

Overall Business Performance

For the 9th month of the year 2023, the economy has shown significant signs of recovery. However, export sectors are still hindered by external factors, particularly in America, which faces issues related to inflation. There remains a risk of economic downturn. On the positive side, the overall domestic economy has rebounded, driven by an increase in tourism, with more international tourists entering the country. This trend has improved domestic purchasing power, and consumer confidence indices have also risen accordingly.

The overall revenue for the third quarter amounted to 245.85 million Baht, a decrease from the previous year's 263.27 million Baht, indicating a decline of 17.42 million Baht or approximately 7%. This decline is attributed to the reduced purchasing power in the United States due to the economic situation. However, POLY has managed to diversify its revenue streams across various business sectors, mitigating the impact of the economic conditions in the United States. Sales in the automotive sector have grown due to the domestic economic recovery. Similarly, the medical equipment category has experienced growth, attributed to the expansion of product lines.

Overall, the cost situation has been improving, especially for synthetic rubber, plastic pellets and silicone. Their prices have been continuously decreasing since the second quarter of 2023. Additionally, there has been a reduction in electricity costs, with the Ft rate decreasing from 91 cents per unit to 67 cents per unit, effective from September 2023. Furthermore, there was an additional reduction of 20 cents per unit in accordance with the government's policy, effective from October to December 2023.

The company continues to prioritize environmental conservation and energy efficiency. The company has been installing solar panels to reduce electricity costs, with ongoing and increasing adjustments since the previous year. As of September 30, 2023, the electrical distribution system has been tested and is operational, starting from the fourth quarter.

The company made a long-term debt repayment of approximately 160 million Baht in May 2023 to reduce the burden and risks associated with the continuously increasing interest rates. This decision was made in response to the impact of the Bank of Thailand's policy of gradually raising interest rates.

The management team maintains confidence in the business despite facing various factors that have impacted profits compared to the previous year. The company remains profitable and has a high potential for recovery. It can grow in the future due to strong fundamental factors and high flexibility. Moreover, the company has low debt levels and benefits from external factors that are gradually recovering, such as raw material prices and consumer recovery, along with foreign investments contributing to the supply chain, fostering growth in various industries. Additionally, the management emphasizes operational efficiency and continuous process improvements to stay prepared for any future opportunities that may arise.

Performance and Profitability

Revenue By Segments	9M2022		9M2023		Increase (Decrease)	% Increase (Decrease)
	Million Baht	%	Million Baht	%		
Sale Revenues						
Automotives	405.9	51.3%	458.4	63.4%	52.5	12.9%
Consumer products	288.2	36.5%	162.6	22.5%	(125.6)	(43.6%)
Medical devices	95.4	12.1%	99.3	13.7%	3.9	4.1%
Total	789.5	99.9%	720.3	99.6%	(69.2)	(8.8%)
Other income	0.9	0.1%	2.7	0.4%	1.8	200.0%
Total revenues	790.4	100.0%	723.0	100.0%	(67.4)	(8.5%)

Revenue from sales

For the 9th month of 2023, total sales revenue decreased by 67.4 million Baht, equivalent to an 8.5% decline compared to the same period in the previous year. The main reason for this reduction in revenue was a decrease in sales of consumer products, amounting to 125.6 million Baht, representing a 43.6% decline compared to the same period in the previous year. This decline was due to economic challenges in the United States, leading customers to revise their sales forecasts. Consequently, products had to be cleared from inventory, and purchase orders were postponed, resulting in the aforementioned decrease in sales.

Nevertheless, in order to mitigate the impact of the economic challenges in the United States, customers have adjusted their strategies. They have begun experimenting with selling products in additional international markets, such as Canada and New Zealand. Orders have been placed for products to test sales in these countries during the third quarter. Currently, market research is underway, and feedback from customers is being assessed.

Products in the automotive components category showed significant growth compared to the previous year, with sales increasing by 52.5 million Baht, or a 12.9% increase compared to the same period last year. This growth was primarily due to new automotive components that started production from the first quarter and gradually increased production capacity until the present quarter. Additionally, there was a price adjustment for the products to align with the increased raw material costs, which were based on the prices during the first two quarters. During this period, raw material prices were relatively high.

The medical equipment category growth of 3.9 million Baht, representing a 4.1% increase. This was due to the products gaining a broader market presence through expanding the customer base in the United States. The continuous rise in medical costs in the United States led to a growing trend of home-based care, as it offers a more cost-effective solution. Furthermore, products in this category saw an increase in demand due to a fertility, driven by positive word-of-mouth from satisfied users.

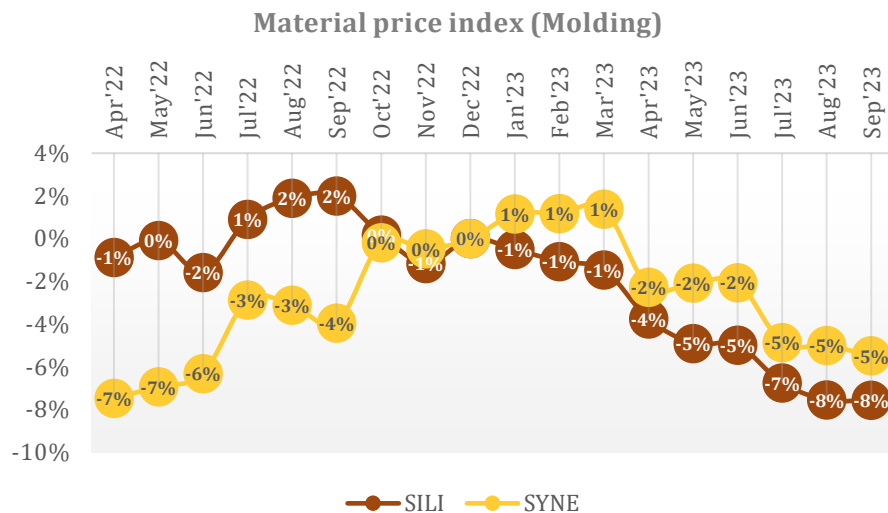
Cost of sales and gross profit margin

Unit: Million Baht	9M2022	9M2023	Increase (Decrease)	% Increase (Decrease)
Cost of Sales	594.0	556.1	(37.9)	(6.4%)
Gross Profit	195.5	164.1	(31.3)	(16.0%)
Gross Profit Margin (%)	24.8%	22.8%	(2.0%)	

The gross profit for the 9M2023 period amounted to 164.1 million Baht, decreasing from the previous year's 31.3 million Baht, which represents a reduction of 16.0%. The breakdown of the cost structure is as follows:

Cost of Sales	9M2022		9M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Raw Material	342.3	43.3%	307.0	42.6%	(35.3)	(0.7%)
Labor Cost	101.8	12.9%	89.9	12.5%	(11.8)	(0.4%)
Depreciation and Amortization	63.8	8.1%	70.8	9.8%	6.8	1.7%
Other overhead cost	86.1	10.9%	88.4	12.3%	2.3	1.4%
Total cost of sales	594.0	75.2%	556.1	77.2%	(37.9)	

Raw materials :



For the 9M2023 period, the proportion of raw material costs to revenue decreased from 43.3% to 42.6% due to the continuous decline in raw material prices starting from Q1 2023, compared to the raw material prices in 2022, which had been consistently rising since Q2 2022 and peaked in Q3 2022 - Q1 2023. This led to a reduction in the proportion of raw material costs to revenue compared to the previous year.

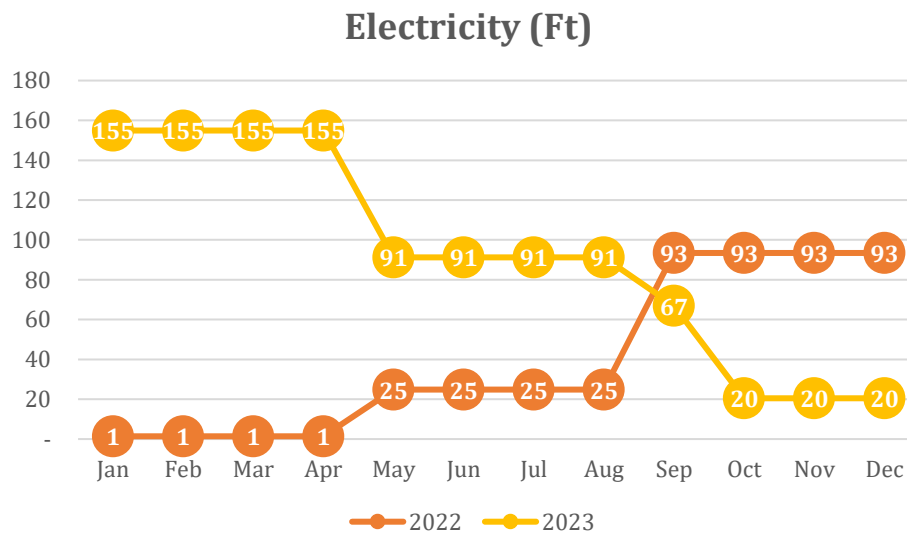
Labor cost :

For the 9M2023 period, labor costs decreased by 11.8 million Baht compared to the same period of the previous year due to a reduction in the number of employees, which was influenced by the rescheduling of orders for the silicone packaging product group. Labor costs accounted for 12.5% of the revenue, decreasing from 0.4% compared to the previous year. This reduction was a result of the company's efforts to control the number of employees, approve overtime payments, plan production, manage inventory, and implement automation systems to replace some employees and streamline work processes for maximum efficiency.

Depreciation and amortization :

Due to the overall decrease in revenue caused by delayed orders from consumer products and higher depreciation and amortization costs compared to the previous year, which resulted from new machinery acquisitions to accommodate new customer orders, the orders from customers are gradually increasing. Additionally, there is a continuous decrease in the production capacity utilization rate. This has led to a higher proportion of depreciation and distribution costs relative to revenue.

Other overhead cost :



The cost of other production expenses increased by 2.3 million baht, with a proportion to revenue increasing by 1.4% compared to the same period last year. The main reason for this increase is the higher electricity rates due to the adjustment of the electricity fuel tariff (Ft). This led to an average increase of about 30%-40% in electricity cost per unit for the first quarter of 2023 and about 20% for the second and third quarters of 2023.

However, POLY has installed solar panels to reduce energy costs and mitigate the risks associated with electricity price fluctuations. As of September 30, 2023, most of the installations have been completed and are currently undergoing testing for grid connection. The system is expected to be fully operational in the fourth quarter.

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

Automotives

Unit: Million Baht	9M2022	9M2023	Increase (Decrease)
Revenue from sales	405.9	458.4	52.5
Cost of sales	335.9	395.9	60.0
Gross profit	70.0	62.44	(7.5)
% Gross profit margin	17.2%	13.6%	(3.6%)

For the 9M2023, revenue from the automotive components group increased by 52.5 million baht or 12.9% compared to the previous year. This increase was primarily in the third quarter, with the introduction of new products that began mass production and sales in this quarter. Most of the products sold came from the plastic factory, which had been invested in since 2022 and started generating revenue from the fourth quarter of 2022 and gradually increased continuously.

However, the gross profit margin of the automotive components group decreased from the previous year by 3.6%, from 17.2% to 13.6% due to higher raw material costs, especially in the first half of 2023, and higher electricity costs resulting from the adjustment of the electricity (Ft). Additionally, there was a some of orders to temporary production at POLY. These products had relatively high profit margins, but the decrease in revenue impacted the gross profit margin.

Consumer products

Unit: Million Baht	9M2022	9M2023	Increase (Decrease)
Revenue from sales	288.2	162.6	(125.6)
Cost of sales	219.4	121.3	(98.1)
Gross profit	68.9	41.3	(27.5)
% Gross profit margin	23.9%	25.4%	1.5%

The revenue from the consumer products group was impacted by the economic challenges in USA mentioned earlier, leading to a decrease of 125.6 million baht or 40% compared to the previous year. Nevertheless, the gross profit margin increased from 23.9% to 25.4%. The main reasons for this were the relocation of machinery to be used in other product groups, control over overtime working hours, and improvements in the production process through increased use of automation systems. These changes resulted in a higher gross profit margin.

Medical devices

Unit: Million Baht	9M2022	9M2023	Increase (Decrease)
Revenue from sales	95.3	99.3	4.0
Cost of sales	38.7	38.9	0.2
Gross profit	56.6	60.4	3.8
% Gross profit margin	59.4%	60.8%	1.4%

For 9M2023, the medical equipment group still maintains an average gross profit margin of over 60%. The revenue from the medical equipment group increased by 4.0 million baht compared to the previous year due to products in the group that fertility product Sales in this category continued to rise steadily. The gross profit margin slightly increased due to the decrease in raw material costs and higher utilization of production capacity, leading to a reduction in unit costs.

Overall Expenses

Overall Expenses	9M2022		9M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Selling Expense	9.4	29.4%	11.5	1.6%	2.1	0.4%
Administrative Expense	47.0	146.9%	48.7	6.7%	1.7	0.8%
(Reversal) Expected Credit Losses	0.1	0.3%	3.7	0.5%	3.6	0.5%
Other (Gain) losses	(24.5)	(76.6%)	1.6	0.2%	26.0	3.3%
Total Expenses	32.0	100.0%	65.5	9.1%	33.4	5.0%

For the 9M2023 period, the total expenses amounted to 65.5 million baht. The main reasons for the increase in expenses were higher sales and management expenses, and reduced other income compared to the previous year, resulting in other losses. This led to a total increase in expenses by 33.4 million baht. Details are as follows:

Selling Expenses

Selling Expenses	9M2022		9M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Salary and Remuneration	6.6	0.8%	8.0	1.1%	1.4	0.3%
Marketing Expense	0.2	0.1%	0.4	0.1%	0.2	0.0%
Other Selling Expense	2.6	0.3%	3.1	0.4%	0.5	0.1%
Total Selling Expense	9.4	1.2%	11.5	1.6%	2.1	0.4%

For the 9M2023 period, sales expenses amounted to 11.5 million baht, increasing from 2.1 million baht in 9M2022. The main reasons for this increase were higher salaries and compensation, rising by 1.4 million baht due to the increase in sales staff to replace those who left in Q1-Q2 of 2022. Additionally, other sales expenses increased by 0.5 million baht, attributed to higher transportation costs due to increased international sales and sending sample products to customers, as these were new products to be sold in Q3-Q4 of 2023.

Administrative Expenses

Administrative Expenses	9M2022		9M2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Management and Employee Remuneration	22.1	2.8%	22.1	3.1%	0.0	0.3%
Consulting and Professional Fees	7.3	0.9%	5.0	0.7%	(2.3)	(0.2%)
Utilities and Maintenance	5.8	0.7%	4.0	0.6%	(1.8)	(0.2%)
Depreciation and Amortization	6.7	0.9%	6.9	1.0%	0.2	0.1%
Other Administrative Expenses	5.1	0.7%	10.8	1.5%	5.7	0.8%
Total Administrative Expenses	47.0	6.0%	48.7	6.8%	1.7	0.8%

For the 9M2023, management expenses amounted to 48.7 million baht, increasing by 1.7 million baht from the previous period, or a proportion of 0.8% of revenue. The main reason for this increase was other management expenses, which rose by 5.7 million baht. This included fees for early loan repayments recognized in the approximate amount of 4 million baht and travel and accommodation expenses for negotiations with suppliers, totaling around 0.5 million baht for Q1-Q2.

Expected credit loss

For the 9M2023, a provision for potential credit losses was recorded for revenues that are yet to be collected. This specifically relates to the sale of molds. The payment terms for these mold charges will be combined with the product costs. While the payment terms for these transactions have reached their due dates, there have been no additional product orders from these customers for over a year. Therefore, these uncollected revenues from these customers have been provisioned for potential credit losses in their entirety.

Other gain/ loss

The other income/expenses include gains/losses from unrealized exchange rates and gains/losses from asset sales. For the 9M2022, there was other income of 24.5 million baht, primarily from the sale of equipment to customers. However, for the 9M2023, there were no significant transactions of this nature. The other expenses for the 9M2023 mostly consist of differences in exchange rates and losses from the disposal of assets that are no longer usable.

Finance Costs

Finance Costs (Unit: Baht million)	9M2022	9M2023	Increase (Decrease)	% Increase (Decrease)
Loan Interest	14.7	4.3	(10.4)	(70.5%)
Hire Purchase Interest	3.6	3.7	0.1	0.5%
Total finance costs	18.3	8.0	(10.3)	(56.4%)

For the 9M2023 period, financial expenses amounted to 8.0 million baht, a decrease from the previous year's 10.3 million baht or 56.4%. This reduction is mainly due to a decrease in loan interest expenses, resulting from debt repayments following the funds raised through the stock market since December 2022. Additionally, there was an extra repayment of approximately 160 million baht in May 2023 to mitigate risks and reduce interest burdens, given the continuous increase in interest rates.

Net profit and net profit margin

Net profit and net profit margin	9M2022	9M2023	Increase (Decrease)	% Increase (Decrease)
Net profit	122.5	80.1	(42.3)	(34.6%)
Net profit margin (%)	15.5%	11.1%	-4.4%	

Net profit for the 9M2023 period amounted to 80.1 million baht, a decrease from the previous year's 122.5 million baht or 34.6%. This decline was primarily due to reduced purchase orders, especially in the consumer goods category, along with higher raw material and electricity costs compared to the same period last year. Consequently, the gross profit margin decreased as fixed costs per unit had to be borne, including recording prepayment fees related to early loan repayments to reduce future interest expenses caused by continuously rising interest rates. Additionally, the majority of sales and management expenses were fixed costs, impacting both net profit and overall net profit margin.

Statement of Financial Position

Statement of Financial Position (Unit: Million Baht)	31 Dec 2022	30 Sep 2023	Increase (Decrease)	% Increase (Decrease)
Assets				
Current Assets	706.85	502.6	(204.2)	28.9%
Non-current Assets	986.01	981.6	(4.4)	(0.4%)
Total Assets	1,692.86	1,484.2	(208.6)	(12.3%)
Liability				
Current Liabilities	252.20	176.4	(75.8)	(30.0%)
Non-Current Liabilities	237.38	100.8	(136.5)	(57.5%)
Total Liabilities	489.58	277.2	(212.4)	(43.4%)
Equity				
Shares Capital	450.00	450.0	-	0.0%
Retained Earnings	70.57	74.3	3.7	5.2%
Other components of equity	682.71	682.7	-	0.0%
Total Equity	1,203.28	1,207.0	3.7	0.3%

* Financial Ratio for nine months period ended 30 September 2023 calculated from 12 months of statement of comprehensive income and base on financial position as at 31 December 2022 and 30 September 2023

Assets

As of September 30, 2023, the company's total assets amounted to 1,484.2 million baht, a decrease of 208.6 million baht. This reduction can be attributed to a decrease in current assets by 204.2 million baht and a decrease in non-current assets by 4.4 million baht. The decrease in current assets was primarily due to a reduction in cash and cash equivalents by 243.4 million baht, resulting from the repayment of long-term loans and deposit cash to fixed account 6 months to get mote interest and a decrease in trade receivables by 42.6 million baht, in line with reduced sales. The decrease in non-current assets was due to the reduction in advance payments for machinery and decreased depreciation calculation between periods.

Liabilities

As of September 30, 2023, the company's total liabilities amounted to 277.2 million baht, decreasing by 212.4 million baht or 43.4 percent. This reduction can be broken down into a decrease in current liabilities by 75.8 million baht and a decrease in non-current liabilities by 136.5 million baht. The overall decrease in total liabilities occurred due to repayments made between periods, including advance payments for machinery and the repayment of long-term debts amounting to approximately 160 million baht.

Equity

As of September 30, 2023, the company's total equity was 1,207.0 million baht, increasing by 3.7 million baht. This increase was primarily driven by the accumulation of retained earnings from the net profit during the period, which amounted to approximately 80.1 million baht. The effect of dividend payments, totaling approximately 76.5 million baht, was subtracted from this increase.

Significant Financial Ratios

Financial Ratios	2022	9M2023	% Increase (Decrease)
Current ratio (times)	2.8	2.8	0.0
Gross profit margin	24.9	22.8	(2.1)
Net profit margin	14.9	11.1	(3.8)
Return on Equity	18.1	14.8	(3.2)
Return on Asset	11.4	5.9	(5.5)
Debt to Equity (time)	0.4	0.2	(0.2)
Interest-Bearing Debt to EBITDA Ratio (time)	1.0	0.5	(0.5)

Net profit margin

For the 9M2023 period, the net profit margin decreased from 14.9% to 11.1%, representing a decrease of 3.8 percentage points. This reduction was primarily due to the preliminary decrease in the gross profit, as mentioned earlier. It was compounded by the early repayment of long-term debts, leading to the company recording fees for early debt repayment as management expenses. Additionally, there was an anticipation of credit losses, which were expected to occur, contributing to the decrease in the net profit margin.

Return on Equity

The return on equity decreased from the previous year, declining to 14.8% compared to the previous year's 3.2%. This reduction was a result of a net profit decrease of approximately 34.6% during the period when compared to 9M2022.

Return on Asset

The return on assets decreased from the previous year, dropping to 5.9% from the previous year's 5.5%. This reduction was due to a net profit decrease of approximately 34.6% during the period when compared to 9M2022. Additionally, there was an increase in assets due to investments made to enhance production capacity. Sales from these assets are expected to gradually increase in 2023 as production capacity increases in line with the rising orders.

Debt to Equity ratio

The debt-to-equity ratio decreased to 0.2 times compared to December. This reduction was due to the repayment of long-term loans totaling approximately 160 million Baht made during the period.

IBD/EBITDA

The IBD/EBITDA ratio decreased from 1.0 times to 0.5 times. This reduction was due to the decrease in short-term loan debts resulting from the repayment of loans during the same period.

Trends and Strategic Plans for the Future

The management team continues to monitor both domestic and international economic conditions continuously. This is to enhance and develop strategies in line with the current situation. The key points can be summarized as follows:

Increasing Efficiency in Molding and Reducing Production Waste

Mold is at the core of the molding industry. Due to POLY has mold workshop this allows for flexibility in adapting molds to product variations and the machinery used in production. It also involves creating tools that aid in the production process, reducing both production time and waste. Waste management, including recycling, is also a part of this initiative.

Solar Panel Installation

To reduce energy costs and risks, POLY has started installing solar panels since the first quarter of 2023. As of September 30, 2023, the solar panel installation is complete and undergoing testing before being integrated into the system. This initiative is expected to reduce electricity costs by approximately 20-30%.

Utilizing Tools and Robotics to Enhance Production Efficiency

The production department has been gathering, tracking, and analyzing production data continuously. They have established a team of process engineers to develop and optimize production workflows. This involves the development of specialized tools to streamline production processes, enhancing efficiency, and reducing labor costs in the long term.

Rubber Formula Development

POLY possesses a rubber mixing line that allows for the development of rubber formulas. These formulas can be optimized to meet specific production conditions. Additionally, research and development of alternative materials are underway. This research aims to reduce raw material costs and minimize waste in the production process. It also works towards speeding up production processes. Moreover, material development is undertaken to align products with customer demands. These initiatives also serve as risk mitigation against external suppliers.

Revenue from Consumer Goods Segment Loss Compensation

Due to the decline in revenue from consumer goods caused by economic issues in America, management has negotiated with customers regarding the remaining inventory of products, including raw materials and packaging. Customers will take responsibility for these remaining items, and the purchase will be completed within the fourth quarter of 2023.

POLY maintains positive relationships with customers. They have been given opportunities to produce additional products to replace lost orders. This includes ongoing development of existing products to better meet customer requirements.

Development of Gastrostomy Feeding Tube Products (Percutaneous Endoscopic Gastrostomy)

POLY has been continuously developing new products and exploring fresh opportunities for the long-term growth of the business. In October 2023, POLY entered into a memorandum of agreement with the Medical Innovation of Chulalongkorn University's Faculty of Medicine. This collaboration focuses on research and development of a percutaneous endoscopic gastrostomy feeding tube product. Currently, there are no manufacturers of these products in Thailand. This initiative aims to support medical treatments while maintaining affordability and accessibility for domestic consumers. It represents a significant opportunity and serves as a starting point for the substantial growth of the medical equipment and tools sector in terms of revenue.