



May 9, 2024

Subject : Management Discussion and Analysis for the 1st Quarter ended March 31, 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 the 1st Quarter ended March 31, 2024 as follows;

**Management Discussion and Analysis for the 1st Quarter of 2024
Ended March 31, 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



Table 1 : Financial Performance of Q1/2024 compared to Q1/2023

	Quarter 1/2023		Quarter 1/2024		Changes +,-	
	MB	%	MB	%	MB	%
Revenue from Sales	453.71	98.74	386.77	96.95	(66.94)	(14.75)
Cost of Sales	413.64	90.02	342.10	85.75	(71.54)	(17.30)
Gross Profit	40.07	8.72	44.67	11.20	4.60	11.48
Other Income	2.55	0.55	3.74	0.94	1.19	46.67
Net Foreign Exchange Gain	(0.55)	(0.12)	8.43	2.11	8.98	1,632.73
Profit Before Expenses	42.07	9.23	56.84	14.25	14.77	35.11
Distribution Costs	20.15	4.42	16.76	4.20	(3.39)	(16.82)
Administrative Expenses	33.31	7.31	38.94	9.76	5.63	16.90
Total SG&A	53.46	11.73	55.70	13.96	2.24	4.19
Earnings before interest and tax	(11.40)	(2.48)	1.14	0.29	12.53	110.01
Financial Costs	4.44	0.97	4.46	1.12	0.02	0.45
Profit before tax expenses	(15.84)	(3.45)	(3.32)	(0.83)	12.51	79.03
Tax expenses	(2.52)	(0.55)	(0.24)	(0.06)	(2.76)	(109.52)
Net Income	(18.36)	(4.00)	(4.12)	(1.03)	14.23	(77.55)
Other Comprehensive Income	0.00	0.00	0.01	0.00	0.01	(366.67)
Total Comprehensive Income for the period	(18.36)	(4.00)	(4.11)	(1.03)	14.25	77.61

During the 1st quarter of 2023 and 2024, our total revenue was THB 456.26 million and THB 398.94 million, respectively. From those amounts, revenue from sales was accounted of THB 453.71 million and THB 386.77 million, respectively, which represented the decrease of THB (66.94) million, or (14.75%). The decrease in revenue was mainly attributed to the decrease of revenue from Adhesive and Sealant Business from THB 218.82 million in Q1/2023 to THB 162.98 million in Q1/2024, which represents the decreases of THB (55.84) million or (25.52%). The decrease of our Sealant & Adhesive revenue was mainly driven by the decrease of revenue of Sealant segment for THB (37.04) million, or (40.29%) Additionally, our revenue of Adhesive segment also dropped for THB (15.74) million since the segment has been impacted from the global economic slowdown and price competitions. In Compound Business, our revenue went down for THB (11.10) million, or (4.73%) compared to the same period of Q1/2023. 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 +1.65 million or +1.48% compared to the same period of Q1/2023, our revenue from pharmaceutical graded compound products to be used for medical applications such as blood infusion tube, bleeding bag dropped for THB (11.41) million. Furthermore, For General Grade PVC also experienced weaken demand of THB (1.35) million, or went down of (3.32%) from its revenue Q1/2023. When we combined our revenue from 2 Business Segments, the revenue of Compound Business, Adhesive and Sealant Business was THB 223.79 million, THB



162.98 million, or 57.86%, 42.17%, respectively, compared to the revenue of the Q1/2023 was at 51.77%:48.22%.

Table 2 : Revenue breakdown by Business – for the three-month period ending March 31

Revenue of Business	For the three-month period					
	Jan-Mar 2023		Jan-Mar 2024		Increase (decrease)	
	MB	%	MB	%	MB	%
Wire and Cable PVC	111.30	24.53	112.95	29.20	1.65	1.48
General Grade PVC	40.61	8.95	39.26	10.15	(1.35)	(3.32)
Medical Graded PVC	82.98	18.29	71.57	18.51	(11.41)	(13.75)
Total Plastic Compound Business	234.89	51.77	223.79	57.86	(11.10)	(4.73)
Adhesive	82.41	18.16	66.67	17.24	(15.74)	(19.10)
Silicone	91.94	20.26	54.90	14.19	(37.04)	(40.29)
DIY	42.52	9.37	41.42	10.71	(1.10)	(2.59)
Related Products	1.95	0.43	0.00	0.00	(1.95)	(100.00)
Total Adhesive & Sealant Business	218.82	48.22	162.98	42.14	(55.84)	(25.52)
Total Revenue	453.71	100.00	386.77	100.00	(66.94)	(14.75)

In terms of main customer types by industry, approximately 67.94% of our revenue was 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. For the sealant products, the main target group was the private sector in construction segment, while 13.61% 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 small and medium enterprises operated in shoes and leather products. For automotive segment, it was accounted of 7.38% 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 11.07% was attributed to other industries.

Table 3 : Revenue by Industry – for the three-month period ending March 31

Revenue by Industry	For the three-month period			
	Jan-Mar 2023		Jan-Mar 2024	
	MB	%	MB	%
Real Estate and Construction	317.80	70.04	262.79	67.94
Automotives	38.00	8.37	28.55	7.38
Shoes and Leathers	47.05	10.37	52.63	13.61
Others	50.86	11.21	42.80	11.07
Total Revenue	453.71	100.00	386.77	100.00



In terms of revenue breakdown by geography of Q1/2024, revenue from local customers was THB 306.59 million from the total revenue of THB 354.40 million, or went down for THB (47.81) million of total revenue from Q1/2023. 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 Q1/2024. 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 4 : Revenue by Geographical segments

Geographical Segments	1 st Quarter 2023		1 st Quarter 2024	
	MB	%	MB	%
Thailand	354.40	78.11	306.59	79.27
Nigeria	19.37	4.27	13.47	3.48
Kenya	12.81	2.82	6.20	1.60
Singapore	8.15	1.80	4.56	1.18
Philippines	6.70	1.48	6.39	1.65
Bangladesh	7.35	1.62	5.31	1.37
Myanmar	5.02	1.11	1.65	0.43
Vietnam	9.42	2.08	11.72	3.03
India	13.01	2.87	4.37	1.13
Egypt	2.78	0.61	5.04	1.30
Other	14.70	3.24	21.45	5.55
Total	453.71	100.00	386.77	100.00

Cost of Sales and Gross Profit

In the 1st quarter of 2023 and 2024, cost of sales decreased from THB 413.64 million to THB 342.10 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 221.44 million and the cost of Adhesive and Sealant Business for THB 192.20 million in Q1/2023; and cost of Plastic Compound Business for THB 213.64 million and costs of Adhesive and Sealant Business for THB 136.82 million in Q1/2024. With better gross margin from Adhesive, Sealant & DIY Business, the overall gross margin increased from 8.83% in Q1/2023 to 9.72% in Q1/2024, respectively. 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-Mar 2023	Jan-Mar 2024	Jan-Mar 2024
	MB	MB (Consolidated)	MB
Cost of Sales : Plastic Compound Business	221.44	212.27	213.64
Cost of Sales : Adhesive & Sealant & DIY Business	192.20	129.82	136.82
Total Cost of Sales	413.64	342.10	350.45
Gross Profit : Plastic Compound Business	13.44	11.52	11.50
Gross Profit : Adhesive & Sealant & DIY Business	26.63	33.16	26.22
Gross Profit	40.07	44.67	37.72
Gross Profit Margin : Plastic Compound	5.72%	5.15%	5.11%
Gross Profit Margin : Adhesive & Sealant & DIY Business	12.17%	20.34%	16.08%
Gross Profit Margin	8.83%	11.55%	9.72%

Overall performance, gross margin of plastic compound business slightly decreased in Q1/2024 caused by rising major 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 Q1/2024. Those rising chemical materials led to the negative impact of 1st Quarter 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.

Selling & Administrative Expenses

Table 6 : Selling & Administrative Expenses

Selling & Administrative Expenses	Jan-Mar 2023		Jan-Mar 2024	
	MB	%	MB	%
Selling Expense	20.15	4.42	16.76	4.20
Administrative Expenses	33.31	7.31	38.94	9.76
Selling & Administrative Expenses	53.46	11.73	55.70	13.96

Total selling and administrative expenses in Q1/2024 increased THB +2.24 million, or +4.19% from Q1/2023. The increase in selling and administrative costs was mainly due to the following reasons;



Selling Expenses

Total selling expenses for Q1/24 decreased THB (3.39) million or (16.82%) from THB 20.15 million to THB 16.76 million. The decrease of selling expenses was primarily due to decrease of sales revenue from domestic customers leading the lower transportation expenses in 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 for Q1/24 increased to THB 38.94 million from THB 33.31 million during the same period of last year or increased of THB +5.63 million, or +16.90% of Q1/2023. The Company has reserved more allowance for THB 6.74 million from the delay of our customer payment to be paid to subsidiary company.

Finance Costs

When compared to the finance costs between Q1/2023 and Q1/2024, total finance costs increased from THB 4.44 million to THB 4.46 million, respectively. A slightly increase of finance costs for THB +0.02 million or +0.45% was mainly due to was mainly due to the uprising in market interest rates of commercial bank loans.

Net Profit

The Company had net loss for Q1/2024 for THB (4.11) million from net loss of THB (18.36) million of Q1/2023. 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 Q1/2024 as it is by products of petroleum. Additionally, our administrative expenses also increased from higher allowance doubtful account for THB 6.74 million from the delay of our customer payment to be paid to subsidiary company.

Financial Position

Total Assets

As at December 31, 2023 and March 31 2024, the Company had total assets of THB 1,410.69 million and THB 1,411.60 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 883.46 million and non-current assets for THB 530.55 million and THB 528.14 million, respectively.



Significant changes in assets during the 1st Quarter of 2024 are summarized below;

1. Current Assets

Cash and cash equivalents as at December 31, 2023, and March 31, 2024, the overall cash and cash equivalents increase of THB +25.59 million was attribute to the 3 major transactions, operating activities, investment activities and financing activities. During Q1/2024, our net cash flow were received from operating activities for THB +55.77 million, mainly attributed to the decrease of accounts receivable for THB +14.90 million, the decrease of inventories for THB +9.93 million and decrease of other receivables for THB +4.20 million. In addition, the cash has also been used for the investment of fixed assets for THB (15.46) million. In financing activities, the company has net cashflow used in financing activities for THB (14.88) million mostly to repay short-term and long-term bank loans.

- Trade accounts receivable as at December 31, 2023, and March 31, 2024, trade accounts receivable decrease of THB (19.18) million was led by the lower in revenue from sales of THB (66.94) million compared to our revenue in Q1/2023.

	For the period ended	
	Unit (MB)	
	31 December 2023	31 March 2024
Related parties	0.49	0.06
Other receivables	382.35	37033
Total Receivables	382.84	370.39
Less allowance for doubtful accounts	(5.17)	(11.91)
Net Accounts Receivable	377.67	358.49

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 increased from 76 days as at Q1/2023 to 85 days as at Q1/2024. 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 March 31, 2024, a decrease in inventory of THB (6.07) million from THB 382.95 million to THB 376.87 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	31 March 2024
Finished goods		113.65	96.76
Raw materials		186.53	216.01
Work in process		23.77	28.69
Factory supplies		31.97	31.56
Goods in transit		37.18	10.13
Allowance for decline in value		(10.15)	(6.29)
Net Total		382.95	376.87

2. Non-current Assets

- Property, plant and equipment as at December 31, 2023, and March 31, 2024, an increase in property, plant and equipment of THB +1.78 million as the Company has been setting up the new production lines for Wire & Cable business and Bio-based PVC Compound to support our subsidiary company.

Total Liabilities & Shareholders' Equity

As at December 31, 2023 and March 31 2024, the Company had total liabilities of THB 810.09 million and THB 815.11 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 596.49 million, respectively. At the end of the 1st Quarter 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 10.27 million and other component of shareholders' equity of THB 0.07 million.

Significant changes in liabilities and shareholders' equity during the 1st Quarter of 2024 are summarized below;

1. Current Liabilities

- Short-term borrowings from financial institutions as at December 31, 2023, and March 31, 2024, a decrease in short-term loan of THB (3.61) million was the result of less materials purchased and during Q1/2024.
- Trade accounts payable as at December 31, 2023, and March 31, 2024, an increase in accounts payable of THB +6.62 million was mainly due to the increase in oversea accounts payable. During Q1/24, the average accounts payable period increased from 48 days as at Q1/2023 to 64 days as at Q1/2024.

2. Non-current liabilities

As at March 31, 2024, the Company's non-current liabilities consisted of lease liabilities for THB 34.54 million, or a decrease of THB (1.64) from the year end. However, we accrued



additional non-current provisions for employee benefit of THB +0.26 million with the reference of the actuarial report from the actuarial experts.

3. Shareholders' equity

As at March 31, 2024, the Company's shareholders' equity of THB 596.49 or a decrease of THB (4.11) million, was the results of net loss from operation during Q1/2024.

Financial Ratio Analysis

Table 7 : Key Financial Ratios

Financial Ratio	Unit	For the year ended 31 Dec 23	For Q1/2023 Ended 31 Mar 23	For Q1/2024 Ended 31 Mar 24
<u>Liquidity Ratio</u>				
Current Ratio	Times	1.20	1.17	1.20
Collection Period	days	91	77	85
Inventory Period	days	110	95	98
Accounts Payable Period	days	59	48	64
<u>Profitability Ratio</u>				
Gross Profit Margin	%	9.85	8.83	11.55
Net Profit Margin	%	(2.85)	(4.00)	(1.03)
Return On Equity	%	(7.51)	(2.80)	(5.42)
<u>Turnover Ratio</u>				
Return on Assets	%	(3.08)	(1.07)	(2.30)
Asset Turnover	Times	1.08	1.24	1.10
<u>Financial Policy</u>				
Debt to Equity	Times	1.35	1.72	1.37
Interest Coverage Ratio	Tunes	0.25	0.18	(0.73)

1. Current Ratio

As at March 31, 2024, our liquidity ratio increased from 1.17 times in Q1/2023 to 1.20 times in Q1/2024. For Liquidity management, the collection period increased from 77days in Q1/2023 to 85 days in Q1/2024. In addition, our inventory period also increased from 95 days in Q1/2023 to 98 days in Q1/2024 as the sales turnover decreased from weaken demand of chemical products both local and oversea customers. Our accounts payable days increased from 48 days to 64 days in Q1/2024 compared to the same period of Q1/2023.



2. Profitability Ratio

The Company gross profit margin increased from 8.83% to 11.55%. Although the gross margin of plastic compound business slightly decreased in Q1/2024 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. 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 +6.74 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 (1.03%) in Q1/2024. These lower NPM led the decrease of Return on Equity to (5.42%) in Q1/2024.

3. Turnover Ratio

As at March 31, 2024, the Company return on assets decreased from (1.07%) in Q1/2023 to (2.30)% in Q1/2024. However, our asset turnover decreased from 1.24 times to 1.10 times in Q1/2024 from less sales turnover.

4. Financial Policy

As at March 31, 2024, our debt-to-equity ratio slightly increased from 1.35 times in Q4/2023 to 1.37 times in Q1/2024 due to higher total liabilities and lower shareholders' equity. With the decrease of earnings before interest and tax and rising interest expenses, the interest coverage ratio dropped from 0.18 times in Q1/2023 to (0.73) times in Q1/2024.

Please be informed accordingly.



Yours Sincerely,


(Mr. Wang Wanapaisorn)
Chief Executive Officer