



August 9, 2024

Subject : Management Discussion and Analysis for 3 months and 6 months
ended June 30, 2024

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 three months and six months ended June 30, 2024 as follows;

**Management Discussion and Analysis for the 2nd Quarter of 2024
Ended June 30, 2024**

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



Performance Analysis

Table 1 : Financial Performance of Q2/2024 compared to Q2/2023

	Quarter 2/2023		Quarter 2/2024		Changes +,-	
	MB	%	MB	%	MB	%
Revenue from Sales	388.47	98.46	353.97	99.13	(34.50)	(8.88)
Cost of Sales	348.51	88.33	309.66	86.72	(38.85)	(11.15)
Gross Profit	39.96	8.79	44.31	12.41	4.35	10.89
Other Income	3.52	0.56	4.15	1.16	0.63	17.90
Net Foreign Exchange Gain	2.57	(0.12)	(1.05)	(0.29)	(3.62)	(140.86)
Profit Before Expenses	46.05	9.23	47.41	13.28	1.36	2.95
Distribution Costs	15.75	3.99	19.49	5.46	3.74	23.75
Administrative Expenses	61.54	15.60	25.68	7.19	(35.86)	(58.27)
Total SG&A	77.29	19.59	45.17	12.65	(32.12)	(41.56)
Earnings before interest and tax	(31.24)	(2.50)	2.24	0.63	33.48	107.17
Financial Costs	4.75	1.20	4.69	1.31	(0.06)	(1.26)
Profit before tax expenses	(35.99)	(3.47)	(2.45)	(0.69)	33.54	93.19
Tax expenses	(7.20)	(1.82)	1.51	0.42	8.71	120.97
Net Income	(28.79)	(4.03)	(3.96)	(1.11)	24.83	86.25
Other Comprehensive Income	0.01	0.00	0.06	0.02	0.05	500.00
Total Comprehensive Income for the period	(28.78)	(4.03)	(3.90)	(1.09)	24.88	86.45

*% is the proportion to the total revenue

On the 2nd quarter of 2023 and 2024, our total revenue was THB 394.56 million and THB 358.12 million, respectively. From those amounts, revenue from sales was accounted of THB 388.47 million and THB 353.97 million, respectively, which represented the decrease of THB (34.50) million, or (8.88%). The decrease in revenue was mainly attributed to the decrease of revenue from Adhesive and Sealant Business from THB 181.12 million in Q2/2023 to THB 141.51 million in Q2/2024, which represents the decreases of THB (39.61) million or (21.87%). The decrease of our Sealant & Adhesive revenue was mainly driven by the decrease of revenue of Sealant segment for THB (10.80) million, or (17.21%) Additionally, our revenue of Adhesive segment also dropped for THB (18.70) million since the segment has been impacted from the global economic slowdown and price competitions. In Compound Business, our revenue went up for THB +5.12 million, or +2.47% compared to the same period of Q2/2023. The majority revenue of Compound Business is currently focusing on the large wire and cable manufacturers, which supply the products to both government projects and industry group in Real Estate and Construction segments. While the revenue of Wire & Cable PVC went up slightly for THB +21.01 million or +22.75% compared to the same period of Q2/2023, our revenue from pharmaceutical graded compound products to be used for medical applications such as blood infusion tube, bleeding bag dropped for THB (10.74) million. Furthermore, the General Grade PVC also experienced weaken demand of THB (5.16) million, or went down of (13.13%) from its revenue Q2/2023. When we combined our revenue from 2 Business Segments, the revenue of Compound Business, Adhesive and Sealant Business was THB 388.47 million, THB 353.97 million, or 60.02%:39.61%, respectively, compared to the revenue of the Q2/2023 was at 53.37%:46.62%.



Management Discussion and Analysis for the six months ended
June 30, 2024

Table 2 : Statement of Financial Position as at 30 June 2023 and 2024

	1H 2023		1H 2024		Changes +,-	
	MB	%	MB	%	MB	%
Revenue from Sales	842.18	99.05	740.74	97.98	(101.44)	(12.04)
Cost of Sales	762.15	89.64	651.76	86.21	(110.39)	(14.48)
Gross Profit	80.03	9.41	88.98	11.77	8.95	11.18
Other Income	6.07	0.71	7.88	1.04	1.81	29.82
Net Foreign Exchange Gain	2.02	0.24	7.39	0.98	5.37	265.84
Profit Before Expenses	88.12	10.36	104.25	13.79	16.13	18.30
Distribution Costs	35.91	4.22	36.25	4.79	0.34	0.95
Administrative Expenses	94.85	11.16	64.62	8.55	(30.23)	(31.87)
Total SG&A	130.76	15.38	100.87	13.34	(29.89)	(22.86)
Earnings before interest and tax	(42.64)	(5.01)	3.38	0.45	46.02	107.93
Financial Costs	9.19	1.08	9.15	1.21	(0.04)	(0.44)
Profit before tax expenses	(51.84)	(6.10)	(5.78)	(0.76)	46.06	88.85
Tax expenses	(4.67)	(0.55)	2.31	0.31	6.98	149.46
Net Income	(47.16)	(5.55)	(8.08)	(1.07)	39.08	82.87
Other Comprehensive Income	0.01	0.00	0.07	0.01	0.06	600.00
Total Comprehensive Income for the period	(47.15)	(5.55)	(8.01)	(1.06)	39.14	83.01

*% is the proportion to the total revenue

Sales Revenue

For the six months ended June 30, 2023 and 2024, our total revenue was THB 850.27 million and THB 756.01 million, respectively. From those amounts, revenue from sales was accounted of THB 842.18 million and THB 740.74 million, respectively, which represented the decrease of THB (101.44) million, or (12.04%) The decrease in revenue was mainly attributed to the decrease of revenue from our Adhesives and Sealant Business, which reported a decrease of its revenue from THB 399.95 million to the of THB 304.49 million, compared to 1H/2024. Those segment revenue was mainly driven by the down of Adhesive products for THB (34.45) million from 1H/2024, or (22.75%) of its 1H/2024 revenue. Additionally, the revenue of Sealant and DIY products decreased for the total of THB (59.06) million as those segments have been impacted from the global economic slowdown and price competitions. While the revenue of plastic compound business has been revising up. The higher revenue led by the demand of Wire & Cable PVC went upgrow for THB +22.66 million or +11.13% compared to the same period of 1H/2023. The majority revenue of Wire & Cable segments is to target to large wire and cable manufacturers, which supply the products to both government projects invested in the infrastructure and electrical supplies due to the delay of the new coalition after the election and lower selling price due to the weak demand of wire cable and chemical price during the first half of 2024. For General Grade PVC, it also experienced weaken demand of THB (6.50) million, or went down of (8.14%) from its revenue 1H/2023. However, 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. The decrease in revenue was attributed THB (22.14) million with less impact from global economic slowdown. When we combined our revenue from 2 Business Segments, the revenue of Compound Business, Adhesive and Sealant Business was THB 436.24 million and THB 304.49 million, or 58.89% : 41.11%, respectively with the details shown below.

Table 3 : Revenue breakdown by Business – for the six-month period ending June 30

Revenue of Business	For six-month period				Increase (decrease)	
	Jan-Jun 2023		Jan-Jun 2024		MB	%
	MB	%	MB	%		
Wire and Cable PVC	203.64	24.18	226.30	30.55	22.66	11.13
General Grade PVC	79.90	9.49	73.40	9.91	(6.50)	(8.14)
Medical Graded PVC	158.69	18.84	136.55	18.43	(22.14)	(13.95)
Total Plastic Compound Business	442.23	52.51	436.24	58.89	(5.99)	(1.35)
Adhesive	151.45	17.98	117.00	15.80	(34.45)	(22.75)
Silicone	154.69	18.37	106.84	14.42	(47.85)	(30.93)
DIY	91.86	10.91	80.65	10.89	(11.21)	(12.20)
Related Products	1.95	0.23	0.00	0.00	(1.95)	(100.00)
Total Silicone & Sealant Business	399.95	47.49	304.49	41.11	(95.46)	(23.87)
Total Revenue	842.18	100.00	740.74	100.00	(101.44)	(12.04)

In terms of main customer types by industry from the past 6 months, approximately 70.05% 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 12.18% of sales derived from Shoes and Leathers Industry selling under adhesive products. The demand of adhesive materials to be used in this segment has rebounded from last year as we have been focusing on the local manufacturers operating in shoes & leathers and furniture business. For automotive segment, it was accounted of 6.98% 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 10.79% was attributed to other industries.



Table 4 : Revenue by Industry – for the six-month period ending June 30

Revenue by Industry	For the three-month period				For the six-month period			
	Apr-Jun 2023		Apr-Jun 2024		Jan-Jun 2023		Jan-June 2024	
	MB	%	MB	%	MB	%	MB	%
Real Estate and Construction	278.65	71.73	256.09	72.35	596.45	70.82	518.88	70.05
Shoes and Leathers	33.39	8.60	37.61	10.62	80.44	9.55	90.24	12.18
Automotives	32.62	8.40	23.17	6.55	70.61	8.38	51.72	6.98
Others	43.81	11.28	37.10	10.48	94.68	11.24	79.90	10.79
Total Revenue	388.47	100.00	353.97	100.00	842.18	100.00	740.74	100.00

In terms of revenue breakdown by geography, in 1H/2024, revenue from local customers was THB 740.74 million from the total revenue of THB 842.18 million, the decrease for (101.44) million or (12.04%) of total revenue from 1H/2024. The decrease of local revenue was mainly attributed to the decrease of revenue in Sealant products sold to local customers. In addition, the demand of medical graded PVC sold to local channel has also decreased through our partner, Showa Global (Thailand) Co., Ltd. For oversea customers, the revenue also dropped from the revenue of adhesives, sealant and DIY products sold to Africa and Asian countries during the 1H/2024. The lower revenue of oversea segment was attributed to the weak demand and price competition in South East Asia and Africa markets from the downstream of chemical material price globally and price war of Chinese manufacturers.

Table 5 : Revenue by Geographical segments

Geographical Segments	Apr-Jun 2023		Apr-Jun 2024		Jan-Jun 2023		Jan-Jun 2024	
	MB	%	MB	%	MB	%	MB	%
Thailand	296.30	76.27	298.97	84.46	650.70	77.26	605.56	81.75
Nigeria	13.91	3.58	6.63	1.87	33.28	3.95	20.10	2.71
Kenya	4.23	1.09	5.31	1.50	17.04	2.02	11.51	1.55
Singapore	4.13	1.06	-	-	12.28	1.46	4.56	0.62
Philippines	-	-	4.78	1.35	6.70	0.80	11.17	1.51
Bangladesh	13.90	3.58	4.40	1.24	21.25	2.52	9.71	1.31
Myanmar	12.54	3.23	3.42	0.97	17.56	2.09	5.07	0.68
Vietnam	7.79	2.01	8.35	2.36	17.21	2.04	20.07	2.71
India	10.23	2.63	5.30	1.50	23.24	2.76	9.67	1.31
Egypt	8.70	2.24	6.74	1.90	11.48	1.36	11.78	1.59
Other	16.73	4.31	10.06	2.84	31.43	3.73	31.51	4.25
Total	388.47	100.00	353.97	100.00	842.17	100.00	740.74	100.00

Cost of Sales and Gross Profit

In the 1H of 2023 and 2024, cost of sales decreased from THB 762.15 million to THB 651.76 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 420.17 million and the cost of Adhesive and Sealant Business for THB 341.98 million in



1H/2023; and cost of Plastic Compound Business for THB 413.39 million and costs of Adhesive and Sealant Business for THB 238.37 million in 1H/2024. With the fluctuation of chemical material costs in all 3 Business segment, the company reported an increase in gross profit from 9.50% in 1H/2023 to 12.01% in 1H/2024, respectively. The rising overall gross profit of Sealant & DIY business derived from the solid GPM of adhesives and DIY segments operated under ADB Sealant Co., Ltd., our subsidiary company, that has been constantly growing from the last year. The following table indicates the breakdown of cost of sales by business segment.

Table 6 : Cost of sales and Gross Profit

Cost of sales and Gross Profit	Jan-Jun 2023	Jan-Jun 2024
	MB	MB
Cost of Sales : Plastic Compound Business	420.17	413.39
Cost of Sales : Sealant & DIY Business	341.98	238.37
Total Cost of Sales	762.15	651.76
Gross Profit : Plastic Compound Business	22.06	22.86
Gross Profit : Sealant & DIY Business	57.97	66.13
Gross Profit	80.03	88.98
Gross Profit Margin : Plastic Compound	4.99%	5.24%
Gross Profit Margin : Sealant & DIY Business	13.21%	21.75%
Gross Profit Margin	9.50%	12.01%

Overall performance, gross margin of plastic compound business slightly increased in 1H/2024 caused by the material costs of production, including PVC Resin and Plasticizers to be used as additive solutions, has been fluctuation from the global energy crisis around the world; while the global oil price has also impacted to the plastics manufacturers during 1H/2024. Those rising chemical materials led to the negative impact of the past 6 months overall margin of Plastic Compound segments. For Adhesive and Sealant products, gross margin has been rising as the 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 increased compared to last year as Silicone materials to be used for productions have been decreasing to the normal status with less material speculation in the markets. Besides, we are focusing on the products that contribute to the higher margins to avoid the price competition from Chinese and South East Asia manufacturers. Additionally, the Company can sustain the long-term profitability in the future.

Selling & Administrative Expenses

Total selling and administrative expenses in 1H/2024 decreased THB (29.89) million, or (22.86%) from 1H/2023. The decrease in selling and administrative costs was mainly due to the following reasons;



Table 7 : Selling & Administrative Expenses

Selling & Administrative Expenses	Jan-Jun 2023		Jan-Jun 2024		Increase (decrease)	
	MB	%	MB	%	MB	%
Selling Expenses	35.91	4.22	36.25	4.79	0.34	0.95
Administrative Expenses	94.85	11.16	64.62	8.55	(30.23)	(31.87)
Selling & Administrative Expenses	130.76	15.38	100.87	13.34	(29.89)	(22.86)

Selling Expenses

Total selling expenses increased for THB +0.34 million or +0.95% from THB 35.91 million of 1H/2023 to THB 36.25 million in 1H/2024. The increase of selling expenses was primarily due to the higher transportation costs both local and oversea logistics activities especially from the rising of global shipping costs due to the port congestions problems.

Administrative Expenses

Total administrative expenses for 1H/2024 significantly decreased for THB 30.23 million or +31.87% from THB 94.85 million to only THB 64.62 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 our one major customer in PVC compound business that already accrued in Q2/2023 for THB 27 million. However, the payment was fully received and the transaction has already been reversed.

Finance Costs

When compared to the finance costs between 1H/2023 and 1H/2024, total finance costs slightly decreased from THB 9.19 million to THB 9.15 million, respectively. A decrease of finance costs for THB (0.04) million or (0.44%) was mainly due to the less bank loan to be used in accordance with less inventory procurement in order to match with customers' orders.

Net Profit

The Company had net loss for 1H/2024 for THB (8.08) million from net loss of THB (47.16) million of 1H/2023. The rising major material costs used for production, including PVC Resin and Plasticizers to be used as additive solutions went up due to the increasing demand of global chemical materials around the world while the global oil price has also impacted to the plastics manufacturers during 1H/2024 as it is by products of petroleum. Additionally, our administrative expenses also increased from higher allowance doubtful account for some oversea customers of our subsidiary company.



Financial Position

Total Assets

As at December 31, 2023 and June 30, 2024, the Company had total assets of THB 1,410.69 million and THB 1,401.11 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 880.14 million and THB 884.29 million and non-current assets for THB 530.55 million and THB 516.82 million, respectively.

Significant changes in assets during the 2nd Quarter of 2024 are summarized below;

1. Current Assets

Cash and cash equivalents as at December 31, 2023, and June 30, 2024, the overall cash and cash equivalents increase of THB +41.61 million was attribute to the 3 major transactions, operating activities, investment activities and financing activities. During 1H/2024, our net cash flow were received from operating activities for THB +65.35 million, mainly attributed to the decrease of accounts receivable for THB +20.45 million, the decrease of inventories for THB +20.95 million and decrease of other receivables for THB+4.97 million. In addition, the cash has also been used for the investment of fixed assets for THB (16.81) million. In financing activities, the company has net cashflow used in financing activities for THB (6.95) million mostly to repay short-term and long-term bank loans.

- Trade accounts receivable as at December 31, 2023, and June 30, 2024, trade accounts receivable decrease of THB (19.69) million was led by the lower in revenue from sales of THB (101.44) million compared to our revenue in 1H/2024.

	For the period ended		
	Unit (MB)	31 December 2023	30 June 2024
Related parties		0.49	0.79
Other receivables		382.35	363.50
Total Receivables		382.84	364.29
Less allowance for expected credit loss (ECL)		(5.17)	(6.31)
Net Accounts Receivable		377.67	357.98

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 will be set once there are factors trigger to the potential credit defaults of any receivables. However, the average collection period decreased from 91 days as at 1H/2023 to 86 days as at 1H/2024. While there were fluctuation of global economics and foreign exchange rate, we could still manage the payment of customers in normal credit terms.



- *Inventories* as at December 31, 2023, and June 30, 2024, a decrease in inventory of THB (19.92) million from THB 382.95 million to THB 363.02 million was primarily the result of our strict procurement policy for less material stocking to be reserved for orders from customers.

	For the period ended		
	Unit (MB)	31 December 2023	30 June 2024
Finished goods		113.65	100.18
Raw materials		186.53	174.81
Work in process		23.77	30.43
Factory supplies		31.97	34.64
Goods in transit		37.18	32.09
Allowance for decline in value		(10.15)	(9.13)
Net Total		382.95	363.02

2. Non-current Assets

- *Property, plant and equipment* as at December 31, 2023 and June 30, 2024, a decrease in property, plant and equipment of THB (7.24) million and sale of fixed assets that has not been used.

Total Liabilities & Shareholders' Equity

As at December 31, 2023 and June 30, 2024, the Company had total liabilities of THB 810.09 million and THB 808.53 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 600.60 million and THB 592.59 million, respectively. At the end of the 1st Half of 2024, 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 6.31 million and other component of shareholders' equity of THB 0.13 million.

Significant changes in liabilities and shareholders' equity during the 2nd Quarter of 2024 are summarized below;

1. Current Liabilities

- *Short-term borrowings from financial institutions* as at December 31, 2023, and June 30, 2024, a decrease in short-term loan of THB (3.01) million was the result of less materials purchased and less sales turnover during the 1H/2024.



- *Trade accounts payable* as at December 31, 2023, and June 30, 2024, a decrease in accounts payable of THB (22.04) million was mainly due to the decrease in oversea accounts payable. During 1H/2024, the average accounts payable period increased from 59 days as at 1H/2023 to 62 days as at 1H/2024.

2. Non-current liabilities

As at June 30, 2023, the Company's non-current liabilities consisted of lease liabilities for THB 33.17 million, or a decrease of THB (3.01) from the year end. However, we accrued additional non-current provisions for employee benefit of THB +1.60 million with the reference of the actuarial report from the actuarial experts.

3. Shareholders' equity

As at June 30, 2023, the Company's shareholders' equity of THB 592.59 or a decrease of THB (8.01) million, was the results of net loss from operation during 1H/2024.

Financial Ratio Analysis

Table 7 : Key Financial Ratios

Financial Ratio	Unit	For the year ended 31 Dec 22	For 3 months Ended 30 Jun 23	For 3 months Ended 30 Jun 24	For 6 months Ended 30 Jun 23	For 6 months Ended 30 Jun 24
Liquidity Ratio						
Current Ratio	Times	1.20	1.17	1.21	1.17	1.21
Collection Period	days	91	75	83	77	86
Inventory Period	days	110	94	98	98	99
Accounts Payable Period	days	59	50	63	49	62
Profitability Ratio						
Gross Profit Margin	%	9.85	10.29	12.01	9.50	12.01
Net Profit Margin	%	(2.85)	(7.30)	(1.11)	(5.55)	(1.07)
Return On Equity	%	(7.51)	(8.90)	(1.28)	(8.76)	(1.28)
Turnover Ratio						
Return on Assets	%	(3.08)	(3.41)	(0.54)	(3.49)	(0.54)
Asset Turnover	Times	1.08	1.19	1.10	1.22	1.10
Financial Policy						
Debt to Equity	Times	1.35	1.50	1.36	1.50	1.36
Interest Coverage Ratio	Times	0.25	(3.23)	1.06	(3.23)	1.06

1. Current Ratio

As at June 30, 2023, our liquidity ratio increased from 1.17 times in Q2/2023 to 1.21 times in Q2/2024. For Liquidity management, the collection period increased from 77 days in Q2/2023 to 86 days in Q2/2024. In addition, our inventory period slightly increased from 98 days in Q2/2023 to 99 days in Q2/2024 as the sales turnover increased from our strict procurement policy for less material stocking to be reserved for orders



from customers. Our accounts payable days increased from 49 days to 62 days in Q2/2024 compared to the same period of Q2/2023.

2. Profitability Ratio

The Company gross profit margin increased from 9.50% in 1H/2023 to 12.01% in 1H/2024. The gross margin of plastic compound business slightly increased in 1H/2024 caused by rising major material costs of production, including PVC Resin and Plasticizers to be used as additive solutions Those chemical materials have been fluctuation from the global energy crisis around the world. However, Adhesive and Sealant gross margin has been rising as the 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 been decreasing to the normal status with less material speculation in the markets. However, our selling & administrative expenses have been affected by the allowance doubtful account for THB +6.31 million from the delay of our customer payment to be paid to subsidiary company. As a results, our net profit margin was still negative at (1.07%) in 1H/2024. These negative NPM led the decrease of Return on Equity to (1.28%) in 1H/2024.

3. Turnover Ratio

As at June 30, 2023, the Company return on assets improved from (3.49%) in 1H/2023 to (0.54%) in 1H/2024. However, our asset turnover decreased from 1.22 times in 1H/2023 to 1.10 times in 1H/2024. While the assets increased, we can generate less growth in revenue generated from product selling compared to the growth of asset invested.

4. Financial Policy

As at June 30, 2024, our debt-to-equity ratio decreased from 1.50 times in 1H/2023 to 1.36 times in 1H/2024 due to lower total liabilities. With the increase of earnings before interest and tax and rising interest expenses, our interest coverage ratio increased from (3.23) times in 1H/2023 to +1.06 times in 1H/2024.

Please be informed accordingly.

Yours Sincerely,



(Mr. Wang Wanapaison)
Chief Executive Officer