



## Management Discuss and Analysis For the fourth quarter ending December 31, 2022

### Executive Summary

In the fourth quarter of 2022, the new factory with an area of 5,160 square meters has not yet been completed on schedule due to unusual amount of rain in last year and changes in construction works related to foundation work and electrical systems. The delivery of the main machines therefore needs to be extended. In addition, there was a significant slowdown in orders from major customers. The company therefore adjusts the production capacity expansion plan for at least 1 quarter to wait and see the situation more clearly , including to delay hiring new employees to support capacity expansion and hold other investments that are not directly related to the production capacity expansion to maintain the company's liquidity. At the same time, the company has accelerated the acquisition of orders from new customers in other industries different from the current major customers' industries to avoid the risk of relying on only one industry.

The company had revenue from sales and services in this quarter 103 million Baht , decrease from the previous quarter 144 million Baht or decreased by 30%. Net profit was 15.6 million Baht, decrease from the previous quarter 29.7 million Baht or decreased by 47%.

### Performance Analysis

#### Operating results according to the financial statements for 3 months ended December 31, 2022

Income Statement (Million Baht)	Q4/2022	Q3/2022	Q4/2021	Change (QoQ)		Change (YoY)	
				Million	%	Million	%
Revenue from sales and services	103.4	148.0	143.5	(44.6)	(30.1)	(40.1)	(27.9)
<b>Gross Profit</b>	<b>32.5</b>	<b>51.9</b>	<b>47.1</b>	<b>(19.4)</b>	<b>(37.4)</b>	<b>(14.6)</b>	<b>(31.0)</b>
Total revenue	5.6	5.6	5.0	0.0	0.0	0.6	11.0
Distribution costs	4.2	4.1	4.0	0.1	2.4	0.2	5.6
Administrative expenses	13.5	15.4	14.6	(1.9)	(12.3)	(1.1)	(7.3)
Finance costs	1.2	1.2	1.4	0.0	0.0	(0.2)	(16.0)
<b>Profit before income tax</b>	<b>19.1</b>	<b>36.8</b>	<b>32.1</b>	<b>(17.7)</b>	<b>(48.1)</b>	<b>(13.0)</b>	<b>(40.5)</b>
Tax expense	3.5	7.1	6.2	(3.6)	(50.7)	(2.7)	(43.6)
<b>Net Profit</b>	<b>15.6</b>	<b>29.7</b>	<b>25.9</b>	<b>(14.1)</b>	<b>(47.5)</b>	<b>(10.3)</b>	<b>(39.8)</b>



**Operating results of the financial statements for Q4/2022 compared to Q3/2022 showed a decrease in profit of 14.1 million baht or a decrease by 47.5 % mainly due to the following reasons.-**

- Revenue from sales and services decreased by 44.6 million Baht or 30.1% due to the decrease in orders from major customers in Q4/2022
- Administrative expenses decreased by 1.9 million Baht or 12.3% mainly due to the Q3/2022 recorded a loss on write-off of assets in the category of buildings and land improvements 2.1 million Baht to build a new factory .

**Operating results of the financial statements for Q4/2022 compared to Q4 /2021 showed a decrease in profit of 10.3 million Baht or a decrease of 39.8 % mainly due to the following reasons.-**

- Revenue from sales and services decreased by 40.1 million Baht or 27.9% due to the decrease in orders from major customers in Q4/2022.
- Administrative expenses decreased by 1.1 million Baht or 7.3% mainly due to the decrease in staff expenses.

**Operating results of the financial statements for the year ended December 31, 2022**

Income Statement (Million Baht)	Year - 2022	Year - 2021	Change (YoY)	
			Million	%
Revenue from sales and services	541.6	561.3	(19.7)	(3.5)
<b>Gross Profit</b>	<b>189.8</b>	<b>213.1</b>	<b>(23.3)</b>	<b>(10.9)</b>
Total revenue	21.0	18.2	2.8	15.3
Distribution costs	16.5	15.9	0.6	3.7
Administrative expenses	56.8	55.3	1.5	2.7
Finance costs	5.2	6.3	(1.1)	(17.5)
<b>Profit before income tax</b>	<b>132.3</b>	<b>153.8</b>	<b>(21.5)</b>	<b>(14.0)</b>
Tax expense	22.7	30.0	(7.3)	(24.4)
<b>Net.Profit</b>	<b>109.6</b>	<b>123.8</b>	<b>(14.2)</b>	<b>(11.4)</b>



**Operating results of the financial statements for year ended December 31, 2022 compared to last year showed a decreased in net profit of 14.2 million Baht or 11.4%, mainly due to the following reasons .-**

- Revenue from sales of goods and services was 541.6 million Baht, decrease by 19.7 million Baht or 3.5% , mainly due to the decrease in orders from major customers in the Q4/2022
- Gross profit was 189.8 million Baht, decrease by 23.3 million Baht or 10.9% due to the decrease in sales volume in the Q4/2022 caused by the decrease in orders from major customers and the increment of component of cost of sales in year 2022 caused by the following reasons:-
  - 1) The increase in paper price, which is the main raw material, and the conversion cost.
  - 2 ) Hiring outsiders to produce some production steps of orders in the period that the orders exceed the existing capacity.
  - 3) The increase in employee expenses due to the transfer of salaries and other benefits of 2 executives who directly oversee the production work to be included in the cost of production. This criteria has been applied since Q3/2021 onwards.
- Other income increased by 2.8 million Baht or 15.3% due to income from the sale of scrap materials from production which increase both volume and selling price during the period of Q1 – Q3/2022 and interest income during the period of Q3 – Q4/2022 from the investment of the residual liquidity of the proceeds from the sale of capital increase shares.
- Administrative expenses were 56.8 million Baht, increase by 1.5 million Baht or 2.7% mainly due to an increase in public relations expenses for listing on Market for Alternative Investment (MAI) of 1.3 million Baht and loss from disposal of building and land improvements of 2.1 million Baht to construct a new factory, less decrease of employee costs due to the transfer of salaries and other benefits of 2 executives who directly supervise the production work to the total cost of production. This criterion has been adopted since Q3/2021 onwards.
- Income tax expenses decreased by 7.3 million Baht or 24.4% due to the decrease of profit before income tax and the recognition of expenses directly related to listing on the MAI Stock Exchange, which were deducted from the excess value of ordinary shares in the financial statements, as tax expenses in the calculation of corporate tax.



### Financial Position

Total Financial Position (Million Baht)	31 December 2022	31 December 2021	Change	
			Million	%
Total current assets	506.1	188.7	317.4	168.2
Total non-current assets	337.6	299.7	37.9	12.6
<b>Total assets</b>	<b>843.7</b>	<b>488.4</b>	<b>355.3</b>	<b>72.7</b>
Total current liabilities	81.9	104.0	(22.1)	(21.3)
Total non-current liabilities	123.3	138.8	(15.5)	(11.2)
<b>Total Liabilities</b>	<b>205.1</b>	<b>242.8</b>	<b>(37.7)</b>	<b>(15.5)</b>
Share capital	100.0	74.6	25.4	34.0
Premium on share capital	417.7	-	417.7	
Retained earnings	120.9	171.0	(50.1)	(29.3)
<b>Total shareholders' equity</b>	<b>638.6</b>	<b>245.6</b>	<b>393.0</b>	<b>160.0</b>

### Asset

As of December 31, 2022, total assets increase by 355.3 million Baht or 72.7% from the end of year 2021, due to an increase in current assets of 317.4 million Baht or increase by 168.2%, mainly due to

- Other current financial assets increased by 326.7 million Baht from the investment of the residual liquidity of the proceeds from the sale of capital increase shares.
- Cash and bank deposits decreased by 2.9 million Baht.
- Trade receivables and other receivables decreased by 6.7 million Baht, mainly due to the decrease in trade receivables of 36.2 million Baht less with an increase in deposits for machinery ordered according to the capacity expansion plan of 30.6 million Baht.

### Liabilities

As of December 31, 2022, total liabilities decrease by 37.7 million Baht or 15.5% from the end of year 2021, mainly due to current debt decreased by 22.1 million Baht or 21.3% caused by the decrease in trade payables of 8.5 million Baht, the decrease in income tax payable of 10.9 million Baht and the repayment of loans and liabilities under periodic lease contracts upon maturity 2.8 million Baht.

**Shareholders' Equity**

As of December 31, 2022, total shareholders' equity increase by 393 million Baht or 160% from the sale of 25.4 million capital increase shares for listing on the Market for Alternative Investment at 1 Baht par value totaling 25.4 million Baht and receiving a net premium on common shares of 417.7 million Baht, the operating results of the year 2022 of 109.8 million Baht and dividend payment of 160 million Baht.

**Significant financial ratios**

Financial Ratios	31 December (YoY)	
	2022	2021
Gross Profit Margin (%)	35	38.0
Net Profit Margin (%)	19.5	21.4
Earnings per share (THB) *	1.2	5.3
Return on Assets (%)	16.5	26.6
Return on Equity (%) **	24.8	64.1
Current ratio (Times)	6.2	1.8
Debt to Equity ratio (Times)	0.3	1.0
Book value per share (THB)	6.4	3.3

\* Weighted average number of ordinary shares for the end of December 31, 2022 and December 31, 2021 are 89,004,932 shares, and 23,597,260 shares, respectively.

\*\* calculated by divide 1 year period backward net profit by average Shareholders' Equity.



**Liquidity and Capital Resources**

Statement of Cash Flows (Million Baht)	31 December 2022	31 December 2021	Change	
			Million	%
<b>Cash flows from Operating Activities</b>				
Net cash provided by operating activities	154.9	126.0	28.9	22.9
<b>Cash flows from Investing Activities</b>				
Net cash used in investing activities	(416.1)	(23.3)	(392.8)	1,685.8
<b>Cash flows from Financing Activities</b>				
Net cash used in financing activities	258.3	(95.1)	353.4	(371.6)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2.9)</b>	<b>7.6</b>	<b>(10.5)</b>	<b>(138.1)</b>
Cash and cash equivalents at beginning of the period	21.8	14.2	7.6	53.4
<b>Cash and cash equivalents at end of the period</b>	<b>18.9</b>	<b>21.8</b>	<b>(2.9)</b>	<b>(13.3)</b>

As of December 31, 2022, the company had cash and net cash equivalents 18.9 million Baht. Net cash flow from operating activities 154.9 million Baht. Net cash flows used in investing activities 416.1 million Baht, mainly from investments of 326.3 million Baht to efficiently manage excess liquidity and cost of construction of new factories and purchase of new machinery was 91.3 million Baht. Net cash flows from financing activities 258.3 million Baht, mostly from the sale of new shares for listing on the Market for Alternative Investment (MAI).