

November 11, 2021

Subject Management Discussion and Analysis on the Financial Statements for the 3<sup>rd</sup> Quarter of 2021 (1 July - 30 September)

Attention The President  
The Stock Exchange of Thailand

CPANEL Public Company Limited (the "Company") would like to notify the operating and financial performances for the 3<sup>rd</sup> quarter of 2021 (1 July - 30 September) with details as follows;

Items	3 <sup>rd</sup> Quarter 2021		3 <sup>rd</sup> Quarter 2020		Change	
	mn THB	%	mn THB	%	mn THB	%
Net sales	62.79	100.00%	43.59	100.00%	19.20	44.06%
Cost of sales	(41.75)	(66.49%)	(30.49)	(69.95%)	(11.26)	(36.92%)
<b>Gross Profit</b>	<b>21.04</b>	<b>33.51%</b>	<b>13.10</b>	<b>30.05%</b>	<b>7.94</b>	<b>60.61%</b>
Other income	0.61	0.97%	0.50	1.14%	0.11	22.69%
Distribution and selling expenses	(5.99)	(9.54%)	(5.64)	(12.94%)	(0.35)	(6.23%)
Administrative expenses	(10.05)	(16.02%)	(6.76)	(15.51%)	(3.30)	(48.77%)
Financial Costs	(4.20)	(6.69%)	(3.48)	(7.97%)	(0.72)	(20.89%)
<b>Profit (Loss) before Tax</b>	<b>1.41</b>	<b>2.24%</b>	<b>(2.28)</b>	<b>(5.23%)</b>	<b>3.69</b>	<b>n.a.</b>
Income Tax Revenue (Expenses)	2.01	3.20%	0.89	2.03%	1.12	126.89%
<b>Net Profit (Loss)</b>	<b>3.42</b>	<b>5.44%</b>	<b>(1.39)</b>	<b>(3.20%)</b>	<b>4.81</b>	<b>n.a.</b>

#### Net Sales

In 3<sup>rd</sup> quarter 2021, the Company had net sales of 62.79 mn bath, increased of 19.20 mn baht or 44.06% compared to the same period of 2020. Due to COVID-19 epidemic situation, resulting in the customers halt the construction process and postponing the shipment orders. However, the pandemic situation has improved from the preventive measures from the government and higher vaccination rate. The customers have accelerated the construction of unfinished projects from the halt in 2020 to complete. However, this quarter was also affected by the closure of construction camps from July to August, sales still do not rise very high.

**Other Income**

Other Income comprised of revenue from sales of metal scraps from the production process, interest income. In 3<sup>rd</sup> quarter 2021, the Company has other revenue of 0.61 mn baht increased of 0.11 mn baht or 22.00% compared to the same period of 2020.

**Cost of sales and Gross Profit Margin**

In 3<sup>rd</sup> quarter 2021, the Company has cost of sales of 41.75 mn baht increased in line with net sales. However, the ratio of the increase in cost of sales is less than the increase in net sales when compared to the same period of 2020. As a result, the company's gross profit margin increased to 33.51% while the same period of 2020 had gross profit margin of 30.05% because the company has developed concrete mixture formula to be more cost efficient and another reason is economy of scale from the significant increase in sales revenue, Although steel price which is one of the main raw materials has increased.

**Distribution and Selling expenses**

The Company has distribution and selling expenses in the 3<sup>rd</sup> quarter 2021 of 5.99 mn baht or 9.54% of net sales. The increasing in distribution and selling expenses correspond with the increasing in net sales.

**Administrative Expense**

The Company has administrative expenses in 3<sup>rd</sup> quarter 2021 of 10.05 mn baht, an increase of 3.30 mn baht or 48.67% compared to the same period in 2020. The increased of administrative expenses mostly related to preparing for listing in stock exchange which are one-time expenses and expenses for implementing measures to control COVID-19, Ministry of Public Health, while in 2020 there is no such cost.

**Financial Costs**

In 3<sup>rd</sup> quarter 2021, the Company has financial costs of 4.20 mn baht increased 0.72 mn baht or 20.69% compared to same period in 2020. The Company borrowed loans from financial institution of 53.96 mn baht to repay the loans from related parties since May 2021. The Company has interest obligations on such loans from financial institutions instead of loans from directors.

**Net Profit and Net Profit Margin**

The Company has net profit in 3<sup>rd</sup> quarter 2021 of 3.42 mn baht increased 4.81 mn baht which represents a net profit margin to total sales of 5.44% compared to same period in 2020. This was due to the growth in net sales resulting in an economy of scale and an increase in gross sales margin from the development of more cost effective concrete formulation.

**Assets**

The Company has total assets as at 30 September 2021 of 772.32 mn baht, an increase from 31 December 2020 of 236.01 mn baht or 44.01%. The increase was from cash and cash equivalents from increase in share capital, increase in account receivable from sales of more products and the increase of inventories according to the near shipment schedule.

**Liabilities**

The Company has total liabilities as at 30 September 2021 of 395.55 mn baht, a decrease from 31 December 2020 of 13.96 mn baht or 3.41% from financial institutions' long term loan repayment schedule.

**Shareholders' Equity**

The Company has shareholders' equity as at 30 September 2021 of 376.77 mn baht, an increase from 31 December 2020 of 249.97 mn baht or 197.14% from increase of share capital of the company and profit generate for 9 month period of 2021.

**Statement of Cash Flows**

According to the Cash Flow Statement of the 9 months period of 2021, the Company has net cash inflows from operating activities of 57.57 mn baht from the increase in net profit, advances and deposits received from the customers according to the increase in orders in the second half of 2021. The Company has net cash outflows from investing activities of 16.40 mn baht for the purchase of machinery parts. Lastly, the Company has net cash inflows from financing activities of 184.47 mn baht mainly from shareholders for increase in share capital of the company net offset with expenses from relating to share offering 227.97 mn baht and, from short term loan payments and long term loans from financial institutions according to repayment terms, including interest and loans from related parties, 43.50 mn baht. Consequently, the Company has cash and cash equivalents of 30 September 2021 of 240.97 mn baht.

Please be informed accordingly

Best Regards,  
CPANEL Public Company Limited

(Mr. Chakrit Theepakornsukkasame)  
Managing Director