

February 21, 2024

Subject: Management discussion and analysis for the year ended December 31, 2022

Attention: Managing Director, The Stock Exchange of Thailand

PanelesMatic Solutions Public Company Limited (“Company”) provides Management discussion and analysis for the year ended December 31, 2022 as follows:

**Explanation of financial position and operation result:**
**1) Operation result**

Statement of Comprehensive Income	For the year ended				Changed	
	31 December 2021		31 December 2022			
	Million	% <sup>1/</sup>	Million	% <sup>1/</sup>	Million	% <sup>1/</sup>
Revenues from sales and services	68.84	98.23	110.2	99.54	41.36	60.08
Cost of sales and services	42.69	60.92	67.84	61.28	25.15	58.91
<b>Gross profit</b>	<b>26.15</b>	<b>37.31</b>	<b>42.36</b>	<b>38.26</b>	<b>16.21</b>	<b>61.99</b>
Other income	1.24	1.77	0.51	0.46	(0.73)	(59.09)
Selling expenses	2.37	3.38	3.39	3.05	1.02	43.23
Administrative expenses	7.62	10.88	15.17	13.7	7.55	98.98
Management benefit expenses	3.42	4.88	3.92	3.54	0.50	14.44
<b>Profit from operating</b>	<b>13.98</b>	<b>19.94</b>	<b>20.39</b>	<b>18.41</b>	<b>6.41</b>	<b>45.87</b>
Finance costs	0.01	0.01	0.03	0.02	0.02	239.79
<b>Profit before income tax expense</b>	<b>13.97</b>	<b>19.93</b>	<b>20.36</b>	<b>18.39</b>	<b>6.39</b>	<b>45.76</b>
Income tax expenses	3.01	4.29	4.43	4.00	1.42	47.25
<b>Profit for the year</b>	<b>10.96</b>	<b>15.64</b>	<b>15.94</b>	<b>14.39</b>	<b>4.98</b>	<b>45.36</b>
Other comprehensive income	(0.26)	(0.37)	(0.39)	(0.56)	(0.13)	50.00
<b>Total comprehensive income for the year</b>	<b>10.70</b>	<b>15.27</b>	<b>15.54</b>	<b>22.18</b>	<b>4.84</b>	<b>45.23</b>
<b>Total comprehensive income attributable to:</b>						
Owners Of the Parent	10.95	99.86 <sup>2/</sup>	15.94	100.00 <sup>2/</sup>	4.99	45.56
Non-Controlling Interests	0.01	0.14 <sup>2/</sup>	-	-	(0.01)	(100.00)

Remark: 1/ percentage of total revenue

2/ percentage of profit for the year

In 2021 and 2022, the Company's revenue from sales and services were THB 68.84 million and THB 110.20 million, respectively, accounted for an increasing of 41.36 million or 60.08 percent. The Company's cost of sales and services were THB 42.69 million and THB 67.84 million, respectively, accounted for an increasing of 25.15 million or 58.91 percent. By having gross profit accounted for 37.98 percent and 38.44 percent of revenues from sales and services, respectively.

In 2021 and 2022, the Company's net profit were THB 10.96 million and THB 15.94 million, respectively, accounted for an increasing of THB 4.98 million or 45.36 percent, representing net profit margins of 15.64 percent and 14.39 percent, respectively. The details are as follows:

### Total revenue

In 2021 and 2022, the Company's total revenue were THB 70.08 million and THB 110.71 million, respectively, by (1) Revenues from sales and services were THB 68.84 million and THB 110.20 million, respectively, and (2) Other income were THB 1.24 million and THB 0.51 million, respectively.

Total revenue	For the year ended				Changed	
	December 31, 2021		December 31, 2022			
	Million	%	Million	%	Million	%
<b>1. Revenues from sales</b>	<b>64.58</b>	<b>92.15</b>	<b>102.40</b>	<b>92.50</b>	<b>37.82</b>	<b>58.56</b>
- Hospital and Healthcare Products <sup>1/</sup>	36.24	51.72	46.32	41.84	10.08	27.81
- Interior Products <sup>1/</sup>	28.34	40.43	56.08	50.66	27.74	97.90
<b>2. Revenues from services</b>	<b>4.26</b>	<b>6.08</b>	<b>7.80</b>	<b>7.04</b>	<b>3.54</b>	<b>83.09</b>
<b>Revenues from sales and services</b>	<b>68.84</b>	<b>98.23</b>	<b>110.20</b>	<b>99.54</b>	<b>41.36</b>	<b>60.08</b>
Other income <sup>2/</sup>	1.24	1.77	0.51	0.46	(0.73)	(59.09)
<b>Total revenue</b>	<b>70.08</b>	<b>100.00</b>	<b>110.71</b>	<b>100.00</b>	<b>40.63</b>	<b>57.97</b>

remark: 1/ Prepared by the management.

2/ Other income such as: interest income, gain (loss) from asset disposal, gain (loss) from foreign exchange

In 2021 and 2022, the Company's revenue from sales and services were THB 56.48 million and THB 90.18 million, respectively.

- (1) Revenues from sales – Hospital and Healthcare Products In 2021 and 2022, the Company's revenue from sales - Hospital and Healthcare Products were THB 36.24 million and THB 46.32 million, respectively, accounted for 51.72 percent and 41.84 percent of total revenue, respectively, In 2022 resulting in a growth rate of 27.81 percent to prior year from the increasing number of hospital and healthcare facilities being

constructed during those period raises the demand of product and with the skill of sales and marketing team

- (2) Revenues from sales – Interior Products In 2021 and 2022, the Company’s revenues from sales - Interior Products were THB 28.34 million and THB 56.08 million, which is equivalent to 40.43 and 50.66 percent of the total revenues, respectively. In 2022, revenue from sales - Interior Products growth rate is 97.90 percent from prior year since the COVID-19 situation began to improve, many construction sites are back to operating normally and with the skill of sales and marketing team, the Company can deliver the product to the construction site as planned and with the expansion of sales and marketing team during the year.
- (3) Revenues from Services the Company’s revenues from services in 2021 and 2022 were THB 4.26 million and THB 7.80 million which is equivalent to 6.08 and 7.04 percent of total revenues, respectively. Revenues from services consisted of transportation, installation and after-sales service fees. Revenue from services varies in line with revenue from sales. In 2022, the Company’s after-sales service, especially the “service of annual inspection” service, has gained a lot of attention and more client because the client appreciated the quality of our services, thus revenue from services increased in 2022.

**Cost of sales and services and Gross profit margin**

List	For the year ended				Changed	
	December 31, 2021		December 31, 2022			
	Million	%	Million	%	Million	%
Revenue from sales and services	68.84	100.00	110.2	100.00	41.36	60.08
Cost of sales and services	42.69	62.02	67.84	61.56	25.15	58.91
<b>Gross profit</b>	<b>26.15</b>	<b>37.98</b>	<b>42.36</b>	<b>38.44</b>	<b>16.21</b>	<b>61.99</b>

The Company’s cost of sales and services in 2021 and 2022 were THB 42.69 million and THB 54.43 million, respectively, accounted for 66.58 percent and 60.36 percent of total revenue from sales and services, respectively, The Company’s gross profit margin trend according to the policy of gross profit margin, where the main costs of the business are the raw material cost such as wood panel, aluminum door frames, rubber door seals imported door equipment and others, salary cost such as worker’s salary, welfare benefit, and others and overhead cost such as machinery’s depreciation, utilities cost, transportation and others.

**Selling expense**

In 2021 and 2022, the Company’s selling expense were THB 2.37 million and THB 3.39 million, respectively, which accounted for 3.38 percent and 3.05 percent of total revenues. In 2022 the Company expanded the Marketing Department in respond to the growing of the business by hiring more employees, resulting in increased in selling expense.

### **Administrative expense and management benefit expense**

In 2021 and 2022, the Company's administrative expense and management benefit expense were THB 11.04 million and THB 19.09 million, respectively which accounted for 15.76 percent and 17.25 percent of total revenues, respectively. In 2022 administrative expense and management benefit expense increased due to the expansion to support Company's future growth has increase the number of employees, especially in the executive level, thus the employee's salary and compensation expense increased.

### **Net profit**

In 2021 and 2022, the Company's net profit were THB 10.96 million and THB 15.94 million, respectively, which accounted as 15.64 percent and 14.39 percent as net profit margin, respectively. In 2022, The Company's net profit margin decreased due to the increment in selling and administration expenses such as higher salary expense from expanding the team in the latter half of 2022, Auditing fee and Financial Advisor fee in preparation to list the shares on the Market of Alternative Investment (mai).

## **2) Summary of financial position**

Items	December 31, 2021		December 31, 2022		Changed	
	Million	%	Million	%	Million	%
Total Asset	139.65	100.00	137.44	100.00	(2.21)	(1.58)
Total Liabilities	24.67	17.67	34.59	25.17	9.92	40.21
Shareholder's equity	114.98	82.33	102.85	74.83	(12.13)	(10.55)

### **Total asset**

As of December 31, 2021 and 2022, total assets of the Company amounted to THB 139.65 million and THB 137.44 million, respectively. Main assets of the Company consist of cash and cash equivalent, current investment, trade and other current receivable and property, plant and equipment where these assets amounted to 86.19 percent and 91.32 percent of total assets, respectively. Company's cash and cash equivalents and current investment amounted to THB 39.36 million and THB 32.79 million, respectively, which the decrement of cash and cash equivalents and current investment in 2022 due to the dividend payout. The Company's trade and other current receivable amounted to THB 11.83 million and THB 25.09 million, respectively. Trade and other current receivable increased as of December 31, 2022 due to many products were delivered in December 2022. The Inventory amounted to THB 22.15 million and THB 19.75 million, respectively. The Inventory had a likelihood to be lower, according to the improvement in estimation plan to purchase raw material, production, and delivery plan. The Company's property, plant and equipment amounted to THB 47.02 million and THB 47.87 million, respectively

**Total liabilities**

As of December 31, 2021 and 2022, total liabilities of the Company amounted to THB 24.67 million and THB 34.59 million, respectively. Considering the debt structure of the Company, majority of the liabilities are current liabilities which amounted to 70.72 percent and 75.75 percent of total liabilities, respectively, mainly from current liabilities from operating activities. Company's trade and other current payable amounted to THB 5.13 million and THB 16.01 million, respectively. In 2022, in response to increasing sales, more raw materials and finished product has been purchased, resulting in an increment of trade account payable, which later has been paid within the agreed time frame from the supplier. Advance deposit received in which some of the products were charged before delivery amounted to THB 9.88 million and THB 6.53 million, respectively, where advance deposit received tends to decrease, from the continuous delivery of the product from the Company.

**Shareholder's equity**

As of December 31, 2021 and 2022, the shareholder's equity amounted to THB 114.98 million and THB 102.85 million, respectively. As of December 31, 2022, Company's shareholder's equity decreased due to dividend payout THB 26.20 million and decreasing in non-controlling interest from dissolving subsidiary amounted to THB 11.47 million while having THB 10.00 million increase in capital and THB 15.94 million from profit for the year.

### 3) Key financial ratios

Key financial ratios	Unit	December 31, 2021	December 31, 2022
		Consolidated financial statement	Consolidated financial statement
<b>Liquidity Ratio</b>			
Current Ratio	Times	4.78	2.96
Average Collection Period	Days	52.20	60.42
Average Inventory Period	Days	200.10	112.72
Average Payment Period	Days	30.26	20.72
Cash Cycle	Days	222.04	152.42
<b>Profitability Ratio</b>			
Gross Profit Margin	%	37.98	38.44
Operating Margin	%	18.50	18.04
Net Profit Margin	%	15.64	14.39
Return on Equity (ROE)	%	10.23	14.63
<b>Efficiency Ratio</b>			
Return on Assets (ROA)	%	8.01	11.50
<b>Financial Ratio</b>			
Debt to Equity Ratio (D/E)	Times	0.21	0.34
Net Debt-to-EBITDA Ratio	Times	-	0.01
Dividend payout Ratio	%	-	164.41

Best regards,

PanelésMatic Solutions Public Company Limited