



Management Discuss and Analysis For the first quarter ending March 31, 2023

Executive summary

The company's revenue from sales and services in this quarter is amount to 103.7 million Baht, close to the previous quarter. The reason that income remains stable because orders from major customers continue to slow down from the previous quarter.

The new factory is in the decorating process of office rooms. A new machine has been brought in to install and test the system. As for other new machines procurement plans according to the production capacity expansion plan, It is scheduled to gradually receive machines in May – Dec.2023 together with moving some of the old machines to install in the new factory, to facilitate the delivery of work in process in each production process. As a result, the production capacity during that period has not increased significantly.

Performance Analysis

Operating results according to the financial statements for 3 months ended March 31, 2023

Income Statement (Million Baht)	Q1/2023	Q4/2022	Q1/2022	Change (QoQ)		Change (YoY)	
				Million	%	Million	%
Revenue from sales and services	103.7	103.4	145.3	0.3	0.3	(41.6)	(28.6)
Gross Profit	30.0	32.5	54.0	(2.5)	(7.6)	(24.0)	(44.4)
Total revenue	5.6	5.6	4.6	(0.0)	(0.3)	1.0	21.4
Distribution costs	4.0	4.2	3.9	(0.2)	(5.2)	0.1	2.1
Administrative expenses	13.3	13.5	12.9	(0.2)	(1.5)	0.4	3.1
Finance costs	1.1	1.2	1.3	(0.1)	(7.2)	(0.2)	(14.3)
Profit before income tax	17.2	19.1	40.5	(1.9)	(9.9)	(23.3)	(57.5)
Tax expense	3.2	3.5	7.8	(0.3)	(7.9)	(4.6)	(58.7)
Net Profit	14.0	15.6	32.6	(1.6)	(10.4)	(18.6)	(57.1)



Operating results of the financial statements for the Q1/ 2023 compared to Q4 /2022 showed a decrease in profit of 1.6 million Baht or a decrease by 10.4% mainly due to the follow reasons

- Gross profit decreased by 2.5 million Baht or 7.6% due to an increase in the cost of sales and services of 2.7 million Baht, mainly due to the loss from the allowance for devaluation of inventories for slow moving raw materials that did not used for more than 1 year according to the company's accounting policy.
- Other income for Q1/2023 mainly consists of income from scrap sales of 2.4 million Baht, gain on exchange rate of 1.3 million Baht, interest income of 0.8 million Baht and compensation from insurance company of 0.6 million Baht. Other income for Q4/2022 mainly consists of income from scrap sales of 4.4 million Baht and interest income of 0.8 million Baht.

Operating results of the financial statements for Q1/2023 compared to Q1/2022 showed a decrease in profit of 18.6 million Baht or a decrease by 57.1% mainly due to the follow reasons

- Revenue from sales and services decreased by 41.6 million Baht or 28.6% due to a decrease in orders from major customers.
- Gross profit decreased in the amount of 24.0 million Baht or 44.4% from sales and service income decreased by 41.6 million Baht and cost of sales and services increased from 62.8% of sales and service income in Q1/2022 to 71% of revenue from sales and services in Q1/2023. This was mainly due to additional of loss from the allowance for devaluation of inventories in the amount of 2.8 million Baht , the increase in raw material prices and production capacity had not been utilized enough to achieve economies of scale.



Financial position

Total Financial Position (Million Baht)	31 March 2023	31 December 2022	Change	
			Million	%
Total current assets	434.6	506.1	(71.5)	(14.1)
Total non-current assets	393.6	337.6	56.0	16.6
Total assets	828.2	843.7	(15.5)	(1.8)
Total current liabilities	62.9	81.9	(19.0)	(23.2)
Total non-current liabilities	112.7	123.3	(10.6)	(8.6)
Total Liabilities	175.6	205.1	(29.5)	(14.4)
Share capital	100.0	100.0	0.0	0.0
Premium on share capital	417.7	417.7	0.0	0.0
Retained earnings	134.8	120.9	13.9	11.5
Total shareholders' equity	652.5	638.6	13.9	2.2

Assets

As of March 31, 2023, total assets decrease by 15.5 million Baht or 1.8% from the end of year 2022, due to a decrease in current assets of 71.5 million Baht or 14.1% less with an increase in non-current assets of 56.0 million Baht or an increase of 16.6% , mainly due to

- Decrease in current assets from the sale of short term investments to pay for the construction of new factory and purchase of machine in the amount of 61.3 million Baht.
- Increase in non-current assets from the machine ordered according to the capacity expansion plan and the increase in accumulated value of new factory construction.

Liabilities

As of March 31, 2023, total liabilities decreased by 29.5 million Baht or 14.4% from the end of year 2022, mainly caused by trade accounts payable decreased by 18.7 million Baht due to early payment of goods to receive a discount from the seller, early repayment of loans from financial institution in the amount of 6.4 million Baht for the purpose of managing excess liquidity for maximum benefit and repayment of lease liabilities in the amount of 5.9 million Baht.



Shareholders' Equity

As of March 31, 2023, total shareholders' equity increase by 13.9 million Baht or or 2.2% from the operating results of the Q1/ 2023.

Significant financial ratios

Financial Ratios	31 March 2023	31 March 2022
Gross Profit Margin (%)	29.0	37.2
Net Profit Margin (%)	12.7	21.8
Earnings per share (THB) *	0.1	0.4
Return on Assets (%)	13.4	24.8
Return on Equity (%) **	20.2	81.1
Current ratio (Times)	6.9	0.9
Debt to Equity ratio (Times)	0.3	2.8
Book value per share (THB)	6.5	1.9

* Weighted average number of ordinary shares for the end of March 31, 2023 and March 31, 2022 are 100,000,000 shares, and 74,600,000 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 March 2023	31 March 2022	Change	
			Million	%
Cash flows from Operating Activities				
Net cash provided by operating activities	(1.3)	40.4	(41.7)	(103.2)
Cash flows from Investing Activities				
Net cash provided by (used in) investing activities	9.6	(2.3)	11.9	(517.4)
Cash flows from Financing Activities				
Net cash used in financing activities	(14.3)	(9.1)	(5.2)	57.1
Net increase (decrease) in cash and cash equivalents	(6.0)	29.0	(35.0)	(120.7)
Cash and cash equivalents at beginning of the period	18.9	21.8	(2.9)	(13.3)
Cash and cash equivalents at end of the period	12.9	50.8	(37.9)	(74.6)

As of March 31, 2023 the company had cash and net cash equivalents of 12.9 million Baht, with net cash flows used in operating activities of 1.3 million Baht. Cash flows from investing activities in the amount of 9.6 million Baht was received from the sale of short-term investments in the amount of 70.0 million Baht, less with the payment for the cost of new factory construction of 8.5 million Baht and the purchase of new machine according to the new factory expansion plan in the amount of 46.6 million Baht. Net cash flow used in financing activities in the amount of 14.3 million Baht, mainly from the repayment of loans from financial institution in the amount of 6.4 million Baht, repayment of lease liabilities in the amount due in the amount of 6.8 million Baht, and finance costs in the amount of 1.1 million Baht.