



February 21, 2024

Subject : Management Discussion and Analysis for the year ended December 31, 2023

To : The President,
The Stock Exchange of Thailand

Applied DB Public Company Limited (the “Company” or “we” or “our”) would like to submit the management discussion and analysis for the Company results of operations for the year ended December 31, 2023 as follows;

Management Discussion and Analysis for the year Ended December 31, 2023

Applied DB Public Company Limited (the “Company”) or (“ADB”) is one of the leading manufacturers and distributors of plastic compound and industrial adhesive and sealant products to our main customers located in Thailand and overseas. The main customers are from the industrial sectors, located in ASEAN, Middle East, Africa, Europe and South America, that use our products in their production process. Besides, the Company also manufactures and sells the products under the Company’s brands and also under customers’ brands. Our revenue depends highly on an industrial growth leading by each industrial sector that uses the Company’s products in the production process such as wire and cable industry, real estate and construction industry, shoes and leathers industry. In addition, the demand of products also leads by the economic condition, private sector investments and government bidding projects. In 2022, the Company has implemented corporate restructuring plan with the transfer of a portion of the Company business to ADB Sealant Co.,Ltd. (ADBS). The business segments that were transferred to the new company include adhesive segment and Sealant & DIY segment in order to increase the efficiency of the operation in the company as well as increasing competitiveness. The partial business transfer to ADB Sealant Co., Ltd. is legally effective on February 1, 2023 with the registered capital of THB 50.00 million. ADB currently holds 99.99% shares in ADBS. After restructuring, the business operation can be classified into 2 major categories, 1) Applied DB Public Company Limited, operated in Compound Business. The compound business segment can be classified into 3 subcategories including 1.1) Wire and Cable PVC (Plastic compound used in wire and cable industry); 1.2) General Grade PVC (Plastic compound used in general applications, Rigid PVC, and Polypropylene Split Yarn (PPY) and 1.3) Medical Grade PVC. 2) ADB Sealant Co., Ltd. operated in Adhesive & Sealant Business. The Sealant business segment can be classified into 3 subcategories including 2.1) Adhesive for customers in shoe and leather and furniture business. 2.2) Silicone Business for both cartridges and commercial use and 2.3) DIY Products



Table 1 : Financial Performance Financial Position as at 31 December 2022 and 2023

	2022		2023		Changes +,-	
	MB	%	MB	%	MB	%
Revenue from Sales	2,154.70	0.99	1,623.52	0.99	(531.18)	(24.65)
Cost of Sales	1,954.06	0.90	1,463.63	0.89	(490.43)	(25.10)
Gross Profit	200.64	0.09	159.89	0.10	(40.75)	(20.31)
Other Income	11.81	0.01	13.59	0.01	1.78	15.07
Net Foreign Exchange Gain	(3.02)	(0.00)	2.83	0.00	5.85	(193.71)
Profit Before Expenses	209.43	0.10	176.31	0.11	(33.12)	(15.81)
Distribution Costs	90.88	0.04	72.90	0.04	(17.98)	(19.78)
Administrative Expenses	110.85	0.05	129.69	0.08	18.84	17.00
Total SG&A	201.73	0.09	202.59	0.12	0.86	0.43
Earnings before interest and tax	7.70	0.00	(26.28)	(0.02)	(33.98)	(441.30)
Financial Costs	13.66	0.01	18.69	0.01	5.03	36.82
Profit before tax expenses	(5.96)	(0.00)	(44.97)	(0.03)	(39.01)	654.53
Tax expenses	0.97	0.00	1.73	0.00	0.76	78.35
Net Income	(6.93)	(0.00)	(46.70)	(0.03)	(39.77)	573.88
Other Comprehensive Income	3.43	0.00	3.58	0.00	0.15	4.37
Total Comprehensive Income for the period	(3.50)	(0.00)	(43.12)	(0.03)	(39.62)	1,132.00

*% is the proportion to the total revenue

Sales Revenue

For the year ended December 31, 2022 and 2023, our total revenue was THB 2,166.51 million and THB 1,639.95 million, respectively. From those amounts, revenue from sales was accounted of THB 2,154.70 million and THB 1,623.52 million, respectively, which represented the decrease of THB (531.18) million, or (24.65%) The decrease in revenue was mainly attributed to the decrease of revenue from Compound Segment that went down for THB (319.49) million, or (24.94%) compared to the same period of FY 2022. The lower revenue led by the demand of Wire & Cable PVC went down for THB (249.86) million or (33.51%) compared to the same period of FY2022. The majority revenue of Wire & Cable segments derives from large wire and cable manufacturers, which supply the products to both government projects invested in the infrastructure and electrical supplies. However, those revenue have been impact by the delay of the government fiscal budget after the election and lower selling price due to the weak demand of wire cable and chemical price in 2023. Furthermore, For General Grade PVC, it also experienced weaken demand of THB (57.75) million, or went down of (26.05%) from its revenue of 2023. Additionally, pharmaceutical graded compound products to be used for medical applications such as blood infusion tube, bleeding bag sold to our partner, Showa Global (Thailand) Co., Ltd. also went down for THB (11.87) million with less impact from global economic slowdown. For the operating revenue of ADB Sealant Co, Ltd., it is classified as revenue from adhesive and sealant products. For adhesive products, the revenue also decreased for THB (211.69) million, or (24.20%) In Sealant and DIY Business, our revenue dropped for THB (128.62) million in 2023 or (37.27)% compared to the same period of last year as those segments have been impacted from the global



economic slowdown and price competitions. When we combined our revenue from 3 Business Segments, the revenue of Compound Business, Adhesive and Sealant Business was THB 961.53 million, THB 255.65 million and THB 406.34 million, or 59:16:25 respectively, compared to the revenue of 2022 was at 59:14:27

Table 2 : Revenue breakdown by Business – for the year ending December 31

Revenue of Business	For the year ended					
	Jan-Dec 2022		Jan-Dec 2023		Increase (decrease)	
	MB	%	MB	%	MB	%
Wire and Cable PVC	745.61	34.60	495.75	30.54	(249.86)	(33.51)
General Grade PVC	221.65	10.29	163.90	10.10	(57.75)	(26.05)
Medical Graded PVC	313.75	14.56	301.88	18.59	(11.87)	(3.78)
Total Plastic Compound Business	1,281.02	59.45	961.53	59.23	(319.49)	(24.94)
Adhesive	294.77	13.68	255.65	15.75	(39.12)	(13.27)
Total Adhesive Business	294.77	13.68	255.65	15.75	(39.12)	(13.27)
Silicone	344.93	16.01	216.31	13.32	(128.62)	(37.29)
DIY & Related products	233.98	10.86	190.03	11.70	(43.95)	(18.78)
Total Silicone & Sealant Business	578.91	26.87	406.34	25.02	(172.57)	(29.81)
Total Revenue	2,154.70	100.00	1,623.52	100.00	(531.18)	(24.65)

In terms of main customer types by industry, approximately 68.45% of our revenue were classified under Real Estate and construction including Plastic compound and Sealant products. For the Plastic Compound group, the Company main targets are large wire and cable manufacturers who supply the products to both government projects and industry group in Real Estate and Construction segment. Furthermore, our General Graded PVC has also supported customers in those segments as well. For the sealant products, the main target group was the private sector in construction segment, while 10.62% of sales derived from Shoes and Leathers Industry selling under adhesive products. For automotive segment, it was accounted of 9.30% of total revenue, of which, most of the products were small package products for household use (DIY). The product applications were widely used in the decoration, repairment and parts and accessories of Automotive assembling industry. The rest of 11.63% was attributed to other industries.

Table 3 : Revenue by Industry – for the year ended December 31

Revenue by Industry	For the year ended					
	2021		2022		2023	
	MB	%	MB	%	MB	%
Real Estate and Construction	1,171.43	69.81	1,511.14	70.13	1,111.30	68.45
Shoes and Leathers	158.48	9.44	215.68	10.01	172.49	10.62
Automotives	165.09	9.84	192.07	8.91	150.95	9.30
Others	183.00	10.91	235.81	10.94	188.78	11.63
Total Revenue	1,678.00	100.00	2,154.70	100.00	1,623.52	100.00



In terms of revenue breakdown by geography, in 2023, revenue from local customers was THB 1,237.62 million from the total revenue of THB 1,623.52 million, or accounted for 76.23% of total revenue, or decreased from 2022, of which, revenue from local customers was THB 1,667.65 out of the total revenue of THB 2,154.70 million, or accounted for 77.40% of total revenue. The decrease of local revenue for THB (430.03) million or (25.78%) was mainly attributed to the decrease in Compound products sold to wire and cable companies to support the mega project's investment in the infrastructure and electrical supplies. While, the oversea customers were attributed to the weak demand and price competition in South East Asia and Africa markets due to the downstream of chemical material price globally and price war of Chinese manufacturers.

Table 4 : Revenue by Geographical segments

Geographical Segments	2021		2022		2023	
	MB	%	MB	%	MB	%
Thailand	1,237.03	73.72	1,667.65	77.40	1,237.62	76.23
Nigeria	61.19	3.65	58.04	2.69	68.22	4.20
Kenya	49.03	2.92	42.88	2.00	29.89	1.85
Singapore	27.66	1.65	34.13	1.58	19.63	1.21
Philippines	29.15	1.74	32.58	1.51	29.66	1.83
Bangladesh	47.05	2.80	41.62	1.93	37.72	2.32
Myanmar	37.55	2.24	41.81	1.94	37.66	2.32
India	37.67	2.24	45.78	2.12	41.08	2.53
Egypt	32.54	1.94	55.40	2.57	46.96	2.89
Vietnam	27.53	1.64	52.61	2.44	18.37	1.13
Other	91.59	5.46	82.19	3.81	56.70	3.49
Total	1,677.99	100.00	2,154.69	100.00	1,623.52	100.00

Cost of Sales and Gross Profit

In 2022 and 2023, cost of sales decreased from THB 1,954.06 million to THB 1,463.63 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 912.75 million, costs of Adhesive Business for THB 212.25 million; and cost of Sealant and DIY Business for THB 338.63 million in 2023. Gross profit margin of Compound Business has been impact from the price competition among local PVC manufacturers during the weak demand of the products. The delay of some infrastructure expansion projects was the impact on the late budget disbursement of fiscal year 2023. On the other hand, margins from adhesives and sealant and DIY products increased from 11% to 17% due to the lower material production costs. The following table indicates the breakdown of cost of sales by business segment.



Table 5 : Cost of sales and Gross Profit

Cost of sales and Gross Profit	Jan-Dec 2022		Jan-Dec 2023	
	MB		MB	
Cost of Sales : Plastic Compound Business	1,172.71		912.75	
Cost of Sales : Adhesive	263.11		212.25	
Cost of Sales : Sealant & DIY Business	518.24		338.63	
Total Cost of Sales	1,954.06		1,463.63	
Gross Profit : Plastic Compound Business	108.31		48.78	
Gross Profit : Adhesive	31.66		43.40	
Gross Profit : Sealant & DIY Business	60.67		67.71	
Gross Profit	200.64		159.89	
Gross Profit Margin : Plastic Compound	8.46%		5.07%	
Gross Profit Margin : Adhesive	10.74%		16.98%	
Gross Profit Margin : Sealant & DIY Business	10.48%		16.66%	
Gross Profit Margin	9.31%		9.85%	

Overall performance, gross margin of plastic compound business decrease in 2023 caused by rising production cost and weak demand during FY2023, leading to the price competition among PVC for wire and cable in the market; while the global oil price has also impacted to the plastics manufacturers in 2023 as the Russia-Ukraine war has been the threat of energy supply shortfall. Those rising chemical materials and rising production costs led to the negative impact in 2023 overall margin of Plastic Compound segments. For Adhesive and Sealant products, gross margin has been rising as the material costs including Synthetic Rubber, Toluene and other solvent materials using for industrial adhesive production were stable and less fluctuation, led to the overall increase in Gross Margin in Adhesive segment. In Sealant and DIY Business, the margin increased from last year as Silicone materials to be used for productions have been decreasing to the normal status with less material speculation in the markets.

Selling & Administrative Expenses

Total selling and administrative expenses in 2023 increased THB +0.86 million, or +0.43% from 2022 The increase in selling and administrative costs was mainly due to the following reasons;

Table 6 : Selling & Administrative Expenses

Selling & Administrative Expenses	Jan-Dec 2022		Jan-Dec 2023		Increase (decrease)	
	MB	%	MB	%	MB	%
Selling Expenses	90.88	45.05	72.90	35.98	(17.98)	(19.78)
Administrative Expenses	110.85	54.95	129.69	64.02	18.84	17.00
Selling & Administrative Expenses	201.73	100.00	202.59	100.00	0.86	0.43



Selling Expenses

Total selling expenses decreased for THB (17.98) million or (19.78%) from THB 90.88 million in 2022 to THB 72.90 million in 2023. The decrease of selling expenses was primarily due to decrease sales revenue from domestic customers leading the decrease transportation expenses both local & oversea logistics activities associated with the decrease in sales volume. In addition, less commission was paid to sales person and sales team in accordance with decreasing in sales revenue.

Administrative Expenses

Total administrative expenses in 2023 increased for THB +18.84 million or +17.00% from THB 110.85 million to THB 129.69 million during the same period of last year. The significant increase of administrative expenses was mainly related to the special reserve for allowance for doubtful accounts of and operating expenses associated with the business restructuring after spin-off ADB Sealant Co., Ltd. throughout 2023.

Finance Costs

When compared to the finance costs between 2022 and 2023, total finance costs increased from THB 13.66 million to THB 18.69 million, respectively. A significantly increase of finance costs for THB +5.03 million or +36.82% was mainly due to the uprising in market interest rates of commercial bank loans.

Net Profit

The Company had a net profit of 2023 for THB (46.70) million, or decreased of THB (39.77) million from net Profit of THB (6.93) million of 2022. The lower selling price from PVC Resin and Plasticizers to be used as additive solutions went down due to the weak demand of global chemical materials around the world while the global oil price has also impacted to the plastics manufacturers in 2023 as it is by products of petroleum. Besides the lower margin from weak demand of the products, our selling & administrative has been affected by the legal and advisory fees associating with the corporate restructuring on partial business transfer of ADB Sealant Co., Ltd. Due to the rising of administrative expenses associated with lower gross margin from sales, the Company reported net loss of the total THB (46.70) million in 2023.

Financial Position

Total Assets

As at December 31, 2022 and 2023, the Company had total assets of THB 1,626.39 million and THB 1,410.69 million, respectively. The company's main assets were mainly consist of trade accounts receivable and other receivables, inventories, and property, plant and equipment. Among these assets; it can be classified as current assets for THB 1,111.83 million and THB 880.14 million and non-current assets for THB 514.56 million and THB 530.55 million, respectively.



Significant changes in assets in 2023 are summarized below;

1. Current Assets

Cash and cash equivalents as at December 31, 2023, the overall cash and cash equivalents decrease of THB (60.96) million was attribute to the 3 major transactions, operating activities, investment activities and financing activities. In December 31, 2023, our net cash flow were received from operating activities for THB +176.96 million, mainly attributed to the decrease of inventories for THB +126.79 million and decrease of accounts receivable for THB +74.51 million. Additionally, the cash has also been used for the investment of fixed assets for THB (10.23) million. In financing activities, the company has net cashflow used in financing activities for THB (238.73) million mostly to repay of short-term and long-term bank loans as our Company has less working capital to be used for material purchase in accordance with less volume and purchase price.

- *Trade accounts receivable* as at December 31, 2022, and December 31, 2023, trade accounts receivable decrease of THB (68.78) million was led by the significantly lower in revenue from sales this year compared to our revenue during the same period of last year.

Unit (MB)	For year ended	
	31 December 2022	31 December 2023
Related parties	0.59	0.49
Other receivables	448.27	382.35
Total Receivables	448.86	382.84
Less allowance for doubtful accounts	(2.45)	(5.17)
Net Accounts Receivable	446.41	377.67

The allowance for doubtful accounts was set by considering ability to collect cash by using the percentage of outstanding balance over the different period of time. In addition, fully reserve 100% will be set once there are factors trigger to the potential credit defaults of any receivables. The increase of allowance for doubtful accounts was reserved due to the delay of the payment of some oversea customers operated under ADB Sealant Co., Ltd. Consequently, the overall collection period increased from 70 days as at December 31, 2022 to 91 days as at December 31, 2023.

- *Inventories* as at December 31, 2022, and December 31, 2023, a decrease in inventory of THB (127.63) million was primarily the result of decreasing stocking level of finished products and materials as well as lower material costs of finished products and materials compared to last year.



	For year ended	
	Unit (MB)	
	31 December 2022	31 December 2023
Finished goods	144.54	113.65
Raw materials	295.22	186.53
Work in process	23.61	23.77
Factory supplies	35.65	31.97
Goods in transit	20.88	37.18
Allowance for decline in value	(9.31)	(10.15)
Net Total	510.58	382.95

2. Non-current Assets

- Property, plant and equipment as at December 31, 2022, and December 31, 2023, a decrease in net property, plant and equipment of THB (33.53) million was the result of the depreciation of those fixed assets and sale of fixed assets that has not been used for THB (15.40) million.

Total Liabilities & Shareholders' Equity

As at December 31, 2022 and December 31, 2023, the Company had total liabilities of THB 982.66 million and THB 810.09 million, respectively. The company's major liabilities were consisting of bank overdrafts and short-term borrowings from financial institutions, trade accounts payable, and other payables, and long-term loans from financial institutions. During this period, the Company had shareholders' equity of THB 643.73 million and THB 600.60 million, respectively. At the end of 2023, the Company's shareholders' equity consisted of paid-up capital of THB 363.00 million. The other shareholders' equity included share premium of THB 202.20 million, surplus on share-base payment of THB 0.31 million, appropriated to legal reserve of THB 20.64 million, unappropriated reserve of THB 14.38 million and other component of shareholders' equity of THB 0.06 million.

Significant changes in liabilities and shareholders' equity of 2023 are summarized below;

1. Current Liabilities

- Short-term borrowings from financial institutions as at December 31, 2022, and December 31, 2023, a decrease in short-term loan of THB (175.96) million was the result of the lower chemical material price and less inventory reserved during Q4/2023 to secure with the next quarter orders from customers.
- Trade accounts payable as at December 31, 2022, and December 31, 2023, an increase of accounts payable of THB +5.33. During FY 2023, the average accounts payable period decreased from 46 days as at FY 2022 to 60 days as at FY 2023.



2. Non-current liabilities

As at December 31, 2023, the Company's non-current liabilities consisted of lease liabilities of THB 36.18 million, and the provisions for employee benefit of THB 43.22 million with the reference of the actuarial report from the actuarial experts.

3. Shareholders' equity

As at December 31, 2023, the Company's shareholders' equity of THB 600.60 or a decrease of THB (43.13) million, was the results of net loss from operation in 2023.

Financial Ratio Analysis

Table 7 : Key Financial Ratios

Financial Ratio	Unit	For the year ended 31 Dec 20	For the year ended 31 Dec 21	For the year ended 31 Dec 22	For the year ended 31 Dec 23
<u>Liquidity Ratio</u>					
Current Ratio	Times	1.46	1.36	1.20	1.20
Collection Period	days	92	81	70	91
Inventory Period	days	91	96	89	110
Accounts Payable Period	days	67	58	45	59
<u>Profitability Ratio</u>					
Gross Profit Margin	%	19.53	16.36	9.31	9.85
Net Profit Margin	%	5.05	4.45	(0.32)	(2.85)
Return On Equity	%	11.36	11.39	(1.04)	(7.51)
<u>Turnover Ratio</u>					
Return on Assets	%	5.58	5.61	(0.45)	(3.08)
Asset Turnover	Times	1.11	1.26	1.41	1.08
<u>Financial Policy</u>					
Debt to Equity	Times	0.93	1.13	1.53	1.35
Interest Coverage Ratio	Tunes	6.37	9.84	0.56	0.25

1. Current Ratio

As at December 31, 2023, our liquidity ratio was stable at 1.20 times in December 31, 2023 compared to the same period of last year. For Liquidity management, the collection period increased from 70 days in 2022 to 91 days in 2023, primarily due to the delay of some oversea payments operated under ADB Sealant Co., Ltd. In addition, our inventory period also increased from 89 days in 2022 to 110 days in 2023 because of less sales turnover from customers compared to the same period of last year. Additionally, our accounts payable days also increased from 45 days to 59 days in 2023 compared to the same period of 2022.



2. Profitability Ratio

The Company gross profit margin slightly increased from 9.31% in 2022 to 9.85% in 2023. Although the gross margin of plastic compound business significantly decrease in 2023 caused by rising production costs of PVC production from lower production volume of PVC for wire and cable business and fluctuation of raw material price from the global energy crisis around the world; Adhesive and Sealant gross margin has been rising as lower material costs including Synthetic Rubber, Toluene and other solvent materials using for industrial adhesive production led to the overall increase in Gross Margin in Adhesive segment. In Sealant and DIY Business, the margin slightly increased compared to last year as Silicone materials to be used for productions have also been decreasing to the normal status with less material speculation in the markets. However, our selling & administrative expenses have been affected by the legal and advisory fees associating with the corporate restructuring on partial business transfer of our subsidiary, ADB Sealant Co., Ltd. As a results, the net profit margin decreased from (0.32%) in 2022 to net loss of (2.85%) in 2023. Additionally, Return on Equity also decreased from (1.04%) in 2022 to (7.51%) in 2023.

3. Turnover Ratio

As at December 31, 2023, the Company return on assets decreased from (0.45%) in 2022 to (3.08%) in 2023. In addition, our asset turnover decreased from 1.41 times to 1.08 times in 2023 due to less sales transaction. While the assets decreased, we can generate lower growth in revenue generated from product selling compared to the growth of asset invested.

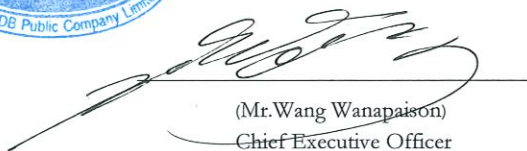
4. Financial Policy

Debt to Equity ratio decreased from 1.53 times in 2022 to 1.35 times in 2023 due to less short-term bank loans from financial institutions; while the rising market interest rate are the major factor to drive the increasing of interest expenses from THB 13.66 million to THB 18.68 million in 2023. With the decrease of earnings before interest and tax and rising interest expenses, our interest coverage ratio dropped from 1.78 times in 2022 to 0.25 times in 2023.

Please be informed accordingly.

Yours Sincerely,




(Mr. Wang Wanapaisorn)
Chief Executive Officer