

7 August 2024

Subject Management Discussion and Analysis for the 6-month period ended on 30 June 2024

To Director and Manager

Stock Exchange of Thailand

Window Asia Public Company Limited (“the Company”) Board of Directors Meeting No.3/2024 held on 7 August 2024 passed a resolution to certify the financial statement and the performance for 6-month period ended 30 June 2024 which was reviewed by the auditor.

The Company’s would like to clarify the operating results for the 6-month period ended 30 June 2024 as follows:

Performance analysis

Revenue type	3-month 2023		3-month 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
- Modern Trade	206.20	74.09	174.18	77.64	(32.02)	(15.53)
- Traditional Trade	28.00	10.06	24.39	10.87	(3.61)	(12.89)
- Window Asia Shops	21.74	7.81	16.70	7.44	(5.04)	(23.18)
- Other	17.54	6.30	5.46	2.43	(12.08)	(68.87)
Other Income	4.83	1.74	3.62	1.61	(1.21)	(25.05)
Total Revenue	278.31	100.00	224.35	100.00	(53.96)	(19.39)



Revenue type	6-month 2023		6-month 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
- Modern Trade	394.39	74.85	344.73	74.25	(49.66)	(12.59)
- Traditional Trade	54.61	10.36	59.59	12.83	4.98	9.12
- Window Asia Shops	44.09	8.37	34.30	7.39	(9.79)	(22.20)
- Other	26.41	5.01	19.57	4.22	(6.84)	(25.90)
Other Income	7.39	1.40	6.09	1.31	(1.30)	(17.59)
Total Revenue	526.86	100.00	464.28	100.00	(62.61)	(11.88)

Revenue from sales

From the table above, revenue from sales still mainly comes from sales to modern trade, which are the Company's primary customer group. The revenue from modern trade for the 3-month period ended 30 June 2023 and 2024 were THB 206.20 million and 174.18 million, respectively. These figures represent of 74.09% and 77.64% of total revenue, respectively. For the 6-month period ended 30 June 2023 and 2024 were THB 394.39 million and 344.73 million, respectively. These figures represent of 74.85% and 74.25% of total revenue, respectively.

For the 3-month period ended 30 June 2024, the Company had revenue from modern trade by THB 174.18 million, a decrease by THB 32.02 million or 15.53% compared to the same period of the previous year. Revenue from traditional trade had THB 24.39 million, a decrease by 3.61 million or 12.89% compared to the same period of the previous year. Revenue from window asia shop had THB 16.70 million, a decrease by THB 5.04 million or 23.18% compared to the same period of the previous year. This decrease was due to economic recession.

For the 6-month period ended 30 June 2024, the Company had revenue from modern trade by THB 344.73 million, a decrease by THB 49.66 million or 12.59% compared to the same period of the previous year. This decrease was due to economic recession. Revenue from traditional trade had THB 59.59 million, an increase by 4.98 million or 9.12% compared to the same period of the previous year. This result was the company has new major customer in 2024. Revenue from window asia shop had THB 34.30 million, a decrease by THB 9.79 million or 22.20% compared to the same period of the previous year. This decrease was due to economic recession.

Other Income

Most other income comes from the sale of aluminum and UPVC scraps, which are residual materials from the production process of aluminum and UPVC doors and windows. For the 3-month period ended 30 June 2023 and 2024, the company had other income were THB 4.83 million and 3.62 million, respectively. These figures represent other income of 1.74% and 1.61% of sales revenue, respectively. However, this decrease was still on par with the other income in the same period of the previous year.

For the 6-month period ended 30 June 2023 and 2024, the company had other income were THB 7.39 million and 6.09 million, respectively. These figures represent other income of 1.40% and 1.31% of sales revenue, respectively. However, this decrease was still on par with the other income in the same period of the previous year.

Cost of sales

Cost structure and gross profit	3-month 2023		3-month 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales	273.48	100.00	220.73	100.00	(52.75)	(19.29)
Cost of sales	(183.00)	66.92	(148.30)	67.19	(34.70)	(18.96)
Gross profit	90.48	33.08	72.43	32.81	(18.05)	(19.95)

Cost structure and gross profit	6-month 2023		6-month 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales	519.50	100.00	458.19	100.00	(61.61)	(11.80)
Cost of sales	(362.64)	69.81	(310.25)	67.71	(52.39)	(14.45)
Gross profit	156.86	30.19	147.94	32.29	(8.92)	(5.69)

Cost of sales

The Company's cost of sales includes the cost of raw materials, direct labor, manufacturing overheads, and miscellaneous expenses. For the 3-month period ended 30 June 2023 and 2024, the company had cost of sales were THB 183.00 million and 148.30 million, respectively. These figures represent cost of sales of 66.92% and 67.19% of revenue from sales, respectively. Cost of sales had a decrease by THB 34.70 million or a decrease in a rate of 18.96% compared to the same period of the previous year. This decrease was in line with the revenue from sales.

For the 6-month period ended 30 June 2023 and 2024, the company had cost of sales were THB 362.64 million and 310.25 million, respectively. These figures represent cost of sales of 69.81% and 67.71% of revenue from sales, respectively. Cost of sales had a decrease by THB 52.39 million or a decrease in a rate of 14.45% compared to the same period of the previous year. This decrease was due to more efficient management cost of production and in line with the revenue from sales.

Share of losses from investments in associated and impairment losses on investments in associated

For the 3-month period ended 30 June 2024, the Company's share of losses was Baht 2.14 million. There was no additional share of losses because the company had already set up a full allowance for impairment of investment in associated company.

For the 6-month period ended 30 June 2024, the Company's share of losses was Baht 5.46 million. There was no additional share of losses because the company had already set up a full allowance for impairment of investment in associated company. The company has monitored the performance for associate company and currently have no plan to increase investment in associate company.

Gross Profit

As a result of the Company recognizing revenue from sales and the cost of sales as previously described, for the 3-month period ended 30 June 2023 and 2024, the company had gross profit were THB 90.48 million and 72.43 million, respectively. These figures represent gross profit margins of 33.08% and 32.81% of revenue from sales, respectively. The Company's gross profit was decrease by THB 18.05 million or a decrease in a rate of 19.95% compared to the same period of the previous year. This decrease was due to a reduction in the cost of sales due to more efficient management cost of production.

For the 6-month period ended 30 June 2023 and 2024, the company had gross profit were THB 156.86 million and 147.94 million, respectively. These figures represent gross profit margins of 30.19% and 32.29% of revenue from sales, respectively. The Company's gross profit was decrease by THB 8.92 million or a decrease in a rate of 5.69% compared to the same period of the previous year. This decrease was due to a reduction in the cost of sales due to more efficient management cost of production.

	3-month 2023	3-month 2024	Change
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SG&A and Other expense	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	33.09	59.66	27.87	61.86	(5.22)	(15.78)
Administrative Expenses	14.11	25.44	15.52	34.45	1.41	9.99
Other income-net	0.32	0.58	(0.17)	(0.38)	(0.49)	(153.13)
Finance costs	3.22	5.81	1.83	4.06	(1.39)	(43.17)
Share of loss from investments in associate	4.72	8.51	-	-	(4.72)	(100.00)
Total	55.46	100.00	45.05	100.00	(10.41)	(18.77)

SG&A and Other expense	6-month 2023		6-month 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	67.13	60.45	57.73	62.43	(9.40)	(14.00)
Administrative Expenses	28.09	25.29	31.70	34.28	3.61	12.85
Other income-net	(0.09)	(0.08)	(0.50)	(0.54)	(0.41)	(455.56)
Finance costs	6.36	5.73	3.54	3.83	(2.82)	(44.34)
Share of loss from investments in associate	9.56	8.61	-	-	(9.56)	(100.00)
Total	111.05	100.00	92.47	100.00	(18.58)	(0.17)

Selling expenses

The Company's selling expenses mainly consist of commissions and sales employee salaries. Other components of selling expenses include promotional expenses across various sales channels, costs for product display in both modern trade and traditional trade, etc. Selling Expenses for the 3-month period ended 30 June 2023 and 2024 were THB 33.09 million and 27.87 million, respectively. The Company's selling expenses was decreased by THB 5.22 million or a decrease in a rate of 15.78% compared to the same period of the previous year. This decrease was due to the costs of advertising expenses.

For the 6-month period ended 30 June 2023 and 2024 were THB 67.13 million and 57.73 million, respectively. The Company's selling expenses was decrease by THB 9.40 million or a decrease in a rate of 14.00% compared to the same period of the previous year. This decrease was due to the costs of advertising expenses

Administrative Expenses

The Company's administrative expenses mainly consist of employee's expenses, depreciation, auditing fees, consultancy fees, and other administrative expenses. Administrative Expenses for the 3-month period ended 30 June 2023 and 2024 were THB 14.11 million and 15.52 million, respectively. The Company's administrative expenses was increase by THB 1.41 million or an increase in a rate of 9.99% compared to the same period of the previous year. This increase was due to the fee charged after entering Stock Exchange of Thailand (SET) and consultant fee.

For the 6-month period ended 30 June 2023 and 2024 were THB 28.09 million and 31.70 million, respectively. The Company's administrative expenses was increase by THB 3.61 million or an increase in a rate of 12.85% compared to the same period of the previous year. This increase was due to the fee charged after entering Stock Exchange of Thailand (SET) and consultant fee.

Finance Cost

The Company's finance costs primarily consist of interest on loans from financial institutions and lease liabilities. Finance cost for the 3-month period ended 30 June 2023 and 2024 were THB 3.22 million and 1.83 million, respectively. The Company's finance cost was decreased by THB 1.39 million or a decrease in a rate of 43.17% compared to the same period of the previous year. This was a result of repaying trust receipt and loans from financial institutions.

For the 6-month period ended 30 June 2023 and 2024 were THB 6.36 million and 3.54 million, respectively. The Company's finance cost was decreased by THB 2.82 million or a decrease in a rate of 44.34% compared to the same period of the previous year. This was a result of repaying trust receipt and loans from financial institutions.

Net Profit

From the details mentioned above, the net profits for the 3-month period ended 30 June 2023 and 2024 were THB 31.36 million and 24.78 million, respectively. The Company's net profit was decrease by THB 6.58 million or a decrease in a rate of 20.98% compared to the same period of the previous year. This decrease in net profit is a result of incretion administrative expenses, combined with the company's revenue decreased.

For the 6-month period ended 30 June 2023 and 2024 were THB 42.05 million and 49.30 million, respectively. The Company's net profit was increase by THB 7.25 million or an increase in a rate of 17.24% compared to the same period of the previous year. This increase in net profit is a result of decretion cost of sales and selling expenses, combined with there was no additional share of losses from investment in associate during the period.

Financial Analysis



Balance sheet	December 31, 2023		June 30, 2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Assets	1,196.11	100.00	1,184.59	100.00	(11.52)	(0.96)
Total Liabilities	331.14	27.68	290.72	24.54	(40.42)	(12.21)
Total equity	864.97	72.32	893.87	75.46	28.90	3.34

As of June 30, 2024, the Company's total assets amounted to THB 1,184.59 million, a decrease of THB 11.52 million compared to the year ended 2023. The decrease in inventory due to more efficient management inventory and decrease in property, plant and equipment is a result of depreciation expenses.

Regarding the total liabilities of the Company, it amounted to THB 290.72 million, a decrease of THB 40.42 million. The Company repaying short-term and long-term loans from financial institutions. For the shareholders' equity, it amounted to THB 893.87 million, which was an increase of THB 28.90 million due to the Company's net profit for the 6-month period ended 30 June 2024 was THB 49.30 million and the Company paid dividends to shareholders of THB 20.40 million.

Yours sincerely,

-Patinun Tuntivasin-

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(Miss Patinun Tuntivasin)

Chief Financial Officer

Window Asia Public Company Limited