

Financial Position and Operational Performance Analysis
Summary of Operational Performance for the 9-Month Period of 2024

Although global trade continues to show signs of slowing down, the demand for gas cylinders used as packaging for gas sales and for replacing damaged or deteriorated cylinders remains steady. However, factors such as the increase in shipping rates, which has been in effect since the beginning of the second quarter of 2024 due to the trade war between China and the United States, have led some operators to expedite their orders before the U.S. tax measures on China take effect later this year. This has resulted in higher shipping costs. Additionally, extended transit times to destinations due to congested shipping lanes and a shortage of container availability have increased export costs. Conflicts in the Red Sea region have extended shipping times due to detours around the Cape of Good Hope, and escalating geopolitical tensions in the Middle East have significantly increased shipping costs, further contributing to the continued slowdown in global trade.

Over the past nine months, the Thai Baht has generally weakened, partly due to the U.S. monetary policy trends, as well as domestic factors such as the dividend payment season and political uncertainties within the country, which have pressured foreign capital outflows. The Baht is expected to remain volatile towards the end of the year due to Thailand's economic fundamentals and global financial and economic changes.

In the third quarter of 2024, the company continued to be impacted by the significant increase in shipping costs, causing some customers to delay orders and receipt of goods. Additionally, the appreciation of the baht compared to the second quarter of 2024 and the third quarter of 2023 led to a decrease in sales.

Nevertheless, the company remains committed to its sales policies and strategies, focusing on increasing sales of other types of low-pressure resistant cylinders, such as cylinders for other types of gases, special-sized cylinders, and cylinders made from materials other than steel, to maintain market leadership. This approach allows the company to sustain a satisfactory and appropriate profit margin.

Performance highlights

Major attributes to the Company's operating performance variations between Q3/2024 and Q3/2023 are:

1. Total sale revenues increased Baht 335.44 million (40.4%) from Baht 831.14 million to Baht 1,166.58 million, due to an increase in sales volume by 46% which driven by continuous demands from customers to use cylinders as packaging for gas sold and to replace the damaged cylinders. Compared to Q3/2023, selling price slightly decreased because of an increase in sale proportion of two-pieces cylinders which are small-size cylinders rather than three-pieces cylinders which are large-size cylinders. Moreover, the price of raw materials (steel) decreased by 12% , while the Baht currency was stronger.

2. Cost of sales increased Baht 220.86 million (32.7%) from Baht 675.56 million to Baht 896.42 million in concurrent with an increase in total sale revenues. Moreover, compared to Q3/2023 raw material (steel) price of Q3/2024 decreased by 12%. Lastly, the increased production volume contributed to a decrease in factory overheads per unit.

3. Gross profit increased Baht 114.58 million (73.6%) from Baht 155.58 million to Baht 270.16 million. And gross profit margin increased from 18.7% to 23.2% because of economic recession in prior period resulting in decreased in sales orders and more price competition; however, this situation is recovered. Thus, the company received more purchase orders and price competition relieved. Additionally, lower unit costs contributed to improved profitability.

4. Selling and distribution expenses increased Baht 69.43 million (164.7%) from Baht 42.16 million to Baht 111.59 million in concurrent with an increase in sales volume and a higher proportion of CIF sales terms. In addition, costs of freight increased from conflicts in various regions.

5. Administrative expenses increased by Baht 52.08 million (94.1%), from Baht 55.33 million to 107.41 million, due to donation regarding the promotional privileges certificate for supporting local public health community and society by the Board of investment (BOI). The privileges are an exemption from corporate income tax with a cap of 200% of support amount. Additionally, stronger Baht currency at the end of the period resulted in loss on exchange rate from foreign accounts receivables, offset by a decrease in consulting and professional fees.

6. Finance Costs increased Baht 1.64 million (35.3%) from 4.64 million to 6.28 million in concurrent with an increase in liabilities from imported raw materials and an increase in market interest rate.

7. Income tax decreased Baht 21.68 million (110.8%) from income tax of 19.56 million to income tax benefits of Baht 2.12 million whereas operational profit increased due to tax exemption from BOI for supporting local public health community and society at the same tax rate of 20%

8. Profits for the period increased Baht 15.85 million (18.8%) from Baht 84.37 million to Baht 100.22 million because of an increase in sale revenues, better profitability, and a decrease in income tax.

Major attributes to the Company's operating performance variations between Q3/2024 and Q2/2024 are:

1. There are no significant changes in Sale revenues, Cost of sales, Gross profit and gross profit margin from prior period.

2. Other Incomes decreased Baht 35.43 million (40%) from Baht 88.65 million to Baht 53.22 million due to revenue from scrap sale decreased in concurrent with a decrease in steel market price. Also, gain on exchange rate decreased.

3. Selling and distribution expenses increased Baht 31.79 million (39.8%) from Baht 79.80 million to Baht 111.59 million, due to a higher proportion of CIF sales terms. In addition, costs of freight increased from conflicts in various regions.

4. Administrative expenses increased Baht 26.30 million (32.4%), from Baht 81.11 million to 107.41 million, due to the stronger Baht currency at the end of the period which resulted in loss on exchange rate from foreign accounts receivables, offset by a decrease in consulting and professional fees.

5. Finance costs decreased by 6.00 million baht (48.9%), from 12.28 million baht to 6.28 million baht, in concurrent with a reduction in liabilities from raw material purchased due to repayment of liabilities to reduce financial costs. The interest rate remained consistent with market rates and close to period.

6. Income tax benefits increased Baht 1.79 million (542.4%) from income tax of 0.33 million to income tax benefits of Baht 2.12 million whereas operational profit increased due to tax exemption from BOI for supporting local public health community and society at the same tax rate of 20%

7. Profits for the period decreased Baht 97.13 million (49.2%) from Baht 197.35 million to Baht 100.22 million because of an increase in selling and distribution expenses and administrative expenses, while sales revenue, cost of sales, and profit margins are stable.

Major attributes to the Company's operating performance variations between 9M2024 and 9M2023 are:

1. Total sale revenues increased Baht 670.23 million (24.2%) from Baht 2,775.00 million to Baht 3,445.23 million, due to an increase in sales volume by 24% from continuous demands from customers to use cylinders as packaging for gas sold and to replace the damaged cylinders. At the same time, compare to 9M2023, price of raw materials (steel) decreased by 15%; as a result, the selling price slightly decrease. This is because Baht currency is weaker by 4%

2. Cost of sales increased Baht 378.42 million (16.5%) from Baht 2,288.42 million to Baht 2,666.84 million in concurrent with an increase in total sale revenues. Moreover, raw material (steel) price of 9M2024 decreased 15% from 9M2023. Lastly, an increase in production volume by 20% resulted in a decrease in production cost per unit.

3. Gross profit increased Baht 291.81 million (60%) from Baht 486.58 million to Baht 778.39 million. Gross profit margin increased from 17.5% to 22.6% because of economic recession in prior period resulting in decreased in sales orders and more price competition in some region. However, this situation has recovered, resulting in a significant increase in orders and reduced price competition. Additionally, lower unit costs contributed to improved profitability.

4. Other Incomes increased Baht 37.96 million (24.0%) from Baht 158.09 million to Baht 196.05 million due to revenue from scrap sale increased in concurrent with an increase in production quantities. Also, it is because of gains from investment in other current financial assets, offset by a decrease in foreign exchange gains.

5. Selling and distribution expenses increased Baht 114.01 million (79.4%) from Baht 143.66 million to Baht 257.67 million in concurrent with an increase in sale revenue. In addition, costs of freight increased from conflicts in some regions.

6. Administrative expenses increased by Baht 61.33 million (39.5%), from Baht 155.32 million to 216.65 million, due to donation regarding the promotional privileges certificate for supporting local public health community and society by the Board of investment (BOI). The privileges are an exemption from corporate income tax with a cap of 200% of support amount. Additionally, the appreciation of the baht at the end of the period resulted in exchange rate losses from foreign trade accounts receivables and an increased employee bonus, reflecting improved operating performance, also contributed to increase in administrative expenses.

7. Finance Costs increased Baht 12.27 million (86.8%) from 14.14 million to 26.41 million in concurrent with an increase in liabilities from imported raw materials and an increase in market interest rate.

8. Income tax decreased Baht 41.94 million (65.8%) from income tax of 63.78 million to income tax benefits of Baht 21.84 million whereas operational profit increased due to tax exemption from BOI for supporting local public health community and society at the same tax rate of 20%

9. Profits for the period increased Baht 184.10 million (68.8%) from Baht 267.77 million to Baht 451.87 million because of an increase in sale revenues, better profitability, and a decrease in income tax.

Financial Position

Assets

As of 30 September 2024, Company's Total Assets increased from the end of 2023 by Baht 28.23 million (0.7%) from Baht 3,869.61 million to Baht 3,897.84 million. The changes of assets were as follows:

- Cash and cash equivalents and Other current financial assets decreased Baht 145.45 million (22.8%) from Baht 643.67 million to Baht 497.22 million, due to dividend payments in April and September, as well as income tax payments in May and August.
- Accounts receivables decreased Baht 134.08 million (19.1%) from Baht 702.64 million to Baht 568.56 million, due to receipt during the period and the impact of the Baht appreciation.
- Inventories increased Baht 291.63 million (27.8%) from Baht 1,047.95 million to Baht 1,339.58 million, due to the procurement of raw materials at the end of the period to prepare for production and sales in Q4/2024, as well as an increase in finished goods that will be delivered in Q4/2024.
- Refundable value added tax increased Baht 13.97 million (35.7%) from Baht 39.15 million to Baht 53.13 million, corresponding to the higher volume of raw material purchases.

Liabilities

As of 30 September 2024, Company's Total Liabilities decreased from at the end of 2023 by Baht 96.99 million (8.8%) from Baht 1,104.42 million to Baht 1,007.43 million. The changes of liabilities were as follows:

- Short-term loans from bank and trade and other payables decreased by Baht 82.50 million (9.8%) from Baht 840.20 million to Baht 757.71 million, due to repayments made during the period and a reduction in raw material procurement in Q3/2024, because raw materials purchased from the prior period were sufficient.
- Accrued income tax decreased Baht 45.02 million (100%) whereas company's performance was better because of tax exemption from BOI for supporting local public health community and society.
- Other accrued expenses increased, due to withholding tax payable on interim dividend payments, which are scheduled for submission in early October 2024.

Shareholders' Equity

As of 30 September 2024, Company's shareholders' equity increased from the end of 2023 by Baht 125.22 million (4.5%) from Baht 2,765.19 million to Baht 2,890.41 million. The changes of shareholders' equity were as follows:

- Income for the 9 month-period of January-September 2024 amounting to Baht 451.87 million.
- Retained Earnings decreased due to interim dividend payout from the company's operating period of 1 July - 31 December 2023 amounted to Baht 112.45 million and from the company's operating period of 1 January – 30 June 2024 amounted to Baht 214.20 million, totaling Baht 326.65 million

Cash Flow

As of 30 September 2024, the company's cash and cash equivalents decreased from the year 2023 by Baht 208.03 million (288.2%) from Baht 232.48 million to Baht 24.46 million due to:

- Net cash provided from operating activities amounted to Baht 75.53 million, due to cash generated from operations during the nine-month period of January - September 2024, offset by an increase in raw material reserves in concurrent with increased sales volume, and repayments for trade and other payables.
- Net cash used in investing activities of Baht 112.34 million, mainly for the working capital in short-term investments with better returns than bank deposit. Including improvements in machinery to increase production efficiency.
- Net cash used in financing activities of Baht 171.21 million from cash dividend payments of Baht 326.04 million, offset by an increase in short-term loans from bank of Baht 157.23 million.

Summary of financial status, operating results, and significant financial ratios

Financial statement

STATEMENT OF FINANCIAL POSITION (Thousand Baht)	30 September 2024	31 December 2023	Inc(Dec)	
			Thousand Baht	%
Cash and cash equivalents	24,456	232,483	(208,027)	(89.5%)
Trade accounts receivable	568,563	702,644	(134,081)	(19.1%)
Inventories	1,339,580	1,047,953	291,627	27.8%
Advance payments for goods	12,666	11,918	748	6.3%
Refundable value added tax	53,125	39,150	13,975	35.7%
Other current financial assets	472,759	411,187	61,572	15.0%
Other current assets	23,961	14,563	9,398	64.5%
Total Current Assets	2,495,110	2,459,898	35,212	1.4%
Investment property	61,677	61,677	-	-
Property, plant and equipment	1,324,606	1,332,690	(8,084)	(0.6%)
Deferred tax assets	15,996	14,896	1,100	7.4%
Other non-current assets	448	448	-	-
Total Non-Current Assets	1,402,727	1,409,711	(6,984)	(0.5%)
TOTAL ASSETS	3,897,837	3,869,609	28,228	0.7%
Short-term loans from bank	568,098	416,960	151,138	36.2%
Trade and other payables	189,607	423,243	(233,636)	(55.2%)
Current portion of lease liabilities	2,686	2,920	(234)	(8.0%)
Advances received from customers	59,859	55,041	4,818	8.8%
Dividend payable	6,212	5,602	610	10.9%
Accrued commission expenses	22,047	27,583	(5,536)	(20.1%)
Accrued transportation expenses	7,052	6,880	172	2.5%
Accrued income tax	-	45,024	-	(100.0%)
Other accrued expenses	75,443	47,284	28,159	59.6%
Other current liabilities	3,034	3,030	4	0.1%
Total Current Liabilities	934,038	1,033,567	(99,529)	(9.6%)
Lease liabilities	2,495	4,449	(1,954)	(43.9%)
Liabilities under post-employment benefits	70,894	66,404	4,490	6.8%
Total Non-Current Liabilities	73,389	70,853	2,536	3.6%
TOTAL LIABILITIES	1,007,427	1,104,420	(96,993)	(8.8%)
Issued and fully paid-up 535,506,333 shares	535,506	535,506	-	-
Premium on share capital	55,091	55,091	-	-
Retained earnings - Appropriated for legal reserve	53,641	53,641	-	-
Retained earnings - Unappropriated	2,246,172	2,120,951	125,221	5.9%
TOTAL SHAREHOLDERS' EQUITY	2,890,410	2,765,189	125,221	4.5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,897,837	3,869,609	28,228	0.7%

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME (Thousand Baht)	Q3/24	Q3/23	Q2/24	Inc(Dec)		9M/24	9M/23	Inc(Dec) 9M/24 - 9M/23
				Q3/24 - Q3/23	Q3/24 - Q2/24			
Revenue from sales and services	1,166,580	831,137	1,135,018	40.36%	2.78%	3,445,233	2,774,996	24.15%
Costs of sales and services	896,421	675,558	853,461	32.69%	5.03%	2,666,841	2,288,419	16.54%
Gross profit	270,159	155,579	281,557	73.65%	(4.05%)	778,392	486,577	59.97%
Other income	53,219	50,485	88,650	5.42%	(39.97%)	196,045	158,087	24.01%
Selling and distribution expenses	111,590	42,164	79,796	164.66%	39.84%	257,669	143,656	79.37%
Administrative expenses	107,409	55,334	81,112	94.11%	32.42%	216,650	155,315	39.49%
Total expenses	218,999	97,498	160,908	124.62%	36.10%	474,319	298,971	58.65%
Finance costs	6,275	4,642	12,277	35.18%	(48.89%)	26,412	14,137	86.83%
Profit before income tax	98,104	103,924	197,022	(5.60%)	(50.21%)	473,706	331,556	42.87%
Income tax benefit (income tax expenses)	2,124	(19,558)	332	(110.86%)	539.76%	-21,833	(63,783)	(65.77%)
Profit for the period	100,228	84,366	197,354	18.80%	(49.21%)	451,873	267,773	68.75%
Total comprehensive income for the period	100,228	84,366	197,354	18.80%	(49.21%)	451,873	267,773	68.75%
Profit (Baht per share)	0.19	0.16	0.37	18.80%	(49.41%)	0.84	0.50	68.75%

Financial Ratio

Financial Ratio	Q3/24	Q3/23	Q2/24
PROFITABILITY RATIO			
Gross profit margin	23.2%	18.7%	24.8%
Net Profit Margin	8.2%	9.6%	16.1%
Return On Equity : ROE	20.0%	14.2%	18.9%
EFFICIENCY RATIO			
Return On Assets : ROA	16.9%	11.7%	15.6%
LIQUIDITY RATIO			
Current Ratio	2.7	2.6	2.2
Quick Ratio	1.1	1.3	1.2
FINANCIAL POLICY RATIO			
Debt to Equity ratio : D/E	0.3	0.3	0.5
Interest Coverage Ratio	20.3	27.8	18.8
Debt-Service Coverage Ratio	0.1	0.2	0.2

Note:

1. Gross profit margin = $\text{Gross profit} / \text{Revenue from sales} \times 100$
2. Net profit margin = $\text{Profit for the period} / \text{Total Income} \times 100$
3. Return on equity = $\text{Profit for the period} / \text{Total Shareholders' Equity(average)} \times 100$
4. Return on assets = $\text{Earnings Before Interest and Taxes (EBIT)} / \text{Total assets(average)} \times 100$
5. Current Ratio = $\text{Current assets} / \text{Current liabilities}$
6. Quick Ratio = $(\text{Cash and cash equivalent} + \text{restricted cash} + \text{temporary investment} + \text{account receivable}) / \text{Current liabilities}$
7. Debt to Equity Ratio = $\text{Total Liabilities} / \text{Total Shareholders' Equity}$
8. Interest Coverage Ratio = $\text{Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA)} / \text{Finance costs}$
9. Debt-Service Coverage Ratio = $(\text{Net profit} + \text{Depreciation}) / \text{Total Liabilities}$

Factors Impacting Future Operations and Growth

In the final quarter of 2024, it is expected that the Thai and global economies will face various challenges. Key risk factors that the company must closely monitor and manage, as they could affect revenue and profits, include

Steel Costs: Since the beginning of the year, steel prices have decreased compared to the previous year. However, according to the Steel Price Index, steel prices are expected to rise in 2025. To mitigate this risk, the company manages inventory by pre-ordering steel for specific sizes that are used consistently, allowing it to stock up when prices are low. Conversely, when steel prices rise, customers tend to order more quickly due to concerns that the company's product prices may increase in line with raw material costs. This strategy helps the company effectively manage steel costs and set selling prices.

Shipping and Freight Costs: Ongoing conflicts, such as in the Red Sea region, may lead to container shortages and increased freight rates. The company manages this by negotiating to adjust sales terms to more FOB (Free on Board) sales, reducing the risk from fluctuating shipping costs. Additionally, the company plans to procure containers in advance and negotiate delivery times with customers to address potential shortages.

Volatility of the Thai Baht: The U.S. signaling a reduction in interest rates has led to the appreciation of the baht, affecting the company's sales, as over 90% of its sales are exports. To manage this currency risk, the company retains its receivables in foreign currency (such as USD) to pay for raw materials like steel, instead of converting to baht, to reduce currency impact (Natural Hedge). The company also considers other financial instruments, such as purchasing forwards, to protect against potential losses.

Sustainability Development

In line with the company's vision, "To be a global leader in the gas cylinder industry with environmental responsibility for sustainable growth," the company has incorporated key sustainability issues into its strategic plan and sustainability operations, with significant progress and achievements in the first 9 months of 2024 as follows:

General Sustainability Operations	The company has continuously developed plans to enhance its ESG (Environmental, Social, and Governance) to maintain operational standards and efficiency. After receiving an AA level in SET ESG Ratings in 2023 from the Stock Exchange of Thailand, the company continues to maintain its sustainability operations in 2024, with the ESG Rating announcement scheduled for December 2024.
Environmental Operations	The Carbon Footprint Management Team has planned and implemented measures to reduce greenhouse gas emissions, including setting clear targets and regularly reporting performance to management every quarter. The performance to date remains in line with the planned objectives.
Social Operations	The company has allocated budget for projects supporting medical equipment, including Pencil Robots and Mini Pencil Robots, along with related medical equipment, to various public hospitals such as Rajavithi Hospital, Luang Phor Thaweesak Hospital, Charoenkrung Pracharak Hospital, Klang Hospital, Sirindhorn Hospital, and Lampang Cancer Hospital, among others. This support aids medical personnel in patient registration processes, in-room patient care, and centralized patient care systems.
Governance and Good Corporate Governance Operations	The company has received a 5-star "Excellent" rating in good corporate governance for the fifth consecutive year from the Corporate Governance Report of Thai Listed Companies (CGR) in 2024. Additionally, the company ranked within the top 25% of all listed companies participating in the assessment.