

Overall Business Performance

For the 3M2023 period, the economic situation remains tense due to the uncertain and volatile global economic conditions. Political tension and pressures on inflationary pressures intensify, compounded by underlying factors such as energy costs, oil prices, and higher minimum wage adjustments since Q4/2022.

Due to distribution and supply chain issues, there has been a delay in purchase orders from the United States, resulting in a decrease in sales of approximately 15.96 million baht, or about 5.9% compared to the same period last year. However, the economic recovery in the country is still ongoing, although it may not be fully recovered.

In terms of costs, there has been a significant impact from the increase in energy costs, along with the previously adjusted minimum wage, as well as the rising cost of raw materials affected by various factors, resulting in overall higher costs. Additionally, the product mix sold to customers has resulted in a decrease in sales of molds, which typically have higher profit margins than other products. Therefore, the gross profit margin for this period, 3M2023, has decreased from last year's 27.4% to 21.5%, with a gross profit of 54.91 million baht.

The company has a plan to install solar rooftops to reduce the cost burden and the risk of fluctuations in electricity prices. The total installation size of both factories is approximately 2,472 kWp, which is expected to be completed in the second to third quarter of 2023. This installation is expected to reduce the monthly electricity cost by approximately 15-30%, depending on the weather and sunlight conditions during each period.

The management team continues to monitor the economic situation and various factors that may have an impact, such as interest rate adjustments, inflation, as well as new trends and opportunities, in order to plan and adjust strategies constantly to achieve the set goals.

Performance and Profitability

Revenue By Segments	3M2022		3M2023		Increase (Decrease)	% Increase (Decrease)
	Million Baht	%	Million Baht	%		
Sale Revenues						
Automotives	152.50	56.3%	149.31	58.5%	(3.25)	(2.1%)
Consumer products	86.35	31.9%	73.25	28.7%	(13.08)	(15.2%)
Medical devices	31.92	11.8%	32.25	12.7%	0.37	1.2%
Total	270.77	99.9%	254.81	99.9%	(15.96)	(5.9%)
Other income	0.19	0.1%	0.31	0.1%	0.12	59.4%
Total revenues	270.96	100.0%	255.12	100.0%	(15.85)	(5.8%)

Revenue from sales

For the 3M2023 period, the total revenue from sales decreased by 15.96 million baht or a decrease of 5.9% compared to the same period last year. The main reason for the decrease in revenue came from the consumer goods category, which had a sales decrease of 13.08 million baht or a decrease of 15.2% compared to the same period last year. This was due to major customers in United States delaying their product orders because they have adjusted their inventory levels due to the recovered transportation situation. This has resulted in excess products that were ordered previously needing to be cleared, in addition to the problem of distributing products to various department stores, resulting in a decrease in overall sales of consumer goods as mentioned.

The automotive parts group had a slightly decrease in sales, approximately 3.25 million baht, compared to the same period last year, or a decrease of 2.1%. This was due to an urgent order received in 3M2022 from a customer affected by the COVID-19 situation, which resulted in a temporary factory closure and a production shift to POLY until Q2'2022. However, there were still new customer orders for automotive parts, which replaced the aforementioned order and resulted in a slight decrease in revenue from the sales of automotive parts.

While the medical devices group grew by 0.37 million baht, or about 1.2%, which is close to the same period last year.

Cost of sales and gross profit margin

Unit: Million Baht	3M2022	3M2023	Increase (Decrease)	% Increase (Decrease)
Cost of Sales	196.40	199.90	3.50	1.8%
Gross Profit	74.37	54.91	(19.46)	(26.2%)
Gross Profit Margin (%)	27.4%	21.5%	(5.9%)	

The gross profit for the period of 3M2023 is 54.91 million baht, a decrease of 19.46 million baht or 26.2% compared to the previous year. The details of the cost structure are as follows:

Cost of Sales	3M2022		3M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Raw Material	114.22	42.2%	113.96	44.7%	(0.26)	2.5%
Labor Cost	35.91	13.3%	31.61	12.4%	(4.30)	(0.9%)
Depreciation and Amortization	20.62	7.6%	23.10	9.1%	2.48	(1.5%)
Other overhead cost	25.65	9.5%	31.24	12.3%	5.59	2.8%
Total cost of sales	196.40	72.6%	199.90	78.5%	3.50	

Raw materials : For the 3M2023 period, the prices of raw materials, petrochemicals, and initial substances have continuously increased since the second quarter of 2022 due to the Russia-Ukraine war, which caused crude oil prices to soar. During the third and fourth quarters, the weakening baht, as well as the higher energy costs, have affected the supply chain and resulted in increased costs of raw materials. Although the adjustment of product prices cannot be immediately implemented, as the review of product prices with customers is conducted quarterly, the proportion of raw material costs to sales has increased from 42.2% to 44.7%, as shown in the table above

Labor cost : For the 3M2023 period, labor costs decreased by 4.30 million baht, or 12.4% of revenue, compared to the same period last year, representing a 0.9% decrease from the previous year. This was due to the company's control of the number of headcount and approval of overtime, as well as production planning and inventory management. In addition, the company used automation systems to replace some employees to streamline operations for maximum efficiency.

Depreciation and amortization : Due to the decrease in total revenue and the increase in depreciation and selling expenses compared to the previous year, which was due to the new machinery that was brought in to support new orders from customers, as well as a decrease in the rate of production capacity utilization due to delayed orders of consumer and non-consumer goods, it resulted in a higher proportion of depreciation and selling expenses to revenue.

Other overhead cost : The cost of other production expenses increased by 5.59 million baht and the proportion to revenue increased by 2.8%. The main reason is the increased electricity cost due to the adjustment of the Fuel Adjustment Charge time (Ft). The Ft rate of Jan-Mar 2022 was 0.0139 baht/unit, while the variable electricity rate of Jan-Mar 2023 was 1.5492 baht/unit, resulting in an increase in electricity cost by 40-50% when comparing data from the same amount of electricity usage but with different Ft rates used in the calculation. This has led to an increase in other production expenses as mentioned.

Revenue analysis, cost of goods sold, and gross profit margin for each product group can be shown as follows:

Automotives

Unit: Million Baht	3M2022	3M2023	Increase (Decrease)
Revenue from sales	152.50	149.31	(3.19)
Cost of sales	120.03	133.62	13.59
Gross profit	32.47	15.69	(16.78)
% Gross profit margin	21.3%	10.5%	(10.8%)

In 3M2023, revenue from the sale of automotive components decreased slightly due to a partial reduction in orders that were temporarily transferred to be produced at POLY, as reported preliminarily. gross profit margins also decreased by 10.5%, primarily due to the continuous increase in raw material costs and the impact of higher electricity costs. Nevertheless, the company has gradually adjusted product prices in response to these effects, beginning in March 2023.

Including in the first quarter, there were experiments on new products that are going to be mass-produced in the second and third quarters, several items. This leads to an increased use of raw materials in order to find the most efficient way to produce using resources and raw materials.

Consumer products

Unit: Million Baht	3M2022	3M2023	Increase (Decrease)
Revenue from sales	86.35	73.25	(13.10)
Cost of sales	65.06	54.08	(10.98)
Gross profit	21.29	19.17	(2.12)
% Gross profit margin	24.7%	26.2%	1.5%

Due to the impact of delayed customer orders, revenue from consumer products decreased by 13.10 million baht. However, the gross profit margin has increased due to improved production efficiency, including the development and modification of machinery, which has reduced the rate of loss of goods. Additionally, more effective human resource management has contributed to the increase in the gross profit margin.

Medical devices

Unit: Million Baht	3M2022	3M2023	Increase (Decrease)
Revenue from sales	31.91	32.25	0.34
Cost of sales	11.30	12.19	0.89
Gross profit	20.61	20.05	(0.56)
% Gross profit margin	64.6%	62.1%	(2.5%)

For 3M2023, the medical devices group still maintained an gross profit margin of over 60% . The revenue from the medical devices group received orders from customers similar to the previous year. However, the gross profit margin for the 3M2023 period decreased slightly due to the increase in energy costs mentioned above.

Overall Expenses

Overall Expenses	3M2022		3M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Selling Expense	2.91	1.1%	3.80	1.5%	0.89	0.4%
Administrative Expense	14.73	5.4%	14.80	5.8%	0.07	0.4%
(Reversal) Expected Credit Losses	-	-	0.16	0.1%	0.16	0.1%
Other (Gain) losses	(5.72)	(2.1%)	0.15	0.1%	5.87	2.2%
Total Expenses	11.92	4.4%	18.92	7.4%	7.00	3.0%

For period 3M2023, the total expenses amounted to 18.92 million baht, with the main cause being an increase in sales expenses and a decrease in other profits from the previous year, resulting in other losses, which increased the total expenses by 5.87 million baht.

Selling Expenses

Selling Expenses	3M2022		3M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Salary and Remuneration	1.95	0.7%	2.65	1.0%	0.70	0.3%
Marketing Expense	0.08	0.1%	0.10	0.1%	0.02	0.0%
Other Selling Expense	0.88	0.3%	1.05	0.4%	0.17	0.1%
Total Selling Expense	2.91	1.1%	3.80	1.5%	0.89	0.4%

For the period of 3M2023, the selling expenses were 3.8 million baht, an increase of 0.89 million baht from the 3M2022 period. The main reason was the increase in salaries and compensation, which increased by 0.70 million baht due to an increase in the number of salespersons to replace those who resigned during the 3M2023 period, as well as an increase in other selling expenses of 0.17 million baht from the increased transportation costs.

Administrative Expenses

Administrative Expenses	3M2022		3M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Management and Employee Remuneration	7.09	2.6%	7.59	3.0%	0.50	0.4%
Consulting and Professional Fees	2.19	0.8%	1.63	0.6%	(0.56)	(0.2%)
Utilities and Maintenance	1.86	0.7%	1.23	0.5%	(0.63)	(0.2%)
Depreciation and Amortization	2.22	0.8%	2.26	0.9%	0.04	0.1%
Other Administrative Expenses	1.36	0.5%	2.09	0.8%	0.73	0.3%
Total Administrative Expenses	14.73	5.4%	14.80	5.8%	0.07	0.4%

For period 3M2023, management expenses amounted to 14.80 million baht, an increase of 0.07 million baht or 0.4% from the previous period. The main reason is an increase in management and employee salary of 0.5 million baht, following the annual salary and bonus adjustments. Other management expenses increased by 0.73 million baht, mainly due to travel expenses to meet with suppliers and expenses for training employees in management and production management.

Other gain/ loss

Other income (loss) consists of unrealized gain (loss) from exchange rates that have not yet occurred and gain (loss) from the sale of assets.

For the 3M2022 period, there was an other income of 5.72 million baht, which was mainly from the sale of equipment to customers. However, there was no such special item in the 3M2023 period. The other loss for the 3M2023 period was mainly comprised of losses from exchange rates and losses from the sale of assets.

Finance Cost

Finance Cost (Unit: Baht million)	3M2022	3M2023	Increase (Decrease)	% Increase (Decrease)
Loan Interest	3.63	2.47	(1.16)	(32.0%)
Hire Purchase Interest	1.15	1.26	0.11	9.6%
Interest expense	4.78	3.72	(1.06)	(22.2%)

For the period 3M2023, the financial cost was 3.72 million baht, a decrease of 1.06 million baht or 22.2% from the previous year. The majority of the decrease was due to a decrease in interest expense on borrowed funds, as a result of debt repayment after receiving funds from capital raising through SET

Net profit and net profit margin

Net profit and net profit margin	3M2022	3M2023	Increase (Decrease)	% Increase (Decrease)
Net profit	48.30	27.93	(20.37)	(42.2%)
Net profit margin (%)	17.8%	11.0%	(6.8%)	

For the period 3M2023, net profit is 27.93 million baht, a decrease of 20.37 million baht or 42.2% compared to the previous year, due to decreased orders, as well as increased raw material and energy costs, which resulted in a decrease in gross profit margin. Selling and administrative expenses were mostly fixed, resulting in a decrease in both net profit and net profit margin.

Statement of Financial Position

Statement of Financial Position (Unit: Million Baht)	31 Dec 2022	31 Mar 2023	Increase (Decrease)	% Increase (Decrease)
Assets				
Current Assets	706.85	717.08	10.23	1.4%
Non-current Assets	986.01	976.17	(9.84)	(1.0%)
Total Assets	1,692.86	1,693.25	0.39	0.0%
Liability				
Current Liabilities	252.20	240.81	(11.39)	(4.5%)
Non-Current Liabilities	237.38	221.23	(16.15)	(6.8%)
Total Liabilities	489.58	462.04	(27.54)	(5.6%)
Equity				
Shares Capital	450.00	450.00	-	0.0%
Retained Earnings	70.57	98.50	27.93	39.6%
Other components of equity	682.71	682.71	-	0.0%
Total Equity	1,203.28	1,231.21	27.93	2.3%

* Financial Ratio for three months period ended 31 March 2023 calculated from 12 months of statement of comprehensive income and base on financial position as at 31 December 2022 and 31 March 2022

Assets

As of 31 March 2023, the company had total assets of 1,693.25 million baht, an increase of 0.39 million baht. Current assets increased by 10.23 million baht, while non-current assets decreased by 9.84 million baht. The increase in current assets was primarily due to an increase in cash and cash equivalents of 59.75 million baht, offset by a decrease in trade receivables of 45.92 million baht. The decrease in non-current assets was due to a decrease in the advance payment for purchase of machinery and decrease from depreciation expenses.

Liabilities

As of 31 March 2023, the company's total liabilities were 462.04 million baht, a decrease of 27.54 million baht or 5.6 percent. This is divided into a decrease in current liabilities of 11.39 million baht and a decrease in non-current liabilities of 16.15 million baht. The decrease in current liabilities is due to the repayment of short-term loans for the purchase of machinery during the period. As for the non-current liabilities, the remaining balance decreased due to the normal repayment of principal during the period.

Equity

As of 31 March 2023, the company had a total shareholder's equity of 1,231.21 million baht, an increase of 27.93 million baht, reflecting the increase in retained earnings during the period.

Significant Financial Ratios

Financial Ratios	2022	3M2023	% Increase (Decrease)
Current ratio (times)	2.8	3.0	0.2
Gross profit margin	24.9	21.5	(3.4)
Net profit margin	14.9	10.9	(4.0)
Return on Equity	18.1	17.3	(0.8)
Return on Asset	11.4	9.8	(1.6)
Debt to Equity (time)	0.4	0.4	-
Interest-Bearing Debt to EBITDA Ratio (time)	1.0	0.9	(0.1)

Current ratio (times)

The current ratio decreased by 0.2 times compared to 2022 due to the decrease in short-term loans, along with an increase in current assets from an increase in cash and cash equivalents.

Return on Equity

The return on equity decreased from the previous year to 17.3%, a decrease of 0.8% from the previous year due to the company's net profit decrease for the period ending 31 March 2023.

Return on Asset

The return on assets decreased from the previous year to 9.8%, or a decrease of 1.6% from the previous year, due to a decrease in net profit for the period ended 31 March 2023, coupled with an increase in assets resulting from investment in production capacity expansion. However, the said investment has not been fully utilized due to ongoing development of production efficiency.

IBD/EBITDA

The IBD/EBITDA ratio decreased from 1.0 to 0.9 due to a decrease in short-term borrowing, resulting from the repayment of short-term loans during the period.