

Financial Position and Operational Performance Analysis

Summary of Operational Performance for 2024

Operational overview

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 as well as household expansion cause demand in gas cylinders gradually increased. Total sales for 2024 were 4,576.93 million baht, an increase of 766.06 million baht (representing 20.1%) from the prior year at 3,810.87 million baht. However, sales were lower than the company's forecast because of an increase in freight charges, 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. 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 cost. As a result, from the end of the 2nd quarter to the 3rd quarter, customers delayed receiving their products to wait and see the shipping cost situation. This caused total sales for 2024 to be lower than the target the company has set.

For the average baht value this year, the Thai Baht has slightly 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 from the end of the year to beginning of next year due to Thailand's economic fundamentals and global financial and economic changes.

The gross profit margin this year was 22.5%, an increase from last year 17.6% due to the high competition in the world market last year causing the company to compete on price. But this year the situation was better. The company has received a large number of orders. Price competition therefore decreased. In addition, the company's cost management has become more efficient, thus the cost per unit reduced. Therefore, the gross profit margin has increased.

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.

Operating results and profitability

The reasons that operating results for 2024 were different from 2023

1. Total sale revenues increased Baht 766.06 million (20.1%) from Baht 3,810.87 million to Baht 4,576.93 million, which are driven by continuous demands from customers to use cylinders as packaging for gas sold and to replace the damaged cylinders. The price of raw materials (steel) decreased by 15% from the same period of last year. Selling price was almost the same as last year because selling price of three-pieces cylinders was higher than that of two-pieces cylinders and Baht weaker slightly

2. Cost of sales increased Baht 406.35 million (12.9%) from Baht 3,139.59 million to Baht 3,545.94 million in concurrent with an increase in total sale revenues. Moreover, compared to last year, raw material (steel) price decreased by 15%. Production volume increased 20%, resulting in a decrease in factory overheads per unit.

3. Gross profit increased Baht 359.71 million (53.6%) from Baht 671.28 million to Baht 1,030.99 million. Gross profit margin increased from 17.6% to 22.5% because of the economic recession in prior period resulting in 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. Other income increased by 43.62 million baht (20.7%) from 211.00 million baht to 254.62 million baht due to income from scrap sales increasing in line with increased production volume and from profits from investments in other current financial assets net of decreased in gain on exchange rate.

5. Selling and distribution expenses increased Baht 146.75 million (75.7%) from Baht 193.86 million to Baht 340.61 million in concurrent with the increase in sales volume and costs of freight from conflicts in various regions.

6. Administrative expenses increased by Baht 77.55 million (37.1%), from Baht 209.09 million to 286.64 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, as well as an increased promotional costs. Besides, bonuses paid to employees increased according to better performance.

7. Finance Costs increased Baht 11.56 million (59.8%) from 19.33 million to 30.89 million in concurrent with an increase in liabilities from imported raw materials and an increase in market interest rate.

8. Income tax decreased Baht 58.84 million (66.3%) from 88.76 million to Baht 29.92 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 226.31 million (61.0%) from Baht 371.24 million to Baht 597.55 million because of an increase in sale revenues, better profitability, and a decrease in income tax.

Financial Position

Assets

As of 31 December 2024, total assets of the company increased by 48.45 million baht (1.3%) from 3,869.61 million baht to 3,918.06 million baht in 2023. The changes of assets were as follows:

- Cash and cash equivalents, and net short-term investments slightly increased by 11.34 million baht (1.8%) from 643.67 million baht to 655.01 million baht. This is due to year end expenses such as wages and bonuses.
- Trade accounts receivable decreased by 63.48 million baht (9.0%) from 702.64 million baht to 639.16 million baht due to payment received during the year and the impact from Baht appreciation at the end of year
- Inventories increased by 128.45 million baht (12.3%) from 1,047.95 million baht to 1,176.40 million baht. This was due to the procurement of raw materials at the end of the period to prepare for production and sales in Q1/2025.
- Other current assets decreased by 1.85 million baht (12.8%) from 14.56 million baht to 12.71 million baht due to collection of advances payment for customers

Liabilities

As of 31 December 2024, total liabilities of the company decreased from 2023 by 222.45 million baht (20.1%) from 1,104.42 million baht to 881.97 million baht. The changes of liabilities were as follows:

- Short-term loans from bank and trade and other payables decreased by Baht 215.98 million (25.7%) from Baht 840.20 million to Baht 624.22 million, due to repayments made during the period to reduce the interest burden and a reduction in raw material procurement in Q4/2024, because raw materials purchased from the prior period were sufficient.
- Advances received from customers decreased by 8.40 million baht (15.3%) from 55.04 million baht to 46.65 million baht, depending on the purchase and payment conditions of customers due in the Q1/2025, which are different from the previous period.
- Accrued commission expense increased by 5.48 million baht (19.9%) from 27.58 million baht to 33.06 million baht because of more sales to customers who had to transact through agents which in concurrent with an increase in sales
- Accrued transportation expenses increased by 33.52 million baht (487.1%) from 6.88 million baht to 40.40 million baht. This was because freight rates have increased significantly on all routes especially the Africa route and corresponded with increased sales during the end of the period.

- Accrued income tax decreased Baht by 39.16 million (87.0%) from Baht 45.02 million to Baht 5.86 million whereas company's performance was better because of tax exemption from BOI for supporting local public health community and society.

Shareholders' Equity

As of 31 December 2024, the shareholders' equity was 3,036.09 million baht, which increased by 270.90 million baht (9.8%) from 2,765.19 million baht in 2023. The changes of shareholders' equity were as follows:

- Comprehensive profit for 2024 amounted to 597.55 million baht.
- Accumulated profit decreased due to the 2023 dividend payout of the second half of the year (from the company's operating period of 1 July - 31 December 2023) amounted 112.45 million baht. Apart from that, there was an interim dividend payout from the company's operating period of 6-month ended on 30 June 2024, amounted to 214.20 million baht. Altogether total dividend payout for 2024 amounted to 326.65 million baht.

Cash Flow

As of 31 December 2024, the company's cash and cash equivalents decreased from the year 2023 by 131.82 million baht (56.7%) from 232.48 million baht to 100.66 million baht due to:

- Net cash provided from operating activities amounted to 539.11 million baht, due to cash generated from operations yearly, from Accrued transportation expenses increasing significantly on all routes especially the Africa route offset by an increase in raw material reserves in concurrent with increased sales volume in Q1/2025, and repayments for trade and other payables, interest expenses and income tax payments
- Net cash used in investing activities amounted to 209.19 million baht used in investment, mainly for the working capital in short-term investments with better returns than bank deposit. including with the improvements in machinery to increase production efficiency.
- Net cash used to financing activities amounted to 461.74 million baht from cash dividend payments of 326.14 million baht and repayment of short-term loans from banks to reduce interest expense of 132.40 million baht.

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

Financial statement

STATEMENT OF FINANCIAL POSITION (Thousand Baht)	31 December 2024	31 December 2023	Inc(Dec)	
			Thousand Baht	%
Cash and cash equivalents	100,657	232,483	(131,826)	(56.7%)
Trade accounts receivable	639,157	702,644	(63,487)	(9.0%)
Inventories	1,176,401	1,047,953	128,448	12.3%
Advance payments for goods	3,469	11,918	(8,449)	(70.9%)
Refundable value added tax	36,168	39,150	(2,982)	(7.6%)
Other current financial assets	554,350	411,187	143,163	34.8%
Other current assets	12,704	14,563	(1,859)	(12.8%)
Total Current Assets	2,522,906	2,459,898	63,008	2.6%
Investment property	61,917	61,677	240	0.4%
Property, plant and equipment	1,317,239	1,332,690	(15,451)	(1.2%)
Deferred tax assets	15,552	14,896	656	4.4%
Other non-current assets	448	448	-	-
Total Non-Current Assets	1,395,156	1,409,711	(14,555)	(1.0%)
TOTAL ASSETS	3,918,062	3,869,609	48,453	1.3%
Short-term loans from bank	284,537	416,960	(132,423)	(31.8%)
Trade and other payables	339,687	423,243	(83,556)	(19.7%)
Current portion of lease liabilities	2,580	2,920	(340)	(11.6%)
Advances received from customers	46,646	55,041	(8,395)	(15.3%)
Dividend payable	6,117	5,602	515	9.2%
Accrued commission expenses	33,061	27,583	5,478	19.9%
Accrued transportation expenses	40,395	6,880	33,515	487.1%
Accrued income tax	5,862	45,024	(39,162)	(87.0%)
Other accrued expenses	49,608	47,284	2,324	4.9%
Other current liabilities	3,037	3,030	7	0.2%
Total Current Liabilities	811,530	1,033,567	(222,037)	(21.5%)
Lease liabilities	1,869	4,449	(2,580)	(58.0%)
Liabilities under post-employment benefits	68,573	66,404	2,169	3.3%
Total Non-Current Liabilities	70,442	70,853	(411)	(0.6%)
TOTAL LIABILITIES	881,972	1,104,420	(222,448)	(20.1%)
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	2,391,852	2,120,951	270,901	12.8%
TOTAL SHAREHOLDERS' EQUITY	3,036,090	2,765,189	270,901	9.8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,918,062	3,869,609	48,453	1.3%

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME (Thousand Baht)	2024	2023	Inc(Dec)
			2024 - 2023
Revenue from sales and services	4,576,929	3,810,867	20.10%
Costs of sales and services	3,545,936	3,139,590	12.94%
Gross profit	1,030,993	671,277	53.59%
Other income	254,861	211,000	20.79%
Selling and distribution expenses	340,612	193,860	75.70%
Administrative expenses	286,879	209,089	37.20%
Total expenses	627,491	402,949	55.72%
Finance costs	30,890	19,332	59.79%
Profit before income tax	627,473	459,996	36.41%
Income tax benefit (income tax expenses)	(29,920)	(88,762)	(66.29%)
Profit for the period	597,553	371,234	60.96%
Total comprehensive income for the period	597,553	371,234	60.96%
Profit (Baht per share)	1.12	0.69	60.96%

Financial Ratio

Financial Ratio		2022	2023	2024
<u>Liquidity Ratio</u>				
Liquidity ratio	times	1.9	2.4	3.1
Quick turnover ratio	times	0.8	1.3	1.6
Cash flow liquidity ratio	times	0.5	0.8	0.6
Accounts receivable turnover ratio	times	9.5	6.4	6.8
Average collection period	days	38	57	54
Finished goods turnover ratio	times	21.3	18.4	23.1
Average finished product sales period	days	17	20	16
Inventory turnover ratio	times	2.6	2.4	3.2
Average product sales period	days	142	153	114
Account payable turnover ratio	times	16.1	9.6	9.3
Payment period	days	38	57	54
Cash Cycle	days	158	172	129
<u>Profitability Ratio</u>				
Gross margin	%	25.7%	17.6%	22.5%
Operating profit margin	%	20.1%	14.0%	15.5%
Ratio of other income to total income	%	5.0%	5.2%	5.3%
Cash-to-profit ratio	%	86.7%	207.1%	85.9%
Net profit margin (Per gross income)	%	15.0%	9.2%	12.4%
Return On Equity : ROE	%	32.0%	13.5%	20.6%
Earnings Before Interest Taxes Depreciation Amortization : EBTDA	%	19.7%	13.5%	14.8%
Return on Invested Capital : ROIC	%	21.9%	11.6%	18.0%
<u>Efficiency Ratio</u>				
Sales growth	%	15.3%	-27.4%	20.1%
Return on assets : ROA	%	24.1%	11.8%	16.9%
Return on fixed assets	%	70.1%	34.2%	51.8%
Asset turnover rate	times	1.3	1.0	1.2
Utilization Rate	%	60.5%	55.4%	64.1%
<u>Financial Policy Ratio</u>				
Debt to equity ratio	times	0.6	0.4	0.3
Interest Coverage Ratio (Times)	times	46.5	29.0	24.2
Interest bearing debt to EBITDA ratio (times)	times	1.1	1.3	0.5
Coverage of obligation (times)	times	1.2	3.0	1.2
Dividend rate	%	64.6%	60.6%	60.0%
Net Book Value	times	5.1	5.2	5.7

Factors Impacting Future Operations and Growth

For 2025, it is expected that global economy may expand lower than expected due to geopolitical conflicts. Trade war and implementation of US economic policy are expected to have a net negative effect on the overall global economy. This is a significant risk factor that the company must closely monitor and mitigate. The risk factors that may affect income and profit are

Steel Costs: The past year, steel prices have decreased compared to the prior year. However, according to the Steel Price Index, steel prices in 2025 are expected to be the same as that of 2024 because global economic trend may expand below expectation. However, 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.

Transportation and Freight Costs: Ongoing conflicts, such as in the Red Sea region, and trade war between China and U.S. 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 freight costs. Additionally, the company plans to procure containers in advance by contract to hold shipping cost with the forwarder and negotiate delivery times with customers to address potential shortages.

Volatility of the Thai Baht: The Fiscal Policy Office (FPO) revealed that the FPO forecasts that the value of the baht in 2025 will be slightly stronger than prior year mainly due to the view that the Federal Open Market Committee (FOMC) of the US Federal Reserve will reduce interest rate to just one time in July 2025. Further interest rate changes in the future, will be done with cautious and will depend on whether inflation remains high or not. This statement reflects that the Fed is beginning to realize the possibility of major economic changes under the management of the new President of the U.S.

However, the company continues to monitor the situation regarding the value of the baht regularly. To mitigate the risk from exchange rate fluctuations, the company will keep the received currency, such as USD, for use in paying for raw materials, such as steel, instead of converting it to baht to reduce the impact of the currency (Natural Hedge). Company also considers other financial instruments such as buying forwards according to the situation to mitigate the risk from loss that may occur.

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 during the year 2024 as follows:

General Sustainability Operations	The company continues to maintain its sustainability operations in 2024, with the ESG Rating of AA level from the Stock Exchange of Thailand, for second consecutive year
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 nationwide . 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 for second consecutive year.