

Ref. DBP. 141 / 2021

November 10, 2021

Subject : Clarification on Operating Results for the 3rd quarter and 9-month Period ending September 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 3rd quarter and 9-month period ending September 30, 2021 as follows.

The net profit of the Corporate Group for the 3rd quarter and 9-month period ending September 30, 2021 were Baht 118.76 million and Baht 493.26 million, respectively. In comparison with the same period of previous year with the net profit of Baht 111.35 million and Baht 462.14 million, respectively, the net profit for the 3rd quarter increased by Baht 7.41 million or an increase of 6.65 percent and for the 9-month period, the net profit increased by Baht 31.12 million or an increase of 6.73 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

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

(For the Consolidated Financial Statements of the 3rd Quarter Ending September 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 3rd quarter and 9-month period ending September 30, 2021, which can be summarized as follows.

(1.1) For the 3rd quarter 2021, the revenue from sales and services of the Corporate Group totaled Baht 1,068.29 million, which increased from the same period of previous year by 6.88 percent and the net profit was Baht 118.76 million, which increased from the same period of previous year by 6.65 percent.

(1.2) For the 9-month period of year 2021, the revenue from sales and services of the Corporate Group totaled Baht 3,699.55 million, which increased from the same period of previous year by 7.93 percent and the net profit was Baht 493.26 million, which increased from the same period of previous year by 6.73 percent.


Although during the 3rd quarter 2021, the situation on the outbreak of novel coronavirus (COVID-19) is still severe and this period is considered low-season for the Corporate Group; however, the Corporate Group was able to maintain its gross margin within required criteria and earned increased net profit and retained earnings due to effective sales and marketing management policy as well as systematic production management policy with machine availability rate averaging no less than 70-80 percent and appropriate product mix management.


(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	%
3rd Quarter (July – September)						
Revenues from Sales	987.04	92.25	928.84	92.54	58.20	6.27
Revenues from Services	81.25	7.59	70.71	7.04	10.54	14.91
Total Revenue from Sales and Services	1,068.29	99.84	999.55	99.58	68.74	6.88
Gain on Sales of Fixed Assets	0.52	0.05	3.29	0.33	(2.77)	(84.19)
Gain on Foreign Exchange Rate – Net	-	-	-	-	-	-
Other Revenue	1.20	0.11	0.89	0.09	0.31	34.83
Total Other Revenue	1.72	0.16	4.18	0.42	(2.46)	(58.85)
Total Revenue	1,070.01	100.00	1,003.73	100.00	66.28	6.60
9-Month Period (January – September)						
Revenues from Sales	3,431.32	92.56	3,188.61	92.36	242.71	7.61
Revenues from Services	268.23	7.24	239.06	6.92	29.17	12.20
Total Revenue from Sales and Services	3,699.55	99.80	3,427.67	99.28	271.88	7.93
Gain on Sales of Fixed Assets	2.90	0.08	21.79	0.63	(18.89)	(86.69)
Gain on Foreign Exchange Rate – Net	-	-	-	-	-	-
Other Revenue	4.88	0.12	3.09	0.09	1.79	57.93
Total Other Revenue	7.78	0.20	24.88	0.72	(17.10)	(68.73)
Total Revenue	3,707.33	100.00	3,452.55	100.00	254.78	7.38


The Corporate Group's total revenue in the 3rd Quarter 2021 increased from the same period of previous year by 6.60 percent, consisting of:


 Revenues from sales were Baht 987.04 million, which increased from the same period of previous year by Baht 58.20 million or 6.27 percent, due to increase in revenues from product sales through group of housing project customers of 13.84 percent and group of modern trade customers of 12.85 percent.


 Revenues from services were Baht 81.25 million, which increased from the same period of previous year by Baht 10.54 million or 14.91 percent, due to the revenue from transportation increased by Baht 4.71 million and the increase in revenue from services of Baht 5.83 million.

 Other revenue was Baht 1.72 million, which decreased from the same period of previous year by Baht 2.46 million or 58.85 percent, due to decrease in revenues from sale of scrap.

The Corporate Group's total revenue in the 9-month period of year 2021 increased from the same period of previous year by 7.38 percent, consisting of:

 Revenues from sales were Baht 3,431.32 million, which increased from the same period of previous year by Baht 242.71 million or 7.61 percent, due to increase in revenues from product sales through group of housing project customers of 24.61 percent and group of modern trade customers of 13.81 percent.


 Revenues from services were Baht 268.23 million, which increased from the same period of previous year by Baht 29.17 million or 12.20 percent, due to the revenue from transportation increased by Baht 15.22 million and the increase in revenue from services of Baht 13.95 million.


 Other revenue was Baht 7.78 million, which decreased from the same period of previous year by Baht 17.10 million or 68.73 percent, due to decrease in revenues from sale of scrap and 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	%
3rd Quarter (July – September)						
Cost of Sales	687.33	64.34	641.73	64.20	45.60	7.11
Cost of Services	82.78	7.75	71.44	7.15	11.34	15.87
Total Cost of Sales and Services	770.11	72.09	713.17	71.35	56.94	7.98
9-Month Period (January – September)						
Cost of Sales	2,325.52	62.86	2,167.33	63.23	158.19	7.30
Cost of Services	269.71	7.29	238.80	6.97	30.91	12.94
Total Cost of Sales and Services	2,595.23	70.15	2,406.13	70.20	189.10	7.86


The Corporate Group's total cost of sales and services in the 3rd Quarter 2021 increased from the same period of previous year by 7.98 percent, consisting of:

 Cost of sales was Baht 687.33 million, which increased from the same period of previous year by Baht 45.60 million or 7.11 percent, due to the increase in product sales volume of 8.81 percent.

 Cost of services was Baht 82.78 million, which increased from the same period of previous year by Baht 11.34 million or 15.87 percent, due to the increase in the transportation cost of Baht 5.59 million and increase in cost of services of Baht 5.75 million.

The Corporate Group's total cost of sales and services in the 9-month period of year 2021 increased from the same period of previous year by 7.86 percent, consisting of:


 Cost of sales was Baht 2,325.52 million, which increased from the same period of previous year by Baht 158.19 million or 7.30 percent, due to the increase in product sales volume of 9.36 percent.

 Cost of services was Baht 269.71 million, which increased from the same period of previous year by Baht 30.91 million or 12.94 percent, due to the increase in the transportation cost of Baht 17.04 million and increase in cost of services of Baht 13.87 million.

(2.3) Selling and Administrative Expenses

Description	Year 2021		Year 2020		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
3rd Quarter (July – September)						
Selling Expenses	29.65	2.78	30.49	3.05	(0.84)	(2.76)
Administrative Expenses	106.02	9.92	105.69	10.57	0.33	0.31
Management's Remuneration*	13.83	1.29	13.24	1.32	0.59	4.46
Total Selling and Administrative Expenses	149.50	13.99	149.42	14.95	0.08	0.05
9-Month Period (January – September)						
Selling Expenses	94.91	2.57	93.56	2.73	1.35	1.44
Administrative Expenses	353.39	9.55	333.01	9.72	20.38	6.12
Management's Remuneration*	40.21	1.09	38.71	1.13	1.50	3.87
Total Selling and Administrative Expenses	488.51	13.20	465.28	13.57	23.23	4.99
Remarks: * 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 3rd Quarter 2021 increased from the same period of previous year by 0.05 percent, consisting of:

 Selling expenses were Baht 29.65 million, which decreased from the same period of previous year by Baht 0.84 million or 2.76 percent, due to the decrease in salary and benefits of the employees of Baht 0.21 million, decrease in sales promotion expenses of Baht 0.29 million, decrease in travelling expenses of Baht 0.77 million, decrease in donation expenses of Baht 0.86 million and decrease in other expenses of Baht 0.17 million, but there was an increase in service expenses of Baht 1.46 million.



Administrative expenses were Baht 106.02 million, which increased from the same period of previous year by Baht 0.33 million or 0.31 percent, due to the increase in local maintenance and property tax of Baht 2.40 million, increase in allowance for doubtful debts of Baht 0.73 million, increase in research and development (R&D) expenses of Baht 0.49 million and increase in other expenses of Baht 3.66 million, but there were decrease in salary and benefits of the employees of Baht 4.53 million, decrease in the consulting fee of Baht 1.40 million, decrease in processing expenses for export products of Baht 0.52 million and decrease in product packaging expenses of Baht 0.50 million.



Management's remunerations were Baht 13.83 million, which increased from the same period of previous year by Baht 0.59 million or 4.46 percent, due to the appointment of additional executives and retirement of some executives.

The Corporate Group's selling and administrative expenses in the 9-month period of year 2021 increased from the same period of previous year by 4.99 percent, consisting of:



Selling expenses were Baht 94.91 million, which increased from the same period of previous year by Baht 1.35 million or 1.44 percent, due to the increase in service expenses of Baht 4.89 million, increase in salary and benefits of the employees of Baht 1.80 million, increase in depreciation of Baht 0.40 million, but there were decrease in sales promotion expenses of Baht 3.54 million, decrease in travelling expenses of Baht 1.06 million, decrease in donation expenses of Baht 0.96 million and decrease in other expenses of Baht 0.18 million.



Administrative expenses were Baht 353.39 million, which increased from the same period of previous year by Baht 20.38 million or 6.12 percent, due to the increase in tax and other fees of Baht 17.20 million, increase in salary and benefits of the employees of Baht 3.07 million, increase in local maintenance and property tax of Baht 2.63 million, increase in research and development (R&D) expenses of Baht 0.83 million, and increase in other expenses of Baht 0.17 million, but there were decrease in the consulting fee of Baht 2.36 million and decrease in technology expenses of Baht 1.16 million.



Management's remunerations were Baht 40.21 million, which increased from the same period of previous year by Baht 1.50 million or 3.87 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	%
3rd Quarter (July – September)						
Revenues from Sales and Services	1,068.29	100.00	999.55	100.00	68.74	6.88
Costs of Sales and Services	770.11	72.09	713.17	71.35	56.94	7.98
GP	298.18	27.91	286.38	28.65	11.80	4.12
EBITDA	229.10	21.45	209.90	21.00	19.20	9.15
EBIT	150.41	14.08	141.13	14.12	9.28	6.58
NP	118.76	11.12	111.35	11.14	7.41	6.65
EPS (Baht per Share) *	0.14		0.13		0.01	7.69
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
9-Month Period (January – September)						
Revenues from Sales and Services	3,699.55	100.00	3,427.67	100.00	271.88	7.93
Costs of Sales and Services	2,595.23	70.15	2,406.13	70.20	189.10	7.86
GP	1,104.32	29.85	1,021.54	29.80	82.78	8.10
EBITDA	856.14	23.14	782.12	22.82	74.02	9.46
EBIT	623.59	16.86	581.13	16.95	42.46	7.31
NP	493.26	13.33	462.14	13.48	31.12	6.73
EPS (Baht per Share) *	0.58		0.51		0.07	13.73
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		904.55		(49.52)	(5.47)
Return on Equity (ROE) (%)	32.96%		26.57%		6.39%	
Return on Assets (ROA) (%)	18.98%		16.51%		2.47%	
Remark: * 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 3rd Quarter 2021 was Baht 298.18 million, an increase from the same period of previous year by Baht 11.80 million or 4.12 percent, due to the increase in revenues from sales and services of 6.88 percent but there was an increase in cost of sales and services of 7.98 percent.




The Corporate Group's gross profit in the 9-month period of year 2021 was Baht 1,104.32 million, an increase from the same period of previous year by Baht 82.78 million or 8.10 percent, due to the increase in revenues from sales and services of 7.93 percent but there was an increase in costs of sales and services of 7.86 percent.


Net Profit (NP)


The Corporate Group's net profit and net earnings per share in the 3rd Quarter 2021 as follows:

 The Corporate Group's net profit was Baht 118.76 million, an increase from the same period of previous year by Baht 7.41 million or 6.65 percent, due to the increase in gross profit of 4.12 percent, even though the increase in selling and administrative expenses of 0.05 percent.


 The Corporate Group's net earnings per share was Baht 0.14 per share, an increase from the same period of previous year of Baht 0.01 per share or 7.69 percent, due to increase in net profit of 6.65 percent.


The Corporate Group's net profit and net earnings per share in the 9-month period of year 2021 as follows:

 The Corporate Group's net profit was Baht 493.26 million, an increase from the same period of previous year by Baht 31.12 million or 6.73 percent, due to the increase in gross profit of 8.10 percent, even though the increase in selling and administrative expenses of 4.99 percent.


 The Corporate Group's net earnings per share was Baht 0.58 per share, an increase from the same period of previous year of Baht 0.07 per share or 13.73 percent, due to the weighted average number of ordinary shares is lower than the treasury stock by 5.47 percent, including the increase in net profit of 6.73 percent.


EBITDA

 The Corporate Group's EBITDA in the 3rd Quarter 2021 was Baht 229.10 million, an increase from the same period of previous year by Baht 19.20 million or 9.15 percent, due to the increase in gross profit of 4.12 percent, including the decrease in selling and administrative expenses excluding depreciation of 0.02 percent.

 The Corporate Group's EBITDA in the 9-month period of year 2021 was Baht 856.14 million, an increase from the same period of previous year by Baht 74.02 million or 9.46 percent, due to the increase in gross profit of 8.10 percent, even though the increase in selling and administrative expenses excluding depreciation of 4.90 percent.


Earnings Efficiency


 **Return on Equity (ROE):** The Corporate Group's ROE increased from 26.57 percent as at end of 2020 to 32.96 percent as at September 30, 2021 or an increase of 6.39 percent, due to an increase in annualized projected annual net profit of 17.99 percent and there was a decrease in average shareholders' equity of 4.89 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 18.98 percent as at September 30, 2021 or an increase of 2.47 percent, due to an increase in annualized projected annual net profit of 17.99 percent but there was an increase in average total assets of 2.63 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at September 30, 2021	As at December 31, 2020		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,509.75	3,418.84	90.91	2.66
Total Liabilities	1,455.68	1,481.82	(26.14)	(1.76)
Total Shareholders' Equity	2,054.07	1,937.02	117.05	6.04
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	892.10	0.23	10.60
Book Value (Baht per Share)*	2.40	2.17	(37.07)	(4.16)
Remark: * 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 September 30, 2021 increased from the end of year 2020 by Baht 90.91 million or 2.66 percent, due to a net increase in inventory of Baht 199.92 million, increase in trade accounts receivable and other accounts receivable of Baht 34.31 million, and increase in other current assets and other non-current assets of Baht 2.30 million, but there were decrease in fixed assets of Baht 123.02 million, decrease in right of use assets of Baht 13.02 million, decrease in cash and cash in bank of Baht 5.82 million, decrease in intangible assets of Baht 2.05 million, decrease in cash advance payment for purchase of fixed assets of Baht 0.96 million and decrease in deferred income tax of Baht 0.75 million.

 The Corporate Group's total liabilities as at September 30, 2021 decreased from the end of year 2020 by Baht 26.14 million or 1.76 percent, due to the decrease in short-term loan of Baht 457.50 million, decrease in financial lease liabilities of Baht 12.96 million, decrease in provision for post-employment benefits obligation of Baht 5.50 million and decrease in other current liabilities of Baht 2.03 million, but there were increase in long-term of Baht 240 million, increase in trade accounts payable and other accounts payable of Baht 208.86 million and increase in current income tax payable of Baht 2.99 million.

 The Corporate Group's total shareholders' equity as at September 30, 2021 increased from the end of year 2020 by Baht 117.05 million or 6.04 percent, due to the increase in net profit of Baht 493.26 million, but there was a dividend payment of Baht 376.21 million, resulting in an increase in share book value from Baht 2.17 per share as at end of year 2020 to Baht 2.40 per share as at September 30, 2021.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2021	Year 2020
Cash Flows from Operating Activities	701.13	714.12
Cash Flows used in Investing Activities	(90.00)	(291.63)
Cash Flows used in Financing Activities	(617.79)	(428.71)
Unrealized exchange gain (loss) of cash and cash equivalents	0.84	0.66
Cash Increase (Decrease) – Net	(5.82)	(5.56)
Cash at the Beginning of the Period	22.07	31.32
Cash at the Ending of the Period	16.25	25.76
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	46.80%	39.80%



The Corporate Group's net cash from operating activities in the 9-month period of year 2021 was Baht 701.13 million, which was higher than the net profit before tax by Baht 84.92 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 232.55 million, increase in trade accounts payable and other accounts payable of Baht 209.29 million, increase in other current liabilities of Baht 2.91 million and decrease in other current assets of Baht 0.63 million, but there were net increase in inventory of Baht 200.17 million, net increase in trade accounts receivable and other accounts receivable of Baht 32.67 million, increase in other non-current assets of Baht 2.91 million, decrease in other non-current liabilities of Baht 5.50 million, and payment of accrued corporate income tax for year 2020 of Baht 27.03 million, payment of mid-year corporate income tax of year 2021 of Baht 89.82 million and payment of withholding tax of Baht 2.36 million.



The Corporate Group's net cash used in investing activities in the 9-month period of year 2021 was Baht 90 million, due to cash payment for tools and equipment replacement after their useful life of Baht 91.49 million, cash advance payment for purchase of assets of Baht 0.69 million and cash payment for intangible assets of Baht 1.17 million but there were cash received from sale of damaged and unusable assets of Baht 3.35 million.



The Corporate Group's net cash used in financing activities in the 9-month period of year 2021 Baht 617.79 million, due to repayment of short-term loan of Baht 457.50 million, repayment of long-term loan of Baht 60 million, dividend payment of Baht 376.21 million, repayment of financial lease of Baht 17.93 million and interest payment of Baht 6.15 million but there was an increase in long-term loan of Baht 300 million.

(2.7) Financial Ratios

Financial Ratios	As at September 30, 2021	As at December 31, 2020
Current Ratio (Times)	1.34	1.02
Quick Ratio (Times)	0.52	0.44
Cash flow Liquidity Ratio (Times)	0.81	0.80
Account Receivable Turnover Ratio (Times)	10.42	9.51
Average Collection Period (Days)	35	38
Inventory Turnover Period (Days)	18	22
Average Payable Period (Days)	17	13
Cash Cycle (Days)	36	47
Total Debt to Equity Ratio (Times)	0.71	0.76
Interest Coverage Ratio (Times)	111.56	123.36
Debt Service Coverage Ratio (Times)	40.10	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 September 30, 2021 account for 15.48 percent of the total assets with 73.86 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 September 30, 2021 accounts for 25.69 percent of the total assets, of which 20.25 percent are finished products, 23.21 percent are work in progress, 36.28 percent are raw materials, 15.36 percent are goods in transits and 7.50 percent are supplies.


(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 September 30, 2021 was at 0.71 times, a decrease from end of year 2020, due to the decrease in total liabilities from the end of 2020 of 1.76 percent and the shareholders' equity increased from the end of year 2020 by 6.04 percent and the interest coverage ratio was at 111.56 times, a decrease from end of 2020, due to an increase in annualized cash flow from operating activities from the previous year of 10.75 percent but increase in annualized interest on loan from the previous year of 28.05 percent.


 The Corporate Group's current ratio as at September 30, 2021 was 1.34 times, an increase from the end of year 2020, due to an increase in current assets of 18.61 percent and a decrease in current liability of 10.37 percent and the quick ratio of 0.52 times, which increased from the end of year 2020, due to an increase in inventory of 28.49 percent and decrease in current liability of 10.37 percent and

the cash flow liquidity ratio was 0.81 times, an increase from end of year 2020, due to an increase in annualized cash flow from operating activities from the previous year of 10.75 percent.


 The Corporate Group's cash cycle as at September 30, 2021 was 36 days, a decrease from the end of year 2020 of 11 days, due to the decrease in inventory turnover period of 4 days, decrease in average collection period of 3 days and increase in average payable period of 4 days.

 The Corporate Group's debt service coverage ratio decreased from 67.52 times as at end of year 2020 to 40.10 times as at September 30, 2021 due to an increase in annualized EBITDA from end of year 2020 of 20.14 percent but there were increase in annualized interest on loan from the previous year of 28.05 percent and increase in the long-term loan and financial lease liabilities due within one year of 191.61 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 September 30, 2021, the Corporate Group's average collection period was 35 days, which was in line with the established policy and average repayment period of 17 days, which was lower than the established policy, as the Corporate Group had cash payment for the raw materials in order to receive trade discount.

(5) Debt Obligation

The Corporate Group has established 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 commercial bank in the country, having the loan agreement for the NT-11 Project with loan amount of Baht 300 million with interest rate starting since 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 September 30, 2021, there was a loan balance of Baht 240 million and the first loan repayment was on April 30, 2021.

As at September 30, 2021, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 240 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 September 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

Due to the outbreak of novel coronavirus (COVID-19) situation, business management circumstances have changed from the past with the Corporate Group having to assess factors that impact future operating results, which are anticipated to have long term impact. The Corporate Group has consistently reviewed its targets and business plan in accordance with such situation, which can be summarized as follows.

- (6.1) Revenue Aspect: The Corporate Group has placed this aspect as its first priority, having reviewed the sales target to be in accordance with market potential and searching for new market to increase its sales potential as well as appropriately managing on sales promotion such as establishment of Diamond Warehouse Project in order to increase potential distribution channels to have adequate products during sales period, etc.
- (6.2) Production Cost Aspect: Impact from supply chain has caused the increase in raw materials and energy prices, continuing to increase the cost of production, which is the external factor that cannot be controlled. Therefore, the Corporate Group needs to manage the problem internally by using production cost management, reducing the expenses and delaying unnecessary investment plan, improving and maintaining equipment and machinery to be efficient constantly in order to produce good quality products with competitive cost.
- (6.3) Innovation Aspect: The development of automation and robot system, replacing human labor at risky or hazardous areas and repetitive work areas in order to increase work efficiency, reducing production cost, etc.