | For 12-month period ended December 31, |         |              |         | Increased<br>(Decreased) | %       |
|---|--|---------|--------------|---------|--------------------------|---------|
|   | 2019                                   |         | 2018         |         |                          |         |
|   | Million Baht                           | (%)     | Million Baht | (%)     |                          |         |
| 1. Industrial and OEM (B1) <sup>1</sup>         | 218.73                                 | 26.75%  | 100.51       | 15.31%  | 118.22                   | 117.62% |
| 2. Commercial and residential (B2) <sup>1</sup> | 288.67                                 | 35.31%  | 255.47       | 38.90%  | 33.20                    | 13.00%  |
| 3. Medical services (B3) <sup>2</sup>           | 310.16                                 | 37.94%  | 300.73       | 45.79%  | 9.43                     | 3.14%   |
| <b>Total Revenues</b>                           | 817.56                                 | 100.00% | 656.71       | 100.00% | 160.85                   | 24.49%  |

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

<sup>2</sup>**B3:** Irving Corporation Ltd., KT Medical Services Co., Ltd., Medical Vision Co., Ltd. and Hi Healthcare Center Co., Ltd. (Herein after “**The Subsidiaries**”).

### 3.1 Revenues from sales and services

For the year 2019, Revenue from sales of goods and services for the group was increased from the year 2018 in an amounting of Baht 160.85 million or 24.29 percent, which can be described by business segment as follows:

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

The revenue from this business segment was increased from the year 2018 in an amounting of Baht 118.22 million or 117.62 percent mainly came from the Company has adjustment of the business strategy to focus on the large project since last year including with the quality of service and products which can meet efficiency the customer needs that made the Company got purchase order from large project such as Industrial water supply system, Pre Treatment system etc. and we start recognize revenue from these projects in each Quarter of 2019 while in the year 2018 the Company has just started adjustment of the business strategy to focus on the large project.

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

The revenue of business segment was increased from the year 2018 in an amounting of baht 33.20 million or 13.00 percent. Mainly income came from Preventive Maintenance (PM) from food and beverage business which they would like to maintain the standard and quality of water to production and distribution for food and beverage business, while revenue from sales of goods and services were increased closely from the previous year that the reason why revenue from this business was higher than last year.

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

Revenue from this segment was increased from the year 2018 in an amounting of Baht 9.43 million or 3.14 percent. Mainly came from Medical Vision Co., Ltd. which recognized revenue from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) in this year in an amounting of Baht 20.02 million.

### **3.2 Gross Profit**

The Group's gross profit was increased from the year 2018 in an amounting of Baht 56.05 million or 44.66 percent. Mainly came from Thai foreign exchange rate of the Baht was appreciate more than the previous year and effected to cost of goods sold was decreased from the last year. Moreover Gross Profit was increased from growth of revenue in current year while fixed cost still constant.

### **3.3 Selling expenses and Distribution expense**

Selling expense and Distribution expense was increased from the year 2018 in an amounting of Baht 8.77 million or 29.18 percent. Mainly came from commission expense from Hi Healthcare center Co., Ltd. for improve sale and service.

### **3.4 Administration expenses**

The Group's administrative expense was increased from the year 2018 in an amounting of Baht 264.32 million or 262.27 percent. Mainly came from Hi Healthcare center Co., Ltd. has recognize allowance for impairment and allowance for doubtful debt in an amounting of Baht 186.29 million and Baht 60.28 million respectively.

### **3.5 Operating results**

The Group's net loss was increased from the year 2018 in an amounting of Baht 248.08 million or 6,393.81 percent. Mainly came from Hi Healthcare center Co., Ltd. has recognize allowance for impairment and allowance for doubtful debt in an amounting of Baht 186.29 million and Baht 60.28 million respectively.

#### 4. Financial position

| Statement of Financial Position –<br>Consolidated (Million Baht) | As at                |                      | Increase<br>(Decrease) | %        |
|--|----------------------|----------------------|------------------------|----------|
|  | December 31,<br>2019 | December 31,<br>2018 |                        |          |
| Asset  | 772.52               | 954.82               | (182.30)               | (19.09%) |
| Liabilities  | 361.95               | 283.75               | 78.20                  | 27.56%   |
| Shareholders' equity   | 410.57               | 671.07               | (260.50)               | (38.82%) |
| Issued and fully paid-up common share<br>(Million Share)         | 565.14               | 565.14               | 0.00                   | 0.00%    |
| Par (Baht)   | 0.50                 | 0.50                 | 0.00                   | 0.00%    |

##### 4.1 Assets

The total asset as at December 31, 2019 was decreased in an amounting of Baht 182.30 million or 19.09 percent from year end 2018. Significant changes was included

**Trade and other receivable was increased in an amounting of Baht 4.96 million** due to trade accounts receivable, industrial and OEM business unit (B1) increased in an amounting of Baht 39.31 million, trade accounts receivable, Hemodialysis unit business was increased in an amounting of Baht 14.55 million, trade accounts receivable, Pneumatic Tube Carrier Systems was increased in an amounting of Baht 5.96 million while trade accounts receivable and other receivables, health and beauty clinics group was decreased in an amounting Baht 47.20 million that mainly came from the allowance for doubtful accounts.

**Goodwill was decreased in an amounting of Baht 116.57 million.** Mainly came from Hi Healthcare Center Co., Ltd. has recognize allowance for impairment in an amounting of Baht 116.57 million.

**Other non-current asset was increased in an amounting of Baht 8.11 million.** Mainly came from retention from the large project in an amounting of Baht 7.82 million.

**Property, Plant and Equipment was decreased in an amounting of Baht 11.05 million.** Mainly came from Hi Healthcare Center Co., Ltd. has recognize allowance for impairment in PPE.

**Intangible Asset was decreased in an amounting of Baht 47.87 million.** Mainly came from Hi Healthcare Center Co., Ltd. has recognize allowance for impairment in Intangible assets.

## **4.2 Liabilities**

The total liability for the year 2019 was increased from the year 2018 by Baht 78.20 million or 27.56 percent. Significant changes was included

**Trade and other payables was increased in an amounting of Baht 51.30 million** due to trade payable from purchase goods, Other payables from project work and Other payables from purchase Hemodialysis machines.

**Advance received was increased in an amounting of Baht 7.59 million** due to advance payment of business for health and beauty.

**Long term loan from financial institution was increased in an amounting of Baht 11.28 million** due to receiving a loan to compensate for the purchase of land together with the construction of 2-storey buildings and the purchase of Hemodialysis machines. During the period, the loan was repayment according to the financial institution conditions.

**Provision for long-term employee benefits was increased in an amounting of Baht 11.36 million** due to changes in the additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate according to the Labor Protection Act (No. 7) BE 2562 moreover provision for long-term employee benefits was increased from Financial Institutions Policy Committee announce to decrease the interest's policy rate.

## **4.3 Shareholders' equity**

The overall shareholders' equity from the year end 2019 was decrease from year end 2018 in an amounting of Baht 260.50 million or 38.82 percent. Mainly came from operation loss and dividend paid in an amounting of Baht 5.65 million.

## **5. Company's direction in 2020**

Overall significant events are as follows.

5.1 KT Medical Services Co., Ltd. operates a Hemodialysis center to patients with chronic kidney disease. Present patient who replacement therapy with Hemodialysis with Hemodialysis machines was increased steadily. For the year 2020 we have plans to open new 10 Hemodialysis centers with totally 98 Hemodialysis machines, which according to the business plan.

5.2 Irving Corporation Limited, distribution a Hemodialysis solution product and equipment design and installation of systems related to water treatment systems for medical services which got orders from customers by 3 projects in an amounting of Baht 3.15 million and expected to be completed in 2020.

5.3 Medical Vision Company Limited which service for installation and maintenance of pneumatic tube carrier systems. Present we received 2 purchase orders in an amounting of Baht 2.62 million, which under installation and expected to be completed in 2020.

5.4 Hi Health Care Center Company Limited, operated medical service and medical beauty treatment clinic under the brand "**Wuttisak Clinic**", has change the business strategy for appropriate with the business environment by closed 8 departments which have accumulate loss in current year and decreased rental area for some branch for reduce rental fee and moreover the Company has promotional activity, made an advertisement in each area for increased sale. We believe that sales and service income will grow as continuously and reduce the cost of sales and services that are currently available. And the result is good operation.

5.5 Filters Vision Public Company Limited continuously focused on expanding the big project. The Company has received order for Buffer Tank system in an amounting of Baht 14.40 million, Construction water treatment system in an amounting of Baht 9.20 million and Sale filter to the big project in an amounting of Baht 72.40 million which is expected to be completed in 2020.

Sincerely Yours,

Wijit Techakasem  
( Dr.Wijit Techakasem )  
Managing Director