

Overall Business Performance

For the year 2023, the global economy experienced a slower growth rate amid concerns arising from political uncertainty and rising inflation rates, along with measures to cope with inflation by raising interest rates. The higher levels of public debt have become significant obstacles to economic expansion both presently and in the future.

The Thai economy grew nearly in line with the previous year, with a GDP growth rate of approximately 2.6%. However, it faced challenges in terms of escalating energy costs due to political uncertainty, leading to domestic consumption constraints. Economic growth remained fragile, but there were acceleration factors in the third and fourth quarters due to numbers of tourism, resulting in higher economic circulation.

The company's overall revenue for the year 2023 amounted to 975.8 million baht, a decrease from the previous year's 1,083.7 million baht, decrease from last year 107.9 million baht or approximately 10%. The primary reason was the decline in consumer goods purchases in the U.S. due to the economic downturn, which since first quarter. Nevertheless, POLY diversify revenue across multiple industries, with revenue from the automotive and medical equipment sectors continuing to grow from the previous year. Therefore, the decrease in revenue from consumer goods impacted the overall revenue decline.

Despite facing various aforementioned factors in 2023, resulting in reduced overall revenue from the previous year, the company maintained profitability amidst challenges, thanks to its strong fundamentals, high adaptability, and low debt ratios. With continuous development efforts, the company remains vigilant in monitoring economic and social conditions, adapting to rapidly changing environments and continues to seek new opportunities while steadfastly aiming to create sustainable value for all stakeholders.

Key highlights of 2023 :

- The U.S. economy faced issues with inflation rates, including interest rate hikes aimed at tempering inflation. The crisis affected confidence in financial institutions
- Overall, raw material costs began to adjust favorably, particularly for synthetic rubber, plastic pellets, and silicon. Prices continuously decreased starting from the second quarter of 2023.
- Energy costs peaked in the first quarter, including electricity costs, which saw the Ft charge decrease from 91 cents per unit to 67 cents per unit, effective September 2023, further reduced by 0.20 Baht per unit due to government policies in October 2023 - December 2023.
- The company repaid long-term debts totaling approximately 160 million baht in May 2023, aiming to reduce interest burden and risks amid continuous interest rate adjustments following the impact of the BOT policy changes.
- Signed a contract for the development and production of PEG medical equipment.
- The company has installed solar panels to cut electricity costs, which have been consistently increasing since the previous year. The installation is completed, and electricity production has commenced in the fourth quarter.

Performance and Profitability

Revenue By Segments	2022		2023		Increase (Decrease)	% Increase (Decrease)
	Million Baht	%	Million Baht	%		
Sale and service Revenues						
Automotives	559.2	51.6%	630.9	64.7%	71.7	12.8%
Consumer products	394.6	36.4%	200.0	20.5%	(194.6)	(49.3%)
Medical devices	128.5	11.9%	130.4	13.4%	1.9	1.5%
Total sales and services	1,082.3	99.9%	961.3	98.5%	(120.9)	(11.2%)
Other income	1.4	0.1%	14.4	1.5%	13.0	912.6%
Total revenues	1,083.7	100.0%	975.8	100.0%	(107.9)	(10.0%)

Revenue from sales

For the year 2023, total sales revenue decreased by 120.9 million baht, or 11.2%, compared to the same period of the previous year. The main reason for the revenue decline stemmed from a decrease in sales of consumer goods, which decreased by 194.6 million baht, or 49.3%, compared to the same period of the previous year, due to economic issues in America. Customers adjusted sales estimates, leading to clearance of inventory and postponement of orders, resulting in the aforementioned decline.

However, automotive component products experienced significant growth, with sales increasing by 71.8 million baht, or 12.8%, compared to the same period of the previous year. This growth was attributed to new automotive products such as headlights and taillights, as well as other rubber and plastic components. Additionally, sales for Tier 1 product groups also significantly increased. Moreover, product prices were adjusted upwards to align with the increased raw material costs.

Furthermore, the medical equipment group saw growth of 1.9 million baht, or 1.5%, due to expanding customer bases in America. Increased medical costs in America led to a preference for home care treatment, as it is more cost-effective and time-saving. Additionally, there was an increase in orders for products related to fertility treatments, driven by positive word-of-mouth and increased marketing efforts, expanding sales channels in European and American markets.

Other Income

Total other income amounted to 14.4 million baht, an increase from the previous year's 13.0 million baht. Other income for the year 2023 includes compensation for raw materials called back from customers due to order cancellations. Another portion comprises interest income from depositing excess cash flows into fixed deposits, compensation from insurance claims, and income from the sale of plastic scraps and silicon.

Cost of sales and gross profit margin

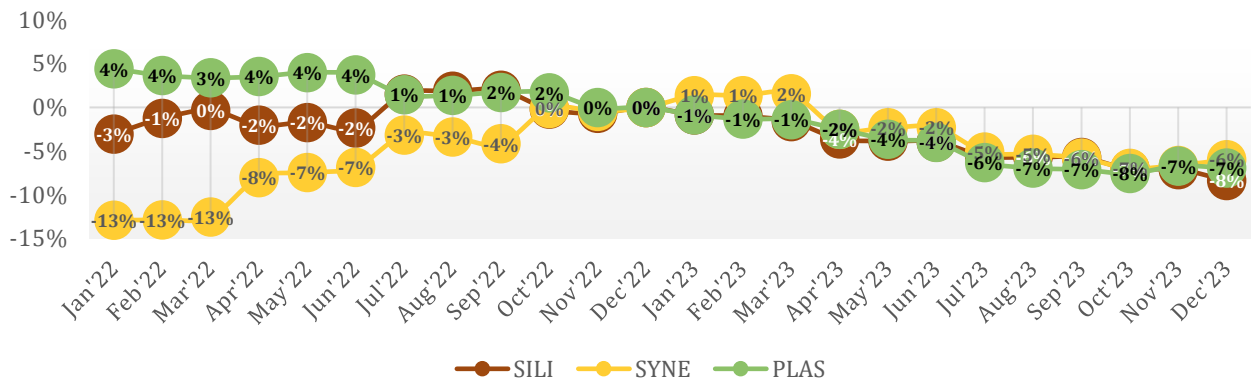
Unit: Million Baht	2022	2023	Increase (Decrease)	% Increase (Decrease)
Sale and service revenues	1,082.3	961.3	(121.0)	(11.2%)
Cost of Sales	813.0	729.3	(83.7)	(10.3%)
Gross Profit	269.3	232.0	(37.3)	(13.8%)
Gross Profit Margin (%)	24.9%	24.1%	(0.7%)	

Gross profit for the year 2023 amounted to 232.1 million baht, a decrease of 37.2 million baht from the previous year, representing a decrease of 13.8%. Additionally, the gross profit margin decreased from 24.9% to 24.1%, a decline of 0.7%. The cost structure details are as follows:

Cost of Sales	2022		2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Raw Material	464.5	42.9%	402.3	41.2%	(62.2)	(1.6%)
Labor Cost	149.5	13.8%	127.2	13.0%	(22.3)	(0.8%)
Depreciation and Amortization	86.2	8.0%	94.5	9.7%	8.3	1.7%
Other overhead cost	112.8	10.4%	105.3	10.8%	(7.5)	0.4%
Total cost of sales	813.0	75.1%	729.3	74.7%	(83.7)	(0.3%)

Raw materials :

Material price index



The graph illustrates the raw material price index comparison for each month, using the prices as of December 2022 as the base for calculation.

The primary raw materials included are silicon (SILI), plastic pellets (PLAS), and synthetic rubber (SYNE).

For the year 2023, the proportion of raw material costs per revenue decreased from 42.9% to 41.2% due to the continuous downward trend in raw material prices. Comparing the raw material price data for 2023 with 2022, prices began decreasing steadily from the first quarter of 2023. The price peak in the third quarter of 2022, and then slowly decrease since the first quarter of 2023. Subsequently, raw material prices gradually decreased, leading to a reduction in the proportion of raw material costs per revenue compared to the previous year, attributed to the lower average raw material prices compared to the preceding year.

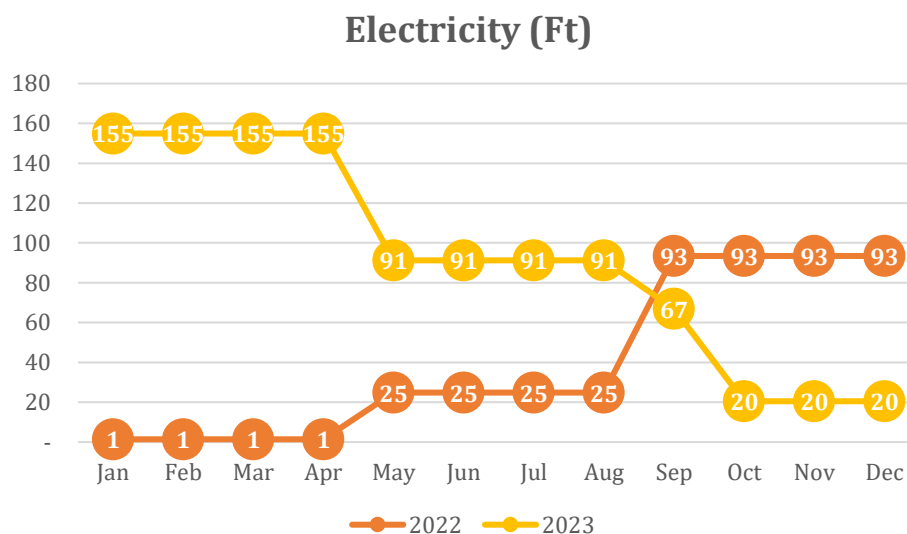
Labor cost :

For the year 2023, labor costs decreased by 22.3 million baht compared to the same period of the previous year, primarily due to a reduction in the number of employees impacted by the rescheduling of orders for packaging silicone products. Labor costs accounted for 13.0% of revenue, representing a decrease of 0.8% from the previous year. This reduction was attributed to the company's initiatives to control staffing levels, approve overtime payments, streamline production planning, inventory management, and the implementation of automation systems to replace some employees, thereby optimizing efficiency.

Depreciation and amortization :

Due to the overall decrease in revenue resulting from delayed orders for consumer goods and higher depreciation and selling expenses compared to the previous year, attributed to the introduction of new machinery to accommodate new customer orders, which gradually increased over time. However, customer orders gradually increased, along with a declining production capacity utilization rate, resulting in a higher proportion of depreciation and selling expenses to revenue.

Other overhead cost :



Other production expenses decreased by 7.6 million baht due to reduced orders, but the proportion of other production expenses to revenue increased by 0.4% compared to the previous year. The main reason for this increase was the higher electricity rates resulting from the adjustment of the variable electricity tariff (Ft), leading to an average increase of approximately 30%-40% per unit of electricity consumption since January.

However, POLY installed a 2.5 mWp solar panel to reduce energy costs and mitigate the risk of electricity price fluctuations. As of September 30, 2023, the installation was completed, and electricity production began. The proportion of electricity produced accounts for 20%-30% of total electricity consumption.

Revenue analysis, cost of goods sold, and gross profit margin for each product group can be shown as follows:

Automotives

Unit: Million Baht	2022	2023	Increase (Decrease)
Revenue from sales	559.2	630.9	71.7
Cost of sales	458.9	531.6	72.7
Gross profit	100.3	99.3	(1.0)
% Gross profit margin	17.9%	15.7%	(2.2%)

For the year 2023, revenue from the automotive parts increased by 71.8 million baht, or 12.9%. This increase was primarily driven by new products entering mass production and sales in the third quarter. Most of the products sold came from the plastic factory starting to generate revenue from the fourth quarter of 2022, with sales gradually increasing continuously.

However, the gross profit margin of the automotive parts group decreased from the previous year's 17.9% to 15.7%, a decrease of 2.2%. This decline was attributed to the higher raw material costs, especially in the first two quarters of 2023, and increased electricity and energy costs due to the Ft adjustment. Additionally, the temporary shift of some orders to be produced at POLY, where the products have relatively high profit margins thus impacted the gross profit margin.

Consumer products

Unit: Million Baht	2022	2023	Increase (Decrease)
Revenue from sales	394.6	200.0	(194.6)
Cost of sales	300.7	147.3	(153.4)
Gross profit	93.9	52.7	(41.2)
% Gross profit margin	23.8%	26.4%	2.6%

Revenue from the consumer goods group was impacted by the economic challenges in U.S. as mentioned earlier, resulting in a decrease of 194.6 million baht, or 49% when compared to the previous year. However, the gross profit margin increased from 23.8% to 26.4%. This increase was primarily due to the reallocation of machinery to other product groups and the control of overtime hours. Furthermore, there were improvements in production processes through increased utilization of automation systems, contributing to the higher gross profit margin.

Medical devices

Unit: Million Baht	2022	2023	Increase (Decrease)
Revenue from sales	128.5	130.4	1.9
Cost of sales	53.5	50.4	(3.1)
Gross profit	75.0	80.0	5.0
% Gross profit margin	58.4%	61.3%	3.0%

For the year 2023, the medical equipment group continued to maintain a profit margin of over 60%. Revenue from the medical equipment group increased by 1.9 million baht compared to the previous year. This increase came from fertility which received positive feedback from users. Sales in this group continued to rise steadily. The gross profit margin adjusted slightly upward due to the decrease in raw material costs and higher production efficiency due to better utilization rate.

Overall Expenses

Overall Expenses	2022		2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Selling Expense	13.8	1.3%	15.4	1.6%	1.6	0.3%
Administrative Expense	64.3	5.9%	62.8	6.4%	(1.5)	0.5%
(Reversal) Expected Credit Losses	0.1	0.0%	3.5	0.4%	3.4	0.4%
Total expense before other gain/loss	78.2	7.2%	81.7	8.4%	3.5	1.2%
Other (Gain) losses	(24.3)	(2.2%)	(49.4)	(5.1%)	(25.1)	(2.8%)
Total Expenses	53.9	5.0%	32.3	3.3%	(21.6)	(1.7%)

For the year 2023, the total expenses before profit and loss amounted to 81.7 million baht. The main reason for this increase was the rising loss in credit, which is expected to occur primarily. The detailed breakdown of expenses for each group can be explained as follows:

Selling Expenses

Selling Expenses	2022		2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Salary and Remuneration	9.8	0.9%	10.8	1.1%	1.0	0.2%
Marketing Expense	0.4	0.1%	0.4	0.1%	0.0	0.0%
Other Selling Expense	3.6	0.3%	4.2	0.4%	0.6	0.1%
Total Selling Expense	13.8	1.3%	15.4	1.6%	1.6	0.3%

For the year 2023, sales expenses amounted to 13.8 million baht, which increased from 1.6 million baht in 2022. The main reason for this increase is attributed to a rise in salaries and compensation by 1.0 million baht due to the increase in the number of sales staff. This increase aimed to replace sales staff who left during the first and second quarters of 2022.

Additionally, other sales expenses increased by 0.6 million baht due to higher transportation costs resulting from increased international sales. Moreover, sample products sent to customers, as they are new products to be sold in the third and fourth quarters of 2023, also contributed to the rise in sales expenses.

Administrative Expenses

Administrative Expenses	2022		2023		Increase (Decrease)	% to revenue Increase (Decrease)
	Million Baht	% to revenue	Million Baht	% to revenue		
Management and Employee Remuneration	29.8	2.8%	29.1	3.0%	(0.7)	0.2%
Consulting and Professional Fees	10.1	0.9%	6.6	0.7%	(3.5)	(0.3%)
Utilities and Maintenance	8.0	0.7%	5.0	0.5%	(3.0)	(0.2%)
Depreciation and Amortization	9.0	0.8%	9.2	0.9%	0.2	0.1%
Other Administrative Expenses	7.4	0.7%	12.9	1.3%	5.5	0.6%
Total Administrative Expenses	64.3	5.9%	62.8	6.4%	(1.5)	0.5%

Administrative Expenses (Cont'd)

For the year 2023, management expenses amounted to 62.8 million baht, which decreased by 1.5 million baht compared to the previous period, resulting in a 0.5% increase in proportion to the income. The main reason for this change is the increase in other management expenses by 5.5 million baht. This increase includes fees for early repayment of loans, estimated at around 4 million baht, and expenses for travel and accommodation related to negotiations with suppliers, totaling approximately 0.5 million baht for the first and second quarters.

Expected credit loss

For the year 2023, there were recorded losses in credit from revenue items that have not yet been collected. These items mainly stem from sales of printing plates. The terms of payment for these printing plates are supposed to be collected along with the cost of the products. However, although the payment terms for these items have expired, there have been no additional purchase orders from customers for over 1 year. Therefore, these uncollected revenue balances from customers are recorded as provisions for potential losses.

Other gain/ loss

For the year 2023, other income amounted to 49.4 million baht. The majority of this income came from the sale of tools, machinery, and equipment provided to customers for increasing production capacity and efficiency in manufacturing each product according to the manufacturing and agreements for the products and machinery agreed upon.

Finance Costs

Finance Costs (Unit: Baht million)	2022	2023	Increase (Decrease)	% Increase (Decrease)
Loan Interest	19.1	4.4	(14.6)	(76.9%)
Hire Purchase Interest	4.9	4.8	(0.2)	(3.4%)
Total finance costs	24.0	9.2	(14.8)	(61.8%)

For the year 2023, the financial expenses amounted to 9.2 million baht, reflecting a decrease from the previous year by 14.8 million baht or 61.8%. The lower interest expenses on loans due to debt repayments following the capital raised through the IPO process since December 2022. Additionally, around 160 million baht of long-term loans were repaid in May 2023 to mitigate interest rate risks, as interest rates had been consistently increasing.

Net profit and net profit margin

Net profit and net profit margin	2022	2023	Increase (Decrease)	% Increase (Decrease)
Net profit	161.7	175.0	13.3	8.3%
Net profit margin (%)	14.9%	17.9%	3.0%	

For the year 2023, the net profit amounted to 175.0 million baht, marking an increase of 13.3 million baht from the previous year or 8.3% growth. This increase was attributed to a decrease in operating profit of approximately 37 million baht due to reduced revenue, offset by an increase in other income of 13 million baht and a reduction in financial expenses of 14 million baht. Despite the decline in revenue from the previous year, the net profit margin improved from 14.9% to 17.9%.

Statement of Financial Position

Statement of Financial Position (Unit: Million Baht)	31 Dec 2022	31 Dec 2023	Increase (Decrease)	% Increase (Decrease)
Assets				
Current Assets	706.8	587.7	(119.1)	(16.9%)
Non-current Assets	986.0	978.2	(7.8)	(0.8%)
Total Assets	1,692.8	1,565.9	(126.9)	(7.5%)
Liability				
Current Liabilities	252.2	169.7	(82.5)	(32.7%)
Non-Current Liabilities	237.3	94.3	(143.0)	(60.3%)
Total Liabilities	489.5	264.0	(225.5)	(46.1%)
Equity				
Shares Capital	450.0	450.0	0.0	0.0%
Retained Earnings	70.6	169.2	98.6	139.7%
Other components of equity	682.7	682.7	0.0	0.0%
Total Equity	1,203.3	1,301.9	98.6	8.2%

* The financial ratios for the fiscal year 2023 are calculated from the financial data in the completed profit and loss statement for the past 12 months and using the financial data from the balance sheet as of December 31, 2022, and December 31, 2023.

Assets

As of December 31, 2023, the company's total assets amounted to 1,565.9 million baht, decreasing by 126.9 million baht. This decrease comprised a reduction in current assets of 119.1 million baht and a decrease in non-current assets of 7.8 million baht. The decrease in current assets mainly resulted from a decrease in cash and cash equivalents amounting to 218.0 million baht, attributed to the repayment of long-term loans and depositing funds into fixed deposits for a higher interest rate over a 6-month period. The reduction in non-current assets stemmed from the payment of depreciated machinery and equipment and depreciation calculations between periods.

Liabilities

As of December 31, 2023, the company's total liabilities amounted to 264.0 million baht, decreasing by 225.5 million baht, or 46.1 percent. This reduction comprised a decrease in current liabilities of 82.5 million baht and a decrease in non-current liabilities of 143.0 million baht. The overall decrease in liabilities was due to the early repayment of long-term debts amounting to approximately 160 million baht and regular payments of the remaining liabilities.

Equity

As of December 31, 2023, the company's total equity amounted to 1,301.9 million baht, increasing by 98.6 million baht. This increase was attributed to the accumulation of retained earnings from the net profit between the periods, amounting to 175.0 million baht, offset by dividends paid during the interim period, approximately 76.5 million baht.

Significant Financial Ratios

Financial Ratios	2022	2023	% Increase (Decrease)
Current ratio (times)	2.8	3.5	0.7
Gross profit margin	24.9	24.1	(0.8)
Net profit margin	14.9	17.9	3.0
Return on Equity	18.1	14.0	(4.1)
Return on Asset	11.4	10.7	(0.7)
Debt to Equity (times)	0.4	0.2	(0.2)
Interest-Bearing Debt to EBITDA Ratio (time)	1.0	0.4	(0.6)

Liquidity Ratio:

The liquidity ratio increased from 2.8 times to 3.5 times due to early debt repayment, reducing financial cost burdens. This led to a significant decrease in liabilities, contributing to the increased liquidity ratio.

Return on Equity (ROE):

The return on equity decreased from the previous year, dropping to 14.0%. This reduction, from the previous 18.1%, is attributed to a higher average equity holder's share while the net profit increased at a lower rate, resulting in a lower return on equity.

Return on Assets (ROA):

The return on assets decreased from 11.4% to 10.7%, a decrease of 0.7% from the previous year. This is due to investments aimed at expanding production capacity for the plastic factory and manufacturing car headlights, resulting in increased assets. Although sales from these assets are gradually increasing, the return on assets has temporarily decreased and is expected to rise again when sales from these assets increase in the future.

Debt-to-Equity Ratio:

The debt-to-equity ratio decreased from 0.4 times in December, as a result of repaying short-term loans during the period, amounting to approximately 160 million baht.

IBD/EBITDA Ratio:

The IBD/EBITDA ratio decreased from 1.0 times to 0.4 times due to the reduction in short-term loans resulting from the repayment during the same period.

Trends and Strategic Plans for the Future

The management team continues to monitor both domestic and international economic conditions continuously. This is to enhance and develop strategies in line with the current situation. The key points can be summarized as follows:

Increasing Efficiency in Molding and Reducing Production Waste

Mold is at the core of the molding industry. Due to POLY has mold workshop this allows for flexibility in adapting molds to product variations and the machinery used in production. It also involves creating tools that aid in the production process, reducing both production time and waste. Waste management, including recycling, is also a part of this initiative.

Solar Panel Installation

To reduce risk and energy costs, POLY installed a 2.5 mWp solar panel, which could begin generating electricity from September 30, 2023. These solar panels can produce approximately 20-30% of the total electricity consumption.

Utilizing Tools and Robotics to Enhance Production Efficiency

The production department has been gathering, tracking, and analyzing production data continuously. They have established a team of process engineers to develop and optimize production workflows. This involves the development of specialized tools to streamline production processes, enhancing efficiency, and reducing labor costs in the long term.

Rubber Formula Development

POLY possesses a rubber mixing line that allows for the development of rubber formulas. These formulas can be optimized to meet specific production conditions. Additionally, research and development of alternative materials are underway. This research aims to reduce raw material costs and minimize waste in the production process. It also works towards speeding up production processes. Moreover, material development is undertaken to align products with customer demands. These initiatives also serve as risk mitigation against external suppliers.

Development of Gastrostomy Feeding Tube Products (Percutaneous Endoscopic Gastrostomy)

POLY has been continuously developing new products and exploring fresh opportunities for the long-term growth of the business. In October 2023, POLY entered into a memorandum of agreement with the Medical Innovation of Chulalongkorn University's Faculty of Medicine. This collaboration focuses on research and development of a percutaneous endoscopic gastrostomy feeding tube product. Currently, there are no manufacturers of these products in Thailand. This initiative aims to support medical treatments while maintaining affordability and accessibility for domestic consumers. It represents a significant opportunity and serves as a starting point for the substantial growth of the medical equipment and tools sector in terms of revenue.