

Ref. DBP. 111 / 2021

August 16, 2021

Subject : Clarification on Operating Results for the 2<sup>nd</sup> quarter and 6-month Period ending June 30, 2021

To : President

The Stock Exchange of Thailand

Diamond Building Products Public Company Limited and its Subsidiary (together referred to as “Corporate Group”) would like to clarify on the operating results according to the consolidated financial statements for the 2<sup>nd</sup> quarter ending June 30, 2021 as follows.

The net profit of the Corporate Group for the 2<sup>nd</sup> quarter and 6-month Period ending June 30, 2021 was Baht 178.53 million and Baht 374.50 million, respectively. In comparison with the same period of previous year with the net profit of Baht 182.59 million and Baht 350.79 million, respectively, the net profit for the 2<sup>nd</sup> quarter decreased by Baht 4.06 million or a decrease of 2.22 percent and for the 6-month period, the net profit increased by Baht 23.71 million or an increase of 6.76 percent.

Details of the changes or impacts are described in the Management Discussion and Analysis (MD&A) as attached herewith.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Diamond Building Products Public Company Limited

(Mr. Satid Sudbuntad)

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**DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

(For the Consolidated Financial Statements of the 2<sup>nd</sup> Quarter Ending June 30, 2021)

**(1) Overall Operating Results**

The Company and its subsidiary company (together referred to as the “Corporate Group”) have overall operating results for the 2<sup>nd</sup> quarter and 6-month period ending June 30, 2021, which can be summarized as follows.

(1.1) For the 2<sup>nd</sup> quarter 2021, the revenue from sales and services of the Corporate Group totaled Baht 1,301.13 million, which increased from the same period of previous year by 8.92 percent and the net profit was Baht 178.53 million, which decreased from the same period of previous year by 2.22 percent.

(1.2) For the 6-month period of year 2021, the revenue from sales and services of the Corporate Group totaled Baht 2,631.26 million, which increased from the same period of previous year by 8.37 percent and the net profit was Baht 374.50 million, which increased from the same period of previous year by 6.76 percent.


This was due to the increase in revenue, product mix management, continuation of product cost management and machine availability rate averaging over 90 percent, having contributed to the competitiveness with variety of products, resulting in a well-maintained gross margin and increased profit.


**(2) Analysis of Operating Results and Profitability**


**(2.1) Revenues from Sales and Services**

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
<b><u>2<sup>nd</sup> Quarter (April – June)</u></b>						
Revenues from Sales	1,205.89	92.33	1,116.61	92.16	89.28	8.00
Revenues from Services	95.24	7.29	77.99	6.44	17.25	22.12
<b>Total Revenue from Sales and Services</b>	<b>1,301.13</b>	<b>99.62</b>	<b>1,194.60</b>	<b>98.60</b>	<b>106.53</b>	<b>8.92</b>
Gain on Sales of Fixed Assets	2.31	0.18	16.02	1.32	(13.71)	(85.58)
Gain on Foreign Exchange Rate – Net	-	-	-	-	-	-
Other Revenue	2.66	0.20	0.97	0.08	1.69	174.23
<b>Total Other Revenue</b>	<b>4.97</b>	<b>0.38</b>	<b>16.99</b>	<b>1.40</b>	<b>(12.02)</b>	<b>(70.75)</b>
<b>Total Revenue</b>	<b>1,306.10</b>	<b>100.00</b>	<b>1,211.59</b>	<b>100.00</b>	<b>94.51</b>	<b>7.80</b>
<b><u>6-Month Period (January – June)</u></b>						
Revenues from Sales	2,444.28	92.68	2,259.77	92.28	184.51	8.16
Revenues from Services	186.98	7.09	168.34	6.87	18.64	11.07
<b>Total Revenue from Sales and Services</b>	<b>2,631.26</b>	<b>99.77</b>	<b>2,428.11</b>	<b>99.15</b>	<b>203.15</b>	<b>8.37</b>
Gain on Sales of Fixed Assets	2.37	0.09	18.50	0.76	(16.13)	(87.19)
Gain on Foreign Exchange Rate – Net	-	-	-	-	-	-
Other Revenue	3.68	0.14	2.20	0.09	1.48	67.27
<b>Total Other Revenue</b>	<b>6.05</b>	<b>0.23</b>	<b>20.70</b>	<b>0.85</b>	<b>(14.65)</b>	<b>(70.77)</b>
<b>Total Revenue</b>	<b>2,637.31</b>	<b>100.00</b>	<b>2,448.81</b>	<b>100.00</b>	<b>188.50</b>	<b>7.70</b>


The Corporate Group's total revenue in the 2<sup>nd</sup> Quarter 2021 increased from the same period of previous year by 7.80 percent, consisting of:


 Revenues from sales were Baht 1,205.89 million, which increased from the same period of previous year by Baht 89.28 million or 8 percent, due to increase in revenues from product sales through group of housing project customers of 49.78 percent, group of export or overseas customers of 19.67 percent and group of modern trade customers of 19.24 percent.


 Revenues from services were Baht 95.24 million, which increased from the same period of previous year by Baht 17.25 million or 22.12 percent, due to the revenue from transportation increased by Baht 7.88 million and the increase in revenue from services of Baht 9.37 million.

 Other revenue was Baht 4.97 million, which decreased from the same period of previous year by Baht 12.02 million or 70.75 percent, due to the fact that there was revenue from the sale of unused land in Saraburi province of Baht 14.05 million in the same period of previous year.

The Corporate Group's total revenue in the 6-month period of year 2021 increased from the same period of previous year by 7.70 percent, consisting of:

 Revenues from sales were Baht 2,444.28 million, which increased from the same period of previous year by Baht 184.51 million or 8.16 percent, due to increase in revenues from product sales through group of housing project customers of 29.26 percent and group of modern trade customers of 14.26 percent.


 Revenues from services were Baht 186.98 million, which increased from the same period of previous year by Baht 18.64 million or 11.07 percent, due to the revenue from transportation increased by Baht 10.53 million and the increase in revenue from services of Baht 8.11 million.


 Other revenue was Baht 6.05 million, which decreased from the same period of previous year by Baht 14.65 million or 70.77 percent, due to the fact that there was revenue from the sale of unused land in Saraburi province of Baht 14.05 million in the same period of previous year.

## (2.2) Cost of Sales and Services


Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>2<sup>nd</sup> Quarter (April – June)</b>						
Cost of Sales	801.36	61.59	749.11	62.71	52.25	6.97
Cost of Services	95.03	7.30	76.70	6.42	18.33	23.90
<b>Total Cost of Sales and Services</b>	<b>896.39</b>	<b>68.89</b>	<b>825.81</b>	<b>69.13</b>	<b>70.58</b>	<b>8.55</b>
<b>6-Month Period (January – June)</b>						
Cost of Sales	1,638.19	62.26	1,525.59	62.83	112.60	7.38
Cost of Services	186.93	7.10	167.37	6.89	19.56	11.69
<b>Total Cost of Sales and Services</b>	<b>1,825.12</b>	<b>69.36</b>	<b>1,692.96</b>	<b>69.72</b>	<b>132.16</b>	<b>7.81</b>


The Corporate Group's total cost of sales and services in the 2<sup>nd</sup> Quarter 2021 increased from the same period of previous year by 8.55 percent, consisting of:

 Cost of sales was Baht 801.36 million, which increased from the same period of previous year by Baht 52.25 million or 6.97 percent, due to the increase in product sales volume of 8.92 percent and increase in raw material costs, salary and benefits of the employees, repairs and maintenance expense gas expense, electricity expense, product packaging expense, grinding balls expense and depreciation.

 Cost of services was Baht 95.03 million, which increased from the same period of previous year by Baht 18.33 million or 23.90 percent, due to the increase in the transportation cost of Baht 10.68 million and increase in cost of services of Baht 7.65 million.

The Corporate Group's total cost of sales and services in the 6-month period of year 2021 increased from the same period of previous year by 7.81 percent, consisting of:


 Cost of sales was Baht 1,638.19 million, which increased from the same period of previous year by Baht 112.60 million or 7.38 percent, due to the increase in product sales volume of 9.59 percent and increases in raw material cost, salary and benefits of the employees, repair and maintenance expenses, gas expenses, product packaging expense, grinding balls expense, and depreciation.


 Cost of services was Baht 186.93 million, which increased from the same period of previous year by Baht 19.56 million or 11.69 percent, due to the increase in the transportation cost of Baht 11.43 million and increase in cost of services of Baht 8.13 million.


### (2.3) Selling and Administrative Expenses

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>2<sup>nd</sup> Quarter (April – June)</b>						
Selling Expenses	34.00	2.61	27.72	2.32	6.28	22.66
Administrative Expenses	134.07	10.30	114.53	9.59	19.54	17.06
Management's Remuneration*	15.18	1.17	14.71	1.23	0.47	3.20
<b>Total Selling and Administrative Expenses</b>	<b>183.25</b>	<b>14.08</b>	<b>156.96</b>	<b>13.14</b>	<b>26.29</b>	<b>16.75</b>
<b>6-Month Period (January – June)</b>						
Selling Expenses	65.26	2.48	63.07	2.60	2.19	3.47
Administrative Expenses	247.37	9.40	227.32	9.36	20.05	8.82
Management's Remuneration*	26.38	1.00	25.47	1.05	0.91	3.57
<b>Total Selling and Administrative Expenses</b>	<b>339.01</b>	<b>12.88</b>	<b>315.86</b>	<b>13.01</b>	<b>23.15</b>	<b>7.33</b>
<b>Remarks:</b> * Management means the director, chief executive officer or the next four executives succeeding the chief executive officer, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.						


The Corporate Group's total selling and administrative expenses in the 2<sup>nd</sup> Quarter 2021 increased from the same period of previous year by 16.75 percent, consisting of:


 Selling expenses were Baht 34 million, which increased from the same period of previous year by Baht 6.28 million or 22.66 percent, due to the increase in service expenses of Baht 2.27 million, increase in sales promotion expenses of Baht 2.06 million, increase in salary and benefits of the employees of Baht 1.03 million, increase in fuel expenses of Baht 0.26 million, increase in entertainment expenses of Baht 0.23 million and increase in other expenses of Baht 0.43 million.


 Administrative expenses were Baht 134.07 million, which increased from the same period of previous year by Baht 19.54 million or 17.06 percent, due to the increase in tax and other fees of Baht 17.24 million, increase in salary and benefits of the employees of Baht 5.97 million, increase in product packaging expenses of Baht 1.18 million, increase in depreciation and amortization of Baht 0.83 million, increase in service expenses of Baht 0.78 million and increase in processing expenses for export products of Baht 0.38 million, but there were decrease in allowance for impairment of fixed assets of Baht 1.06 million, decrease in allowance for doubtful debts of Baht 0.61 million and decrease in other expenses of Baht 5.17 million.

 Management's remunerations were Baht 15.18 million, which increased from the same period of previous year by Baht 0.47 million or 3.20 percent, due to the appointment of additional executives and retirement of some executives.

The Corporate Group's selling and administrative expenses in the 6-month period of year 2021 increased from the same period of previous year by 7.33 percent, consisting of:

 Selling expenses were Baht 65.26 million, which increased from the same period of previous year by Baht 2.19 million or 3.47 percent, due to the increase in service expenses of Baht 3.43 million and increase in salary and benefits of the employees of Baht 2.01 million but there were decrease in sales promotion expenses of Baht 3.25 million.

 Administrative expenses were Baht 247.37 million, which increased from the same period of previous year by Baht 20.05 million or 8.82 percent, due to the increase in tax and other fees of Baht 17.22 million, increase in salary and benefits of the employees of Baht 7.60 million, increase in depreciation and amortization of Baht 1.60 million, increase in product packaging expenses of Baht 1.05 million, but there were decrease in allowance for impairment of fixed assets of Baht 1.06 million, decrease in the consulting fee of Baht 0.96 million, decrease in rental expenses of Baht 0.78 million, decrease in technology expenses of Baht 0.68 million, decrease in service expenses of Baht 0.46 million and decrease in other expenses of Baht 3.48 million.

 Management's remunerations were Baht 26.38 million, which increased from the same period of previous year by Baht 0.91 million or 3.57 percent, due to the appointment of additional executives and retirement of some executives.

## (2.4) Profitability

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>2<sup>nd</sup> Quarter (April – June)</b>						
Revenues from Sales and Services	1,301.13	100.00	1,194.60	100.00	106.53	8.92
Costs of Sales and Services	896.39	68.89	825.81	69.13	70.58	8.55
GP	404.74	31.11	368.79	30.87	35.95	9.75
EBITDA	303.87	23.35	295.57	24.74	8.30	2.81
EBIT	226.46	17.40	228.83	19.16	(2.37)	(1.04)
NP	178.53	13.72	182.59	15.28	(4.06)	(2.22)
EPS (Baht per Share) *	0.21		0.20		0.01	5.00
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		911.20		(56.17)	(6.16)
<b>6-Month Period (January – June)</b>						
Revenues from Sales and Services	2,631.26	100.00	2,428.11	100.00	203.15	8.37
Costs of Sales and Services	1,825.12	69.36	1,692.96	69.72	132.16	7.81
GP	806.14	30.64	735.15	30.28	70.99	9.66
EBITDA	627.03	23.83	572.21	23.57	54.82	9.58
EBIT	473.17	17.98	439.99	18.12	33.18	7.54
NP	374.50	14.23	350.79	14.45	23.71	6.76
EPS (Baht per Share) *	0.44		0.38		0.06	15.79
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		929.58		(74.55)	(8.02)
Return on Equity (ROE) (%)	36.89%		26.57%		10.32%	
Return on Assets (ROA) (%)	21.78%		16.51%		5.27%	
<b>Remark:</b> * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax, NP = Net Profit after Tax, EPS = Net Earnings per Share						

### Gross Profit (GP)




The Corporate Group's gross profit in the 2<sup>nd</sup> Quarter 2021 was Baht 404.74 million, an increase from the same period of previous year by Baht 35.95 million or 9.75 percent, due to the increase in revenues from sales and services of 8.92 percent but there was an increase in cost of sales and services of 8.55 percent.




The Corporate Group's gross profit in the 6-month period of year 2021 was Baht 806.14 million, an increase from the same period of previous year by Baht 70.99 million or 9.66 percent, due to the increase in revenues from sales and services of 8.37 percent but there was an increase in costs of sales and services of 7.81 percent.


## Net Profit (NP)


The Corporate Group's net profit and net earnings per share in the 2<sup>nd</sup> Quarter 2021 as follows:

 The Corporate Group's net profit was Baht 178.53 million, a decrease from the same period of previous year by Baht 4.06 million or 2.22 percent, due to the increase in gross profit of 9.75 percent, even though the increase in selling and administrative expenses of 16.75 percent.


 The Corporate Group's net earnings per share was Baht 0.21 per share, an increase from the same period of previous year of Baht 0.01 per share or 5 percent, due to the weighted average number of ordinary shares is lower than the treasury stock by 6.16 percent, even though the decrease in net profit of 2.22 percent.


The Corporate Group's net profit and net earnings per share in the 6-month period of year 2021 as follows:

 The Corporate Group's net profit was Baht 374.50 million, an increase from the same period of previous year by Baht 23.71 million or 6.76 percent, due to the increase in gross profit of 9.66 percent, even though the increase in selling and administrative expenses of 7.33 percent.


 The Corporate Group's net earnings per share was Baht 0.44 per share, an increase from the same period of previous year of Baht 0.06 per share or 15.79 percent, due to the weighted average number of ordinary shares is lower than the treasury stock by 8.02 percent, including the increase in net profit of 6.76 percent.


## EBITDA

 The Corporate Group's EBITDA in the 2<sup>nd</sup> Quarter 2021 was Baht 303.87 million, an increase from the same period of previous year by Baht 8.30 million or 2.81 percent, due to the increase in gross profit of 9.75 percent, even though the increase in selling and administrative expenses excluding depreciation of 17.24 percent.

 The Corporate Group's EBITDA in the 6-month period of year 2021 was Baht 627.03 million, an increase from the same period of previous year by Baht 54.82 million or 9.58 percent, due to the increase in gross profit of 9.66 percent, even though the increase in selling and administrative expenses excluding depreciation of 7.20 percent.


## Earnings Efficiency


 **Return on Equity (ROE):** The Corporate Group's ROE increased from 26.57 percent as at end of 2020 to 36.89 percent as at June 30, 2021 or an increase of 10.32 percent, due to an increase in annualized projected annual net profit of 34.37 percent and there was a decrease in average shareholders' equity of 3.24 percent from the previous year.


 **Return on Assets (ROA):** The Corporate Group's ROA increased from 16.51 percent as at end of 2020 to 21.78 percent as at June 30, 2021 or an increase of 5.27 percent, due to an increase in annualized projected annual net profit of 34.37 percent but there was an increase in average total assets of 1.89 percent from the previous year.

## (2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at June 30, 2021	As at December 31, 2020		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,459.60	3,418.84	40.76	1.19
Total Liabilities	1,336.18	1,481.82	(145.64)	(9.83)
Total Shareholders' Equity	2,123.42	1,937.02	186.40	9.62
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	892.10	(37.07)	(4.16)
Book Value (Baht per Share)*	2.48	2.17	0.31	14.29
<b>Remark:</b> * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury stock				

 The Corporate Group's total assets as at June 30, 2021 increased from the end of year 2020 by Baht 40.76 million or 1.19 percent, due to a net increase in trade accounts receivable and other accounts receivable of Baht 157.15 million, increase in cash and cash in bank of Baht 6.44 million and increase in other current assets and other non-current assets of Baht 2.80 million but there were decrease in fixed assets of Baht 92.06 million, net decrease in inventory of Baht 22.35 million, decrease in right of use assets of Baht 7.48 million, decrease in intangible assets of Baht 1.39 million, decrease in deferred income tax of Baht 1.38 million and decrease in cash advance payment for purchase of assets of Baht 0.97 million.

 The Corporate Group's total liabilities as at June 30, 2021 decreased from the end of year 2020 by Baht 145.64 million or 9.83 percent, due to the decrease in short-term loan of Baht 695 million, decrease in provision for post-employment benefits obligation of Baht 8.59 million, decrease in financial lease liabilities of Baht 7.11 million and decrease in other current liabilities of Baht 4.29 million but there were increase in long-term of Baht 270 million, increase in trade accounts payable and other accounts payable of Baht 234.20 million and increase in current income tax payable of Baht 65.15 million.

 The Corporate Group's total shareholders' equity as at June 30, 2021 increased from the end of year 2020 by Baht 186.40 million or 9.62 percent, due to the increase in net profit of Baht 374.50 million, but there was a dividend payment of Baht 188.10 million, resulting in an increase in share book value from Baht 2.17 per share as at end of year 2020 to Baht 2.48 per share as at June 30, 2021.



## (2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2021	Year 2020
Cash Flows from Operating Activities	690.26	537.37
Cash Flows used in Investing Activities	(55.36)	(183.04)
Cash Flows used in Financing Activities	(629.08)	(354.91)
Unrealized exchange gain (loss) of cash and cash equivalents	0.61	0.51
Cash Increase (Decrease) – Net	6.43	(0.07)
Cash at the Beginning of the Period	22.07	31.32
Cash at the Ending of the Period	28.50	31.25
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	67.93%	39.80%



The Corporate Group's net cash from operating activities in the 2<sup>nd</sup> Quarter 2021 was Baht 690.26 million, which was higher than the net profit before tax by Baht 222.21 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 153.86 million, increase in trade accounts payable and other accounts payable of Baht 242.46 million, net decrease in inventory of Baht 22.10 million, increase in other current liabilities of Baht 0.38 million but there were net increase in trade accounts receivable and other accounts receivable of Baht 155.48 million, decrease in other non-current liabilities of Baht 8.58 million, increase in other current assets of Baht 3.15 million, increase in other non-current assets of Baht 2.35 million and payment of accrued corporate income tax for year 2020 of Baht 27.03 million.



The Corporate Group's net cash used in investing activities in the 2<sup>nd</sup> Quarter 2021 was Baht 55.36 million, due to cash payment for tools and equipment replacement after their useful life of Baht 56.77 million, cash advance payment for purchase of assets of Baht 0.68 million and cash payment for intangible assets of Baht 0.73 million but there were cash received from sale of damaged and unusable assets of Baht 2.82 million



The Corporate Group's net cash used in financing activities in the 2<sup>nd</sup> Quarter 2021 was Baht 629.08 million, due to repayment of short-term loan of Baht 695 million, repayment of long-term loan of Baht 30 million, dividend payment of Baht 188.10 million, repayment of financial lease of Baht 11.59 million and interest payment of Baht 4.39 million but there was a long-term loan of Baht 300 million.

## (2.7) Financial Ratios

Financial Ratios	As at June 30, 2021	As at December 31, 2020
Current Ratio (Times)	1.47	1.02
Quick Ratio (Times)	0.75	0.44
Cash flow Liquidity Ratio (Times)	1.28	0.80
Account Receivable Turnover Ratio (Times)	9.75	9.51
Average Collection Period (Days)	37	38
Inventory Turnover Period (Days)	16	22
Average Payable Period (Days)	16	13
Cash Cycle (Days)	37	47
Total Debt to Equity Ratio (Times)	0.63	0.76
Interest Coverage Ratio (Times)	152.94	123.36
Debt Service Coverage Ratio (Times)	45.67	67.52

## (3) Asset Management Capability

### (3.1) Debtor Quality, Accounts Receivable Aging, Provision and Sufficiency of Allowance for Doubtful Debts

The Corporate Group's trade accounts receivable and other accounts receivable as at June 30, 2021 account for 19.26 percent of the total assets with 82.31 percent not yet due for payment. The Corporate Group has established policy for setting provision or allowance for doubtful debts which is based on the analysis of accounts receivable aging and assessment of past debt collection experience. Accordingly, the Corporate Group has experienced no bad debt in 2020-2021.

### (3.2) Inventory and Deterioration or Obsolete


The Corporate Group's inventory as at June 30, 2021 accounts for 19.64 percent of the total assets, of which 21.27 percent are finished products, 26.63 percent are work in progress, 28.86 percent are raw materials, 16.67 percent are goods in transits and 6.57 percent are supplies, The Corporate Group conducts inventory inspection every month and has employed accounting policy for setting provision for deteriorated inventory.


## (4) Liquidity and Capital Sufficiency


The Corporate Group manages its capital by preparing cash flow projection in order to manage the working capital for sufficient liquidity and low financial cost, which can be summarized as follows.




The Corporate Group's total debt to equity ratio as at June 30, 2021 was at 0.63 times, a decrease from end of year 2020, due to the decrease in total liabilities from the end of 2020 of 9.83 percent and the shareholders' equity increased from the end of year 2020 by 9.62 percent and the interest coverage ratio was at 152.94 times, an increase from end of 2020, due to an increase in annualized cash flow from operating activities from the previous year of 63.54 percent but increase in annualized interest on loan from the previous year of 33.26 percent.

 The Corporate Group's current ratio as at June 30, 2021 was 1.47 times, an increase from the end of year 2020, due to an increase in current assets of 11.62 percent but there were decrease in current liability of 22.86 percent and the quick ratio of 0.75 times, which increased from the end of year 2020, due to a decrease in inventory of 3.18 percent and decrease in current liability of 22.86 percent and the cash flow liquidity ratio was 1.28 times, an increase from end of year 2020, due to an increase in annualized cash flow from operating activities from the previous year of 63.54 percent.


 The Corporate Group's cash cycle as at June 30, 2021 was 37 days, a decrease from the end of year 2020 of 10 days due to the decrease in inventory turnover period of 6 days, decrease in average collection period of 1 days and increase in average payable period of 3 days.

 The Corporate Group's debt service coverage ratio decreased from 67.52 times as at end of year 2020 to 45.67 times as at June 30, 2021 due to an increase in annualized EBITDA from end of year 2020 of 31.98 percent but there were increase in annualized interest on loan from the previous year of 33.26 percent and increase in the long-term loan and financial lease liabilities due within one year of 169.62 percent.

The Corporate Group has policy for setting the credit term period as follows.

 **Debt Collection Period:** The credit term period is determined based on the risk assessment on payment by the customer, including contact period, financial position, guarantee and payment history, depending on the situation involving competition and sales promotion during each period of the Corporate Group by specifying the guarantee protection for credit limit as follows.

Risk Probability	Very Low	Low	Medium	High
Credit Term Period	60 days	45 days	30 days	Payment transfer first if no guarantee

 **Repayment Period:** The repayment period is determined based on the type of product and raw material or hiring services, order value and payment conditions from trade discount negotiation.

Terms and Conditions	Type and Order Value of Product and Raw Material
Credit Term Period	30 – 60 days

As at June 30, 2021, the Corporate Group's average collection period was 37 days, which was in line with the established policy and average repayment period of 16 days, which was lower than the established policy, as the Corporate Group had advanced payment for the raw materials in order to receive trade discount.

## **(5) Debt Obligation**

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Currently, the Corporate Group has obligation to comply with the terms and conditions of the loan agreement with the commercial bank in the country as follows.

(5.1) Loan Agreement for NT-11 Project: The Corporate Group has entered into a long-term loan agreement with loan amount of Baht 300 million, with interest rate after having received the first loan installment until September 30, 2023 at a fixed interest rate of 2.10 percent per annum and a loan repayment period within 2 years and 6 months with monthly repayment term. As at June 30, 2021, there was a loan balance of Baht 270 million and the first loan repayment was on April 30, 2021.

As at June 30, 2021, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 270 million. Accordingly, the Corporate Group must comply with the terms and conditions stipulated in the loan agreements, which state that the Total Debt to Equity Ratio (D/E Ratio) must not exceed 2 times and the Debt Service Coverage Ratio (DSCR) must not be less than 1.25 times. It appeared that as at June 30, 2021, the Corporate Group was able to maintain the above financial ratios as stipulated by such loan agreements.

## **(6) Factors Having Impact on Future Operating Results**

Factors having impact on the operating performance in the 2<sup>nd</sup> half of 2021 are generally due to the Coronavirus disease (COVID-19) outbreak situation, which has severely impacted the economic system of both Thailand and trading partner countries, with uncertainty of such outbreak that currently has become very severe with higher number of infected cases every day. Despite the fact that the outbreak of COVID-19 has affected the atmosphere and confidence of the consumers, the Corporate Group is still confident that the Government sector can still control such disease outbreak within the limit, having implemented remedial measures and increased the number of vaccinated people. Main factors having impact on the Corporate Group's operating results can be summarized as follows.

(6.1) Issues concerning the measures by the Government sector for prevention of Covid-19 outbreak such as closing of shopping malls, closing of construction sites and closing of border checkpoints with some neighboring countries, have impacted product sales through modern trade stores, housing projects and export sales. Therefore, the Corporate Group has focused on product distribution through domestic distribution agents that still have potential to compensate for the closing of modern trade stores and housing projects that have slowed down the opening of new projects, to maintain Corporate Group's earning ability as close as the previous year.

(6.2) Issues concerning economic and social measures impacting people sector such as employment termination or salary reduction, despite the fact that the government sector has rushed to issue measures to alleviate people's misery and for people to sustain so that they can get back to the economic system as well as revive the society. Therefore, the purchasing power of people sector for buying new houses or making house repairs during this situation has been affected.

- (6.3) Issues concerning the exchange rate, which has weakened every day, has caused higher cost for the import of raw materials, as well as delays in shipments and delivery of products internationally, resulting in higher production cost. Accordingly, the Corporate Group has tried to find raw materials within the Country to substitute for overseas purchases.
- (6.4) Issues concerning production capacity, the Corporate Group shall maintain the production capacity rate at not less than 80-90 percent, which should keep the production cost at a competitive rate by releasing products to stores to stock products for sale during high season period, during which the Corporate Group cannot produce enough products for sale.