

February 21, 2024

Subject: Management discussion and analysis for the 9 months period ended September 30, 2023

Attention: Managing Director, The Stock Exchange of Thailand

PanelesMatic Solutions Public Company Limited (“Company”) provides Management discussion and analysis for the 9 months period ended September 30, 2023 as follows:

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

Statement of Comprehensive Income	For the 9 months period ended				Changed	
	September 30, 2022		September 30, 2023			
	Million	% <sup>1/</sup>	Million	% <sup>1/</sup>	Million	% <sup>1/</sup>
Revenues from sales and services	56.48	99.24	90.18	99.69	33.70	59.67
Cost of sales and services	37.6	66.08	54.43	60.18	16.83	44.76
<b>Gross profit</b>	<b>18.88</b>	<b>33.17</b>	<b>35.75</b>	<b>39.52</b>	<b>16.87</b>	<b>89.35</b>
Other income	0.43	0.76	0.28	0.31	(0.15)	(35.32)
Selling expenses	2.34	4.12	3.96	4.37	1.62	68.71
Administrative expenses	10.52	18.48	15.65	17.3	5.13	48.80
Management benefit expenses	2.94	5.16	2.97	3.28	0.03	1.10
<b>Profit from operating</b>	<b>3.51</b>	<b>6.16</b>	<b>13.45</b>	<b>14.87</b>	<b>9.94</b>	<b>283.48</b>
Finance costs	0.02	0.04	0.3	0.33	0.28	1,409.17
<b>Profit before income tax expense</b>	<b>3.49</b>	<b>6.12</b>	<b>13.15</b>	<b>14.54</b>	<b>9.66</b>	<b>277.06</b>
Income tax expenses	1.07	1.87	2.74	3.04	1.67	157.42
<b>Profit for the period</b>	<b>2.42</b>	<b>4.25</b>	<b>10.41</b>	<b>11.5</b>	<b>7.99</b>	<b>329.77</b>
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2.42</b>	<b>4.25</b>	<b>10.41</b>	<b>11.5</b>	<b>7.99</b>	<b>329.77</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	2.42	100.00 <sup>2/</sup>	10.41	100.00 <sup>2/</sup>	7.99	329.77
Non-controlling interests	-	-	-	-	-	-

Remark: 1/ Percentage of total revenue

2/ Percentage of profit for the period

For the 9 months period ended September 30, 2022 and 2023, the Company's revenue from sales and services were THB 56.48 million and THB 90.18 million, respectively, accounted for an increasing of THB 33.70 million or 59.67 percent. The Company's cost of sales and services were THB 37.60 million and THB 54.43 million, respectively, accounted for an increasing of THB 16.83 million or 44.76 percent. Gross profit accounted for 18.88 percent and 35.75 percent of revenues from sales and services, respectively.

For the 9 months period ended September 30, 2022 and 2023, the Company's net profit were THB 2.42 million and THB 10.41 million, respectively, accounted for an increasing of THB 7.99 million or 329.77 percent, representing net profit margins of 4.25 percent and 11.50 percent, respectively. The details are as follows:

### Total revenue

For the 9 months period ended September 30, 2022 and 2023, the Company's total revenue were THB 56.91 million and THB 90.46 million, respectively, by (1) Revenues from sales and services were THB 56.48 million and THB 90.18 million, respectively, and (2) Other income were THB 0.43 million and THB 0.28 million, respectively.

Total revenue	For the 9 months period ended				Changed	
	September 30, 2022		September 30, 2023			
	Million	%	Million	%	Million	%
<b>1. Revenues from sales</b>	50.99	89.60	81.29	89.87	30.30	59.43
- Hospital and Healthcare Products <sup>1/</sup>	20.63	36.25	27.43	30.32	6.80	32.96
- Interior Products <sup>1/</sup>	30.36	53.35	53.86	59.54	23.50	77.41
<b>2. Revenues from services</b>	5.49	9.65	8.89	9.83	3.40	61.91
<b>Revenues from sales and services</b>	<b>56.48</b>	<b>99.24</b>	<b>90.18</b>	<b>99.69</b>	<b>33.70</b>	<b>59.67</b>
Other income <sup>2/</sup>	0.43	0.76	0.28	0.31	(0.15)	(35.32)
<b>Total revenue</b>	<b>56.91</b>	<b>100.00</b>	<b>90.46</b>	<b>100.00</b>	<b>33.55</b>	<b>58.95</b>

remark: 1/ Prepared by the management

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

For the 9 months period ended September 30, 2022 and 2023, 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: The Company's revenue from sales - Hospital and Healthcare Products during the 9 months period ended September 30, 2022 and 2023 were THB 20.63 million and THB 27.43 million, respectively, with growth equal to 32.96 percent which increased from the number of new projects from the regular customer which focused on construction of hospital and

healthcare facilities including government hospital, private hospital and private clinic, for example, THB 5.13 million from Trang hospital and THB 3.60 million from Nan hospital, etc.

- (2) Revenues from sales – Interior Products: The Company's revenue from sales - Interior Products during the 9 months period ended September 30, 2022 and 2023 were THB 30.36 million and THB 53.86 million, respectively, which increased by 77.41 percent mainly from the movable acoustic walls project, where the building's owner and the contractor were very impressed with the quality of the product and service whom later become our regular customer along with the expansion of sales and marketing team during the year.
- (3) Revenues from services: The Company's revenues from services during the 9 months period ended September 30, 2022 and 2023 were THB 5.49 million and THB 8.89 million, respectively, with growth equal to 61.91 percent and were 9.96 percent and 9.83 percent of total revenues, respectively. Revenues from services consisted of transportation, installation and after-sales service fees. Revenue from services varies in line with revenues from sales.

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

List	For the 9 months period ended				Changed	
	September 30, 2022		September 30, 2023			
	Million	%	Million	%	Million	%
Revenue from sales and services	56.48	100.00	90.18	100.00	33.70	59.67
Cost of sales and services	37.61	66.58	54.44	60.36	16.83	44.76
<b>Gross profit</b>	18.88	33.42	35.75	39.64	16.87	89.38

The Company's cost of sales and services the 9 months period ended September 30, 2022 and 2023 were THB 37.60 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. Cost of Sales and Services in the 9 months period ended September 30, 2022 is accounted for 66.58 percent of revenues from sales and services which is higher than other period whereas the average of the cost of sales and services is at 60 percent of revenues from sales and services due to the specific period has its revenues from sales and services only at THB 56.48 million which accounted for 62.63 percent of revenues from sales and services from the same period in 2023 while there were fixed costs such as employees' salary and machinery depreciation.

### **Selling expense**

The Company's selling expense during the first 9 months of 2022 and 2023 were THB 2.34 million and THB 3.96 million, respectively, accounted for 4.12 percent and 4.37 percent of total revenue. The 9 months period ended September 30, 2023, 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**

The Company's administrative expense and management benefit expense during the 9 months period ended September 30, 2022 and 2023 were THB 13.46 million and THB 18.62 million, accounted for 23.64 percent and 20.58 percent of total revenue, respectively. In the 9 months period ended September 30, 2023, administrative expense and management benefit expense increase mainly due to the expansion to support future growth of the business and the Financial Advisor fee in preparation to list the shares on the Market of Alternative Investment (mai) and other fees.

### **Net profit**

The Company's net profit during the 9 months period ended September 30, 2022 and 2023 were THB 2.42 million and THB 10.41 million, respectively, accounted for 4.25 percent and 11.50 percent respectively. The 9 months period ended September 30, 2022 had its net profit margin lower than other period due to the revenues from sales and services was THB 56.48 million or amounted to 62.63 percent of the revenues from sales and services of the same period in 2023 while maintaining the stable cost and expense. The 9 months period ended September 30, 2023 had a higher margin from the period of the prior year; however, it is lower than the average of the year ended December 31, 2020-2022 which amounted to 16.40 percent due to the increase in cost and expense such as the increase in salary payment from expanding the team during the latter half of 2022, Auditing fee and Financial Advisory fee in preparation to list the shares on the Market of Alternative Investment (mai).

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

List	December 31, 2022		September 30, 2023		Changed	
	Million	%	Million	%	Million	%
Total Asset	137.44	100.00	136.62	100.00	(0.82)	(0.60)
Total Liabilities	34.59	25.17	52.36	38.33	17.77	51.38
Shareholder's equity	102.85	74.83	84.26	61.67	(18.59)	(18.08)

### **Total asset**

As of December 31, 2022, and as of September 30, 2023, total assets of the Company amounted to THB 137.44 million and THB 136.62 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 91.32 percent and 87.64 percent of total asset. Company's cash and cash equivalents and current investment amounted to THB 32.79 million and THB 43.32 million, respectively. An increasing in cash and cash equivalents and current investment increased as of September 30, 2023 is from loan from a financial institute for acquiring land to construct new factory also partially deducted by dividend payout. The Company's trade and other current receivable amounted to THB 25.09 million and THB 15.93 million, respectively. Trade and other current receivable as of December 31, 2022 increased due to a lot of goods were delivered in December 2022, then collected payments in the following period thus trade and other current receivable as of September 30, 2023 decreased. The Inventory amounted to THB 19.75 million and THB 15.30 million, respectively. The Inventory trends 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 47.87 million and THB 45.18 million, respectively.

### **Total liabilities**

As of December 31, 2022, and as of September 30, 2023, total liabilities of the Company amounted to THB 34.59 million and THB 52.36 million, respectively. Considering the debt structure of the Company, majority of the liabilities are current liabilities which amounted to 75.75 percent and 34.53 percent of total liabilities, respectively. mainly from current liabilities from operating activities. Company's trade and other current payables amounted to THB 16.01 million and THB 5.13 million, respectively. In 2022, in respond to increasing sales, more raw materials and finished product has been purchased, resulting in increment of trade account payable as of December 31, 2022, which later has been paid within the credit term received from the suppliers. Advance deposit received in which some of the products were charged before delivery amounted to THB 6.53 million and THB 6.82 million, respectively, where advance deposit received tends to decrease, from the continuously deliver of goods.

As of 30 September 2023, Company's total liabilities amounted to THB 52.36 million, increased by THB 17.77 million compared to as of 31 December 2022, mainly from loans from financial institution amounted to THB 29.97 million. The current portion of long-term liability amounted to THB 2.42 million, and the rest amounted to THB 27.55 million. The loan was made to acquire new land to construct new factory, partially offset by the decrement of trade and other current payables of THB 10.88 million.

### **Shareholder's equity**

As of December 31, 2022 and as of September 30, 2023, the shareholder's equity amounted to THB 102.85 million and THB 84.24 million, respectively. As of 31 December 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 period. As of 30 September 2023, Company's shareholder's equity decreases due to THB 29.00 million dividend payout although having an increasing in retained earnings from net profit for the period.

### 3) Key financial ratios

Key financial ratios	Unit	September 30, 2022 Consolidated financial statement	September 30, 2023 Financial statement
<b>Profitability ratio</b>			
Gross Profit Margin	Times	33.42	39.64
Operating Margin	Days	6.16	14.61
Net Profit Margin	Days	4.25	11.50

Key financial ratios	Unit	December 31, 2022 Consolidated financial statement	September 30, 2023 Financial statement
<b>Liquidity Ratio</b>			
Current Ratio	Times	2.96	4.23
Average Collection Period	Days	60.42	60.56
Average Inventory Period	Days	112.72	88.15
Average Payment Period	Days	20.72	19.09
Cash Cycle	Days	152.42	129.62
<b>Profitability Ratio</b>			
Gross Profit Margin	%	38.44	39.64
Operating Margin	%	18.04	14.61
Net Profit Margin	%	14.39	11.50
Return on Equity (ROE)	%	14.63	14.83
<b>Efficiency Ratio</b>			
Return on Assets (ROA)	%	11.50	10.13
<b>Financial Ratio</b>			
Debt to Equity Ratio (D/E)	Times	0.34	0.62
Net Debt-to-EBITDA Ratio	Times	0.01	1.31
Dividend payout Ratio	%	164.41	209.02

Best regards,

PanelésMatic Solutions Public Company Limited