

May14, 2024

Subject Management Discussion and Analysis for the three months ended March 31,2024

Attention President

The Stock Exchange of Thailand

P.S.P. Specialties Public Company Limited and subsidiaries (collectively called the “Company”) would like to inform the analysis of financial performance, financial positions and financial ratio for the three months ended March, 2024. The details are as follows:

A summary of the key financial information for the three months ended March 31,2024

Financial information	For the three months ended March 31,		Change	
	2023	2024	THB mm	%
Total Revenue	3,075.87	3,504.37	428.50	13.93
Gross Profit	283.77	418.27	134.50	47.40
Net Profit	42.14	184.53	142.39	337.90
Comprehensive income	42.07	184.53	142.46	338.63

Total Revenue

The total revenue of the Company for the three-month period ending on March 31, 2024 was 3,504.87 MB, increasing from the same period of previous year in amount of 428.50 MB or 13.93%. Revenues from sales account for approximately 96% of the total revenues while revenues from service contribute approximately 4%. Therefore, changes in the Company revenues are primarily attributable to changes in revenues from sales. The Company gross profit was 418.27 MB, increasing 134.50 MB or 47.40%.

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The revenue from sales was 3,382.86 MB, increasing 490.50 MB or 16.96% the increase in sales volume both local and overseas. It's mainly due to customers increasing their orders for Lubricant products, Grease, Rubber Processing oil and Transformer oil. The customers also launched promotional campaigns to boost lubricant and grease sales volume during the first quarter of 2024. The Company gross profit from sales 363.63 MB, increasing 165.92 MB or 79.88%.

Profitability Ratio

Ratio	For the three months Ended March 31,	
	2023	2024
Gross Profit Margin (%) ¹	9.23	11.94
Net profit Margin (%) ²	1.37	5.27
Total Comprehensive Income Margin (%) ³	1.37	5.27

Remarks:

/1 Calculated as gross profit divided by total revenue

/2 Calculated as net profit for the period divided by total revenue

/3 Calculated as comprehensive income for the period divided by total revenue

Gross profit and gross profit margin

The Company gross profit increased from 283.77 MB for the three-months ended March 31, 2023, to 418.27 MB for the three months ended March 31, 2024, representing an increase of 47.40%. The Company gross profit margin also increased from 9.23% to 11.94% respectively. This is mainly due to the increase in average selling price and sales volumes, and the decrease in average cost of sales.

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Profit for the period and net profit Margin.

In the three-month period ended March 31, 2023, and 2024, the Company had net profits of 42.14 MB and 184.53 MB, respectively, equivalent to net profit margins of 1.37% and 5.27%, respectively. Furthermore, the Company had total comprehensive incomes of 42.07 MB and 184.53 MB, respectively, resulting in total comprehensive income margins of 1.37% and 5.27%, respectively.

For the three-month period ended March 31, 2024, the Company net profit and total comprehensive income increased 337.90% and 338.63%, respectively from the same period of previous year, resulting from the increase in gross profit margin, gain on exchange rate, and the decrease in administrative expense and financing cost, which was offset by the increase in selling expenses.

Financial Positions

Financial information	As of	As of	Change	
	December 31,2023	March 31,2024	MB	%
Total Assets	7,061.58	7,429.61	368.03	5.21
Total liabilities	3,776.23	3,959.73	183.50	4.86
Equity	3,285.35	3,469.88	184.53	5.62

Total Assets

As of December 31, 2023, and March 31, 2024, the Company total assets were 7,061.58 MB and 7,429.61 MB, respectively. The total assets of the Company primarily consist of trade receivables, inventory, Property, Plant and Equipment.

Total assets increase 368.03 MB or 5.21%, mainly from the increase in financial assets measured at fair value through profit or loss 390.11 MB and Trade receivable 247.94 MB (from the increase in sales), which offset by the decrease in Cash and cash equivalents 320.52 MB and Inventory level 119.72 MB.

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Non-current assets increase 161.24 MB from the investment in Geneus Genetics Co., Ltd., investment deposit in Recycle engineering Co., Ltd. 12.50 MB and the Right of use 11.57 MB from lease agreement of Office Building.

Total Liabilities

As of December 31, 2023, and March 2024, the total liabilities of the Company were 3,776.23 MB and 3,959.73 MB, respectively. The total liabilities consist primarily of short-term loans from financial institutions and trade payables.

The total liabilities of Q1/24 increase from the increase in current liabilities 285.95 MB. It's mainly due to the increase in Trade payables 358.65 MB from undue raw material purchase, which offset by the decrease in short-term loan 48.22 MB and contract liabilities 64.61 MB (from the decrease in advance payment from the customer.

Non-current liabilities decrease 102.45 MB from repayment of long-term loan 110.80 MB, which offset by the increase in Lease liabilities 8.13 MB and decommissioning 2.77 MB from lease agreement of Office Building.

Equity

As of December 31, 2023, and March 2024, the Company total equity was 3,285.35 MB, and 3,469.88 MB, respectively.

For the three-month period ended 31 March 2024, shareholders' equity increased from total net comprehensive profit for the period 184.53 MB.

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Total Liabilities to Equity Ratio and Interest- bearing debt-to-equity Ratio.

Financial Ratio	As of December 31,	As of March 31,
	2023	2024
Total Liabilities to Equity Ratio (times) ^{/1}	1.15	1.14
Interest bearing debt-to-equity Ratio (times) ^{/2}	0.58	0.50

Remarks:

/1 Calculated as total liabilities divided by total equity

/2 Calculated as interest bearing debt divided by total equity

The debt-to-equity ratios of the Company were 1.15 times and 1.14 times as of December 31, 2023, and March 31, 2024, respectively. The interest-bearing debt-to-equity ratios followed the same trend, which were 0.58 times and 0.50 times, respectively.

As of March 31, 2024, the debt-to-equity and the interest-bearing debt-to-equity ratio of the Company decreased from the previous year, mainly attributable to the decrease in interest-bearing liabilities and increase in shareholders' equity, resulting from the repayment of loan to financial institutions. The debt-to-equity ratio was 1.14 times, which is less than the financial institution's financial covenant of not exceeding 2.00 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Piya Techapichetvanich)

Chief Financial Officer

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