

Management Discussion and Analysis: MD&A for Year 2022

Performance Highlight

As the country's overall situations have started to improve and the global outbreak has declined, in the year 2022, the Company was able to generate higher sales revenue in all markets compared to the year 2021. However, the volatility of raw material prices and the weakening Thai Baht led to the rise of the Company's total cost. The Company posted a net profit of Baht 109.42 million, an increase of Baht 11.73 million or 12.01% compared to the year 2021.

Statement of Financial Position

Financial Position Overview Table as of 2022

Unit: Million THB

ITEM	Y2022	Y2021	Up (down)	% Change
Asset				
Current Assets				
Cash and cash equivalents	414.82	369.56	45.26	12.25%
Trade and other receivables	393.45	367.25	26.20	7.14%
Inventories	317.65	288.48	29.17	10.11%
Other current assets	8.77	12.97	(4.21)	(32.43%)
Total current assets	1,134.68	1,038.26	96.42	9.29%
Non-Current assets				
Property, Plant and Equipment	407.65	395.79	11.86	3.00%
Other non-current assets	36.09	35.41	0.67	1.90%
Total non-current assets	443.74	431.21	12.53	2.91%
Total assets	1,578.42	1,469.47	108.95	7.41%
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	399.36	379.17	20.19	5.33%
Other current liabilities	50.44	44.28	6.16	13.92%
Total current liabilities	449.80	423.45	26.35	6.22%
Total non-current liabilities	106.13	105.66	0.47	0.45%
Total liabilities	555.94	529.11	26.83	5.07%
Shareholders' equity	1,022.48	940.36	82.12	8.73%
Total liabilities and shareholders' equity	1,578.42	1,469.47	108.95	7.41%

Total Assets

The Company had the total assets of Baht 1,578.42 million as of December 31st, 2022, an increase of Baht 108.95 million or 7.41% from 2021. The increase was due to the following reasons; 1) the increase of Baht 45.26 million in cash and cash equivalents, 2) the increase of Baht 26.20 million in trade receivables and other current receivables due to sales growth from the previous year, 3) the increase of Baht 29.17 million in the value of inventories following higher prices of

raw materials (lead), 4) the increase of Baht 11.86 million in the value of property, plant and equipment due to the improvement of buildings, equipment, machinery and the factory's surrounding and 5) the increase of Baht 0.67 million in other non-current assets.

Total Liabilities

The Company had the total liabilities of Baht 555.94 million as of December 31st 2022, an increase of Baht 26.83 million or 5.07% from the previous year. The increase was caused by the following reasons; 1) the increase of Baht 20.19 million in trade payables and other current payables from the purchase of raw materials, supplies, and merchandise, as well as operating expenses, 2) the increase of Baht 6.16 million in other current liabilities from corporate tax payable, which followed net profit growth from the previous year and 3) the increase of Baht 0.48 million in non-current liabilities.

Shareholders' Equity

As of December 31st, 2022, the Company had the Shareholders' Equity of Baht 1,022.48 million, increased by Baht 82.12 million or 8.73% compared with the previous year, resulting from the net profit of Company in 2022 and dividend payment to the shareholders in 2022.

Cash flows

Cash Flow Overview Table as of 2022

Unit: Million THB

ITEM	Y2022	Y2021	Up (down)	% change
Net cash flows from operating activities	142.65	91.70	50.95	55.56%
Net cash flows used in investing activities	(62.12)	(40.97)	21.15	51.64%
Net cash flows used in financing activities	(35.27)	(51.59)	(16.32)	(31.63%)
Net increase (decrease) in cash and cash equivalents	45.26	(0.86)	46.11	5,390.13%

As of December 31, 2022, the Company had the Cash and cash equivalents at the amount of Baht 414.82 million, an increase of Baht 45.26 million from the previous year. The growth was contributed by the following activities:

At the end of the accounting period for 2022, the Company had the net cash flows from operating activities at the amount of Baht 142.65 million, an increase of Baht 50.95 million compared to the previous year. The reasons were 1) profit before income tax for 2022 at the amount of Baht 139.76 million, an increase from the year 2021 in which the Company posted profit before income tax of Baht 121.70 million, 2) the increase of Baht 21.47 million in trade payables and other current payables mainly from the purchase of raw materials, supplies and merchandise, and 3) the increase of Baht 4.30 million in other current assets and non-current assets. Meanwhile, the decrease in cash were due to 1) the increase of Baht 27.77 million in trade and other receivables following sales growth compared to the same period last year, 2) the increase of Baht 29.46 million in the value of inventories due to higher prices of lead, which is main material, 3) the corporate

income tax of Baht 23.14 million, 4) the decrease of Baht 2.08 million in other current and non-current liabilities and 5) the payment of employee benefits of Baht 4.94 million.

Net cash spent on investing activities at the amount of Baht 62.12 million was comprised of 1) the investment of Baht 60.45 million in machinery and equipment 2) the spending of Baht 1.79 million on intangible assets, whereas there was cash acquisition from the sales of assets at the amount of Baht 0.12 million. From the aforementioned reasons, net cash spent on investing activities increased by Baht 21.15 million compared to the year 2021.

For net cash spent on financing activities at the amount of Baht 35.27 million, the Company made the dividend payment of Baht 31.32 million in total to the shareholders and made the repayment of lease liabilities at the amount of Baht 3.95 million. Therefore, net cash spent on financing activities decreased by Baht 16.32 million compared to the year 2021.

Operating Results

Income Statement Overview as of 2022

Unit: Million THB

ITEM	Y2022	Y2021	Up (Down)	% Change
Income from Sales	2,578.73	2,251.60	327.13	14.53%
Other income	10.27	10.07	0.20	2.01%
Total revenues	2,589.00	2,261.67	327.33	14.47%
Cost of Sales	2,018.66	1,737.50	281.16	16.18%
Gross margin	570.34	524.17	46.17	8.81%
Selling and distribution expense	429.75	401.67	28.09	6.99%
Operating profit	140.59	122.50	18.09	14.77%
Finance cost	(0.83)	(0.80)	0.03	3.60%
Income tax expenses	(30.35)	(24.02)	6.33	26.33%
Profit for the year	109.42	97.68	11.73	12.01%
Earning per share (THB/share)	1.02	0.91	0.11	12.01%

In 2022, the Company recorded total sales revenue of Baht 2,578.73 million, an increase of Baht 327.13 million from the year 2021 or 14.53%, resulting from sales growth in the OEM Market, Replacement Market, Export Market and other markets of Baht 87.70 million, Baht 111.23 million, Baht 119.76 million and Baht 8.44 million, respectively. In terms of other income, the Company generated other income of Baht 10.27 million, an increase of Baht 0.20 million from the year 2021, resulting from 1) the growth of commissions, 2) interest income and 3) other income.

In terms of the cost of goods sold, the company had the cost of goods sold at the amount of Baht 2,018.66 million or 78.28% of total sales. Overall, the cost of goods sold increased by 1.11% from the previous year due to the increase in prices of lead, which is the main material.

For the prices of pure lead, which was the main raw material of battery production, the details are summarized as follows: -

Prices of pure lead at London Metal Exchange (LME) fluctuate every year. In 2022, the average price of pure lead was USD 2,154 per ton, down from the average price in 2021 by USD 51 per ton or 2.32%. Monthly average price fluctuated throughout the year, with the highest being USD

2,397 per ton in April, and the lowest being USD 1,874 per ton in September. From October to December, the price of pure lead had risen once again, hitting USD 2,212 per ton in December 2022.

Selling and administrative expenses in 2022 totaled Baht 429.75 million or 16.67% of total sales revenue, an increase of Baht 28.09 million from the year 2021 or 1.09% of total sales revenue. This was mainly due to an increase of Baht 28.13 million in distribution expenses comprised of the excise tax, royalty fees and logistics, all of which were on the account of sales growth from the previous year. Meanwhile, administrative expenses decreased by Baht 0.04 million, owing to the Company's control on operating expenses.

In terms of finance cost, in the year 2022, the Company's interest expenses totaled Baht 0.83 million, a slight increase from the previous year from interest expenses on lease liabilities.

In summary, the Company posted a net profit of Baht 109.42 million for 2022 or a net profit of Baht 1.02 per share.

Financial Ratio

Key Ratios

Financial Ratio	Unit	Dec 31, 2022	Dec 31, 2021
Current Ratio	Times	2.52	2.45
Account Recievable Turnover	Times	6.78	6.31
Average Collectiion Period	Days	54	58
Account Payable Turnover	Times	5.19	4.68
Average Payment period	Days	70	78
Debt Equity Ratio	Times	0.54	0.56
Gross Margin	%	21.72	22.83

The Current Ratio in 2022 was 2.52 times. The ratio was considered higher than the previous year, which stood at 2.45 times, as the current assets increased by Baht 96.42 million, while the current liabilities, although displayed an increase of Baht 26.35 million, were lower than rate of change in the current assets.

The Account Receivable Turnover in the year 2022 was 6.78 times. The Average Collection period was 54 days, a decrease from 58 days in the year 2021. The main reason was the close and continuous debt monitoring. The average payment period, on the other hand, was 70 days, a decrease from 78 days in the year 2021. This was due to the shortened payment period in return for lower prices of raw materials. Nevertheless, the shortened average payment period did not affect the Company's liquidity management.

In the year 2022, the ratio of debt to equity was 0.54 times, a decrease from such ratio as of December 31st, 2021, which stood at 0.56 times. The decrease was due to lower liabilities. The shareholders' equity, meanwhile, rose due to operating profit and dividend payment of the year 2022.

Gross profit ratio in the year 2022 was 21.72%, a decrease from the year 2021. The main reason was the increase in prices of lead, which is raw material.

In terms of dividend payment, the Annual General Shareholders' Meeting for 2022, which was held on April 7th, 2022, passed the resolution to pay interim dividend for 107,625,000 shares at Baht 0.291 per share, totaling Baht 31.32 million. The dividend was paid on May 6th, 2022.

The Board of Directors' Meeting No. 1/2023 on February 13th, 2023, passed the resolution to propose to the Annual Shareholders' Meeting to pay dividend from the operating results of 2022 for 107,625,000 shares at Baht 0.346 per share, totaling Baht 37.24 million.