

Ref. DBP. 064 / 2023

August 9, 2023

Subject : Clarification on Operating Results for the 2nd quarter and 6-month Period ending June 30, 2023

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 2nd quarter and 6-month Period ending June 30, 2023 as follows.

The net profit of the Corporate Group for the 2nd quarter and 6-month period ending June 30, 2023 were Baht 166.87 million and Baht 344.22 million, respectively. In comparison with the same periods of previous year with the net profit of Baht 186.13 million and Baht 378.07 million, respectively, the net profit for the 2nd quarter decreased by Baht 19.26 million or a decrease of 10.35 percent and the net profit for the 6-month period decreased by Baht 33.85 million or a decrease of 8.95 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

(Mr. Satid Sudbuntad)

Chief Executive Officer

Company Secretary Office

Tel. +66 3622 4171-8 Ext. 314

Fax. +66 3622 4187



DIAMONDBrandOfficial

02 619 2333

www.dbp.co.th

Branch Office 1 : 408/163-165, Phaholyothin Place Bldg., 40th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400, Thailand
Tel : +66 2619 0742-4 Fax : +66 2619 0488

Branch Office 2 : 269 Moo 3, Tambon Samran, Amphur Muang, Khon Kaen 40000, Thailand Tel : +66 43 393 350 Fax : +66 43 393 358

Branch Office 3 : 169-170 Moo 4, Mitraphap Road, Tambon Tan Diao, Amphur Kaengkhoi, Saraburi 18110, Thailand Tel : +66 36 224 171-8

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

(For the Consolidated Financial Statements of the 2nd Quarter Ending June 30, 2023)

(1) Overall Operating Results

The Company and its subsidiary company (together referred to as the “Corporate Group”) have overall operating results for the 2nd quarter and 6-month period ending June 30, 2023, which can be summarized as follows.

(1.1) For the 2nd quarter 2023, the revenue from sales and services of the Corporate Group totaled Baht 1,516.30 million, which increased from the same period of previous year by 10.82 percent and the net profit was Baht 166.87 million, which decreased from the same period of previous year by 10.35 percent.

(1.2) For the 6-month period of year 2023, the revenue from sales and services of the Corporate Group totaled Baht 3,064.51 million, which increased from the same period of previous year by 11.54 percent and the net profit was Baht 344.22 million, which decreased from the same period of previous year by 8.95 percent.

Although the Corporate Group’s revenues from sales and services have increased in every distribution channel; however, gross profit margin has decreased from the same period of previous year. This was due to the energy cost that has remained at a high level and the costs of the major raw materials including cement, paper pulp and asbestos, have risen higher than the previous year, whereas the Corporate Group could not adjust the sale prices according to the increased cost, which resulted in a lower net profit from the same period of previous year. Nonetheless, the Corporate Group shall still maintain its gross profit margin in accordance with the established target.


(2) Analysis of Operating Results and Profitability


(2.1) Revenues from Sales and Services


Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
2nd Quarter (April – June)						
Revenues from Sales	1,392.73	91.66	1,263.80	92.15	128.93	10.20
Revenues from Services	123.57	8.13	104.51	7.62	19.06	18.24
Total Revenue from Sales and Services	1,516.30	99.79	1,368.31	99.77	147.99	10.82
Gain on Sales of Fixed Assets	-	-	0.02	-	(0.02)	(100.00)
Gain on Foreign Exchange Rate – Net	1.40	0.09	1.04	0.08	0.36	34.62
Other Income	1.73	0.12	2.15	0.15	(0.42)	(19.53)
Total Other Income	3.13	0.21	3.21	0.23	(0.08)	(2.49)
Total Revenue	1,519.43	100.00	1,371.52	100.00	147.91	10.78

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
6-Month Period (January – June)						
Revenues from Sales	2,809.25	91.45	2,544.15	92.39	265.10	10.42
Revenues from Services	255.26	8.31	203.34	7.38	51.92	25.53
Total Revenue from Sales and Services	3,064.51	99.76	2,747.49	99.77	317.02	11.54
Gain on Sales of Fixed Assets	-	-	0.04	-	(0.04)	(100.00)
Gain on Foreign Exchange Rate – Net	4.28	0.14	1.60	0.06	2.68	167.50
Other Revenue	3.11	0.10	4.60	0.17	(1.49)	(32.39)
Total Other Revenue	7.39	0.24	6.24	0.23	1.15	18.43
Total Revenue	3,071.90	100.00	2,753.73	100.00	318.17	11.55


The Corporate Group's total revenue in the 2nd Quarter 2023 increased from the same period of previous year by 10.78 percent, consisting of:


 Revenues from sales were Baht 1,392.73 million, which increased from the same period of previous year by Baht 128.93 million or 10.20 percent, due to the increase in revenues from product sales through group of housing projects of 22.79 percent, from the group of domestic distribution agents of 8.86 percent, from the group of overseas distribution agents of 7.93 percent and from the group of modern trade customers of 7.93 percent.


 Revenues from services were Baht 123.57 million, which increased from the same period of previous year by Baht 19.06 million or 18.24 percent, due to the increase in revenue from transportation of Baht 4.31 million and the increase in revenue from services of Baht 14.75 million.

 Other revenue was Baht 3.13 million, which decreased from the same period of previous year by Baht 0.08 million, due to the decrease in gain on sales of fixed assets of Baht 0.02 million and decrease in other income of Baht 0.42 million, but there were increase in gain on sales of fixed assets of Baht 0.36 million.

The Corporate Group's total revenue in the 6-month period of year 2023 increased from the same period of previous year by 11.55 percent, consisting of:

 Revenues from sales were Baht 2,809.25 million, which increased from the same period of previous year by Baht 265.10 million or 10.42 percent, due to the increase in revenues from product sales through group of housing projects of 29.47 percent, from the group of overseas distribution agents of 9.52 percent, from the group of domestic distribution agents of 7.85 percent and from the group of modern trade customers of 7.19 percent.

 Revenues from services were Baht 255.26 million, which increased from the same period of previous year by Baht 51.92 million or 25.53 percent, due to the increase in revenue from transportation of Baht 10.63 million and the increase in revenue from services of Baht 41.29 million.


 Other revenue was Baht 7.39 million, which increased from the same period of previous year by Baht 1.15 million, due to the increase in gain on foreign exchange rate of Baht 2.68 million, but there were


decrease in gain on sales of fixed assets of Baht 0.04 million and decrease in other income of Baht 1.49 million.

(2.2) Cost of Sales and Services


Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
2nd Quarter (April – June)						
Cost of Sales	1,011.97	66.74	860.22	62.87	151.75	17.64
Cost of Services	122.77	8.10	109.98	8.04	12.79	11.63
Total Cost of Sales and Services	1,134.74	74.84	970.20	70.90	164.54	16.96
6-Month Period (January – June)						
Cost of Sales	2,047.12	66.80	1,743.35	63.45	303.77	17.42
Cost of Services	253.40	8.27	213.51	7.77	39.89	18.68
Total Cost of Sales and Services	2,300.52	75.07	1,956.86	71.22	343.66	17.56


The Corporate Group's total cost of sales and services in the 2nd Quarter 2023 increased from the same period of previous year by 16.96 percent, consisting of:

 Cost of sales was Baht 1,011.97 million, which increased from the same period of previous year by Baht 151.75 million or 17.64 percent, due to the increase in product sales volume of 2.65 percent and increase in the costs of raw materials and energy.

 Cost of services was Baht 122.77 million, which increased from the same period of previous year by Baht 12.79 million or 11.63 percent, due to the increase in the transportation cost of Baht 3.36 million and increase in cost of services of Baht 9.43 million.

The Corporate Group's total cost of sales and services in the 6-month period of year 2023 increased from the same period of previous year by 17.56 percent, consisting of:

 Cost of sales was Baht 2,047.12 million, which increased from the same period of previous year by Baht 303.77 million or 17.42 percent, due to the increase in product sales volume of 3.33 percent and increase in the costs of raw materials and energy.


 Cost of services was Baht 253.40 million, which increased from the same period of previous year by Baht 39.89 million or 18.68 percent, due to the increase in the transportation cost of Baht 9.07 million and increase in cost of services of Baht 30.82 million.


(2.3) Selling and Administrative Expenses


Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
2nd Quarter (April – June)						
Selling Expenses	39.68	2.62	37.56	2.74	2.12	5.64
Administrative Expenses	120.86	7.97	115.66	8.45	5.20	4.50
Management's Remunerations*	15.73	1.04	13.83	1.01	1.90	13.74
Total Selling and Administrative Expenses	176.27	11.63	167.05	12.21	9.22	5.52

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
6-Month Period (January – June)						
Selling Expenses	75.72	2.47	70.08	2.55	5.64	8.05
Administrative Expenses	231.24	7.55	223.08	8.12	8.16	3.66
Management's Remunerations*	31.46	1.03	27.51	1.00	3.95	14.36
Total Selling and Administrative Expenses	338.42	11.04	320.67	11.67	17.75	5.54
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 2nd Quarter 2023 increased from the same period of previous year by 5.52 percent, consisting of:

 Selling expenses were Baht 39.68 million, which increased from the same period of previous year by Baht 2.12 million or 5.64 percent, due to the increase in salary and benefits of the employees of Baht 1.35 million, increase in service expenses of Baht 1.02 million, increase in travelling expenses of Baht 0.46 million and increase in other expenses of Baht 0.32 million, but there was a decrease in sales promotion expenses of Baht 1.03 million.

 Administrative expenses were Baht 120.86 million, which increased from the same period of previous year by Baht 5.20 million or 4.50 percent, due to the increase in depreciation and amortization of Baht 4.60 million, increase in salary and benefits of the employees of Baht 4.51 million, increase in processing expenses for export products of Baht 0.65 million, increase in electricity expenses of Baht 0.30 million and increase in expenses from product claims of Baht 0.25 million, but there were decrease in service expenses of Baht 1.65 million, decrease in allowance for dead stock of Baht 1.21 million, decrease in product packaging expenses of Baht 0.66 million, decrease in local maintenance and property tax of Baht 0.59 million, decrease in research and development expenses of Baht 0.37 million, decrease in maintenance expenses of Baht 0.24 million, decrease in fuel expenses of Baht 0.23 million and decrease in other expenses of Baht 0.16 million.

 Management's remunerations were Baht 15.73 million, which increased from the same period of previous year by Baht 1.90 million or 13.74 percent.

The Corporate Group's selling and administrative expenses in the 6-month period of year 2023 increased from the same period of previous year by 5.54 percent, consisting of:

 Selling expenses were Baht 75.72 million, which increased from the same period of previous year by Baht 5.64 million or 8.05 percent, due to the increase in salary and benefits of the employees of Baht 2.57 million, increase in service expenses of Baht 1.21 million, increase in travelling expenses of Baht 0.99 million, increase in sales promotion expenses of Baht 0.50 million and increase in other expenses of Baht 0.37 million.



Administrative expenses were Baht 231.24 million, which increased from the same period of previous year by Baht 8.16 million or 3.66 percent, due to the increase in salary and benefits of the employees of Baht 5.24 million, increase in depreciation and amortization of Baht 4.33 million, increase in product packaging expenses of Baht 1.09 million, increase in electricity expenses of Baht 0.89 million, increase in processing expenses for export products of Baht 0.65 million, increase in technology expenses of Baht 0.37 million, increase in maintenance expenses of Baht 0.32 million, increase in research and development expenses of Baht 0.23 million and increase in other expenses of Baht 1.47 million, but there were decrease in allowance for dead stock of Baht 2.93 million, decrease in service expenses of Baht 2.74 million and decrease in local maintenance and property tax of Baht 0.76 million.



Management's remunerations were Baht 31.46 million, which increased from the same period of previous year by Baht 3.95 million or 14.36 percent.

(2.4) Profitability

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
2nd Quarter (April – June)						
Revenues from Sales and Services	1,516.30	100.00	1,368.31	100.00	147.99	10.82
Costs of Sales and Services	1,134.74	74.84	970.20	70.90	164.54	16.96
GP	381.56	25.16	398.11	29.10	(16.55)	(4.16)
EBITDA	282.19	18.61	315.22	23.04	(33.03)	(10.48)
EBIT	208.42	13.75	234.28	17.12	(25.86)	(11.04)
NP	166.87	11.01	186.13	13.60	(19.26)	(10.35)
EPS (Baht per Share) *	0.20		0.22		(0.02)	(10.35)
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
6-Month Period (January – June)						
Revenues from Sales and Services	3,064.51	100.00	2,747.49	100.00	317.02	11.54
Costs of Sales and Services	2,300.52	75.07	1,956.86	71.22	343.66	17.56
GP	763.99	24.93	790.63	28.78	(26.64)	(3.37)
EBITDA	580.72	18.95	636.82	23.18	(56.10)	(8.81)
EBIT	432.96	14.13	476.20	17.33	(43.24)	(9.08)
NP	344.22	11.23	378.07	13.76	(33.85)	(8.95)
EPS (Baht per Share) *	0.40		0.44		(0.04)	(8.95)
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
Return on Equity (ROE) (%)	28.12%		27.60%		0.52%	
Return on Assets (ROA) (%)	18.23%		17.38%		0.85%	
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 2nd Quarter 2023 was Baht 381.56 million, a decrease from the same period of previous year by Baht 16.55 million or 4.16 percent, due to the increase in revenues from sales and services of 10.82 percent, but there was an increase in cost of sales and services of 16.96 percent.



The Corporate Group's gross profit in the 6-month period of year 2023 was Baht 763.99 million, a decrease from the same period of previous year by Baht 26.64 million or 3.37 percent, due to the increase in revenues from sales and services of 11.54 percent, but there was an increase in costs of sales and services of 17.56 percent.

Net Profit (NP)

The Corporate Group's net profit and net earnings per share in the 2nd Quarter 2023 as follows:



The Corporate Group's net profit was Baht 166.87 million, a decrease from the same period of previous year by Baht 19.26 million or 10.35 percent, due to the decrease in gross profit margin of 4.16 percent and increase in selling and administrative expenses of 5.52 percent.



The Corporate Group's net earnings per share was Baht 0.20 per share, a decrease from the same period of previous year of Baht 0.02 per share or 10.35 percent, due to decrease in net profit of 10.35 percent.

The Corporate Group's net profit and net earnings per share in the 6-month period of year 2023 as follows:



The Corporate Group's net profit was Baht 344.22 million, a decrease from the same period of previous year by Baht 33.85 million or 8.95 percent, due to the decrease in gross profit margin of 3.37 percent and increase in selling and administrative expenses of 5.54 percent.



The Corporate Group's net earnings per share was Baht 0.40 per share, a decrease from the same period of previous year of Baht 0.04 per share or 8.95 percent, due to decrease in net profit of 8.95 percent.

EBITDA



The Corporate Group's EBITDA in the 2nd Quarter 2023 was Baht 282.19 million, a decrease from the same period of previous year by Baht 33.03 million or 10.48 percent, due to the decrease in gross profit margin of 4.16 percent and increase in selling and administrative expenses excluding depreciation of 2.95 percent.



The Corporate Group's EBITDA in the 6-month period of year 2023 was Baht 580.72 million, a decrease from the same period of previous year by Baht 56.10 million or 8.81 percent, due to the decrease in gross profit margin of 3.37 percent and increase in selling and administrative expenses excluding depreciation of 4.51 percent.

Earnings Efficiency



Return on Equity (ROE): The Corporate Group's ROE increased from 27.60 percent as at end of year 2022 to 28.12 percent as at June 30, 2023 or an increase of 0.52 percent, due to an increase in annualized projected annual net profit of 10.04 percent, but there was an increase in average shareholders' equity of 8 percent from the previous year.



Return on Assets (ROA): The Corporate Group's ROA increased from 17.38 percent as at end of year 2022 to 18.23 percent as at June 30, 2023 or an increase of 0.85 percent, due to an increase in annualized projected annual net profit of 10.04 percent, but there was an increase in average total assets of 4.88 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at June 30, 2023	As at December 31, 2022		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,810.63	3,740.61	70.02	1.87
Total Liabilities	1,301.49	1,353.38	(51.89)	(3.83)
Total Shareholders' Equity	2,509.14	2,387.23	121.91	5.11
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	855.03	-	-
Book Value (Baht per Share)*	2.93	2.79	0.14	5.02

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 June 30, 2023 increased from the end of year 2022 by Baht 70.02 million or 1.87 percent, due to a net increase in trade accounts receivable and other accounts receivable of Baht 192.36 million, increase in right-of-use assets of Baht 27.61 million, increase in cash and cash in bank of Baht 9.42 million, increase in other current assets and other non-current assets of Baht 6.34 million, increase in cash advance payment for purchase of assets of Baht 1.21 million and increase in intangible assets of Baht 0.06 million, but there were net decrease in inventory of Baht 159.13 million, decrease in fixed assets of Baht 7.76 million and decrease in deferred income tax of Baht 0.09 million.



The Corporate Group's total liabilities as at June 30, 2023 decreased from the end of year 2022 by Baht 51.89 million or 3.83 percent, due to the decrease in short-term loan of Baht 157 million and decrease in long-term of Baht 60 million, but there were increase in trade accounts payable and other accounts payable of Baht 81.05 million, increase in current income tax payable of Baht 48.06 million, increase in financial lease liabilities of Baht 27.47 million, increase in other current liabilities of Baht 6.24 million and increase in provision for post-employment benefits obligation of Baht 2.29 million.



The Corporate Group's total shareholders' equity as at June 30, 2023 increased from the end of year 2022 by Baht 121.91 million or 5.11 percent, due to the increase in net profit of Baht 344.22 million, but there was a dividend payment of Baht 222.31 million, resulting in an increase in share book value from Baht 2.79 per share as at end of year 2022 to Baht 2.93 per share as at June 30, 2023.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2023	Year 2022
Cash Flows from Operating Activities	607.04	638.29
Cash Flows used in Investing Activities	(143.82)	(84.46)
Cash Flows used in Financing Activities	(455.07)	(556.89)
Effect of exchange rate changes on cash and cash equivalents	1.26	1.61
Cash Increase (Decrease) – Net	9.41	(1.45)
Cash at the Beginning of the Period	11.38	23.00
Cash at the Ending of the Period	20.79	21.55
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	49.08%	25.37%



The Corporate Group's net cash from operating activities in the 6-month period of year 2023 was Baht 607.04 million, which was higher than the net profit before tax by Baht 179.71 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 147.76 million, net decrease in inventory of Baht 159.13 million, increase in trade accounts payable and other accounts payable of Baht 93.09 million, increase in other non-current liabilities of Baht 2.29 million, increase in other current liabilities of Baht 9.12 million and decrease in other non-current assets of Baht 0.06million, but there were net increase in trade accounts receivable and other accounts receivable of Baht 191.93 million, increase in other current assets of Baht 4.86 million and payment of accrued corporate income tax for year 2022 of Baht 34.95 million.



The Corporate Group's net cash used in investing activities in the 6-month period of year 2023 was Baht 143.82 million, due to cash payment for tools and equipment replacement after their useful life of Baht 30.55 million, cash payment for the purchase of machinery for production of concrete roof tiles (CT-6) of Baht 105.19 million, cash advance payment for purchase of assets of Baht 6.20 million and cash payment for intangible assets of Baht 1.96 million, but there were cash received from sale of damaged and unusable assets of Baht 0.05 million and cash received from interest income of Baht 0.03 million.



The Corporate Group's net cash used in financing activities in the 6-month period of year 2023 was Baht 455.07 million, due to repayment of short-term loan of Baht 157 million, repayment of long-term loan of Baht 60 million, dividend payment of Baht 222.31 million, repayment of financial lease of Baht 12.24 million and interest payment of Baht 3.52 million.

(2.7) Financial Ratios

Financial Ratios	As at June 30, 2023	As at December 31, 2022
Current Ratio (Times)	1.81	1.66
Quick Ratio (Times)	0.82	0.58
Cash flow Liquidity Ratio (Times)	1.15	0.56
Account Receivable Turnover Ratio (Times)	9.47	9.80
Average Collection Period (Days)	38	37
Inventory Turnover Period (Days)	16	19
Average Payable Period (Days)	15	13
Cash Cycle (Days)	39	43
Total Debt to Equity Ratio (Times)	0.52	0.57
Interest Coverage Ratio (Times)	121.56	96.76
Debt Service Coverage Ratio (Times)	7.86	7.31

(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 June 30, 2023 accounted for 20.95 percent of the total assets with 79.76 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.

(3.2) Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at June 30, 2023 accounted for 26.39 percent of the total assets, of which 15.53 percent are finished products, 17.52 percent are work in progress, 56.87 percent are raw materials, 3.08 percent are goods in transits and 7 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 June 30, 2023 was at 0.52 times, a decrease from end of year 2022, due to the decrease in total liabilities from the end of year 2022 of 3.83 percent and the shareholders' equity increased from the end of year 2022 by 5.11 percent and the interest coverage ratio was at 121.56 times, an increase from end of year 2022, due to an increase in annualized cash flow from operating activities from the previous year of 91.94 percent, but there was an increase in annualized interest on loan from the previous year of 53.29 percent.



The Corporate Group's current ratio as at June 30, 2023 was 1.81 times, an increase from the end of year 2022, due to an increase in current assets of 2.74 percent and decrease in current liability of 5.96 percent and the quick ratio of 0.82 times, which increased from the end of year 2022, due to a decrease in inventory of 13.66 percent and decrease in current liability of 5.96 percent and the cash

flow liquidity ratio was 1.15 times, an increase from end of year 2022, due to an increase in annualized cash flow from operating activities from the previous year of 91.94 percent.



The Corporate Group's cash cycle as at June 30, 2023 was 39 days, a decrease from the end of year 2022 of 4 days, due to the decrease in inventory turnover period of 3 days and increases in average payable period of 2 days, but there was an increase in average collection period of 1 day.



The Corporate Group's debt service coverage ratio increased from 7.31 times as at end of year 2022 to 7.86 times as at June 30, 2023, due to an increase in annualized EBITDA from end of year 2022 of 6.34 percent and decrease in financial lease liabilities and long-term loan due within one year of 3.87 percent, but there was an increase in annualized interest on loan from the previous year of 53.29 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.

Work Value	Type and Order Value of Product and Raw Material
Credit Term Period	30 – 60 days

As at June 30, 2023, the Corporate Group's average collection period was 38 days, in line with the established policy and the average repayment period was 15 days, which was less than the established policy, as the Corporate Group made payments for the raw materials on a cash-basis term in order to receive trade discounts.

(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 as follows:

- (5.1) Investment in the machinery installation project for production of fiber cement tiles (NT-11) 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 and the first loan repayment starting on April 30, 2022. As at June 30, 2023, the outstanding loan balance was Baht 30 million.

(5.2) Investment in the machinery installation project for production of concrete roof tiles (CT-6) with loan amount of Baht 400 million with interest rate starting since the first loan installment until April 30, 2027 at a fixed interest rate of 3.50 percent per annum and a loan repayment period within 3 years and 6 months with monthly repayment term and the first loan repayment starting on June 30, 2024. As at June 30, 2023, the outstanding loan balance was Baht 60 million.

As at June 30, 2023, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 90 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. As at June 30, 2023, 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

Price trend for the energy and major raw material costs shall remain at high level for the 3rd Quarter 2023. Sale price increases still face certain limitations, as well as demand for products have declined having moved into off-season sale period during the second half of the year, and demand from both government and private sectors have slowed down due to delay in forming the government. These factors have adverse impact to the sales growth and gross profit margin according to the established targets. Therefore, the Corporate Group must continue to manage the risks concerning the raw materials by emphasizing product mix management and maintaining the machinery availability rate above 90 percent to promote the marketing of construction material products under its strategy, namely, **"Build your dream home with DIAMOND"** to support the demand for construction materials which have increased in every product distribution channel.