

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ended September 30, 2021

Operating Results

3rd Quarter of 2021

In the 3rd quarter of 2021, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 363.2 million, increased by 31.0% compared to the same quarter last year. Sales revenues reported at Baht 350.3 million, increased by 27.7% majorly because the export market sales improved as the Coronavirus 2019 pandemic eased a bit in several regions. At the same time, countries in ASEAN and Thailand continued to face trouble from the ongoing pandemic. Export sales increased by 54.9%, while domestic sales decreased by 42.8% compared to the same quarter last year. Other income reported at Baht 12.9 million, mainly from disposal of obsolete equipment amounting to Baht 7.9 million and the rest of the savings came from transportation and sales of scraps.

Gross profit margin increased from 32.8% to 34.5% due to sales growth in export market and gain from foreign exchange on Thai Baht depreciation. For the expenses, due to the decrement of shutdown and operating expenses from controlled spending measurement, the Company reported net loss of Baht 12.7 million while same quarter last year reported net loss at Baht 46.6 million. The Company reported net loss per share at Baht 0.59.

Nine-Month Period

The Company reported consolidated revenues of Baht 968.7 million, increased by 32.6% compared to same period last year. Sales revenues reported Baht 953.4 million, increased by 31.0%. Export sales increased by 48.6%, while domestic sales decreased by 17.8% compared to same period last year due to the government COVID-19 control measurement. Other income reported at Baht 15.3 million from transportation, sales of scraps, obsolete equipment.

Gross profit margin slightly decreased from 34.7% to 34.5%, while total expenses were Baht 1,014.1 million, increased by 5.2% and foreign exchange loss at Baht 34.9 from hedging policy. In addition, the increase in export revenue from Thai baht depreciation contributed higher revenue than loss from foreign exchange hedging. As a result, the Company reported net loss of Baht 51.9 million, while last year report net loss at Baht 203.0 million. The Company reported net loss per share at Baht 2.43.

Statement of Comprehensive Income

▪ Total Revenues (Million Baht)

	Quarterly		Change	Nine-month End September 30		Change
	3/2021	3/2020	%	2021	2020	%
Revenue from sales						
Domestic sales	43.7	76.3	(42.8)	158.6	193.0	(17.8)
Export sales	306.6	198.0	54.9	794.8	534.8	48.6
Total revenue from sales	350.3	274.3	27.7	953.4	727.8	31.0
Foreign exchange gain	-	2.1	(100)	-	-	-
Other income	12.9	0.9	1,342.0	15.3	2.7	456.3
Total revenues	363.2	277.3	31.0	968.7	730.5	32.6

▪ Total Expenses (Million Baht)

	Quarterly		Change	Nine-month End September 30		Change
	3/2021	3/2020	%	2021	2020	%
Cost of goods sold	229.3	184.4	24.4	624.9	475.4	31.4
Temporary shutdown expenses	38.2	51.5	(25.9)	125.9	160.0	(21.3)
Loss (reversal) on the decline in value of inventory	2.0	2.2	(11.4)	(3.8)	12.4	(131.1)
Selling expenses	56.6	49.7	14.0	154.6	157.1	(1.6)
Administrative expenses	26.8	38.8	(30.9)	77.6	98.0	(20.8)
Foreign exchange loss	21.4	-	n/a	34.9	60.9	(42.7)
Total expenses	374.3	326.6	14.6	1,014.1	963.8	5.2

3rd Quarter 2021

▪ Cost of Goods Sold

Total cost of goods sold presented at Baht 229.3 million, increased by 24.4% along with the increment in sales value and energy price.

▪ Temporary Shutdown Expenses

Temporary shutdown for maintenance and inventory management causing expense of Baht 38.2 million, decreased by 25.9% compared to same quarter last year.

▪ Loss on the decline in value of inventory

Loss on the decline in value of inventory presented at Baht 2.0 million, decreased by 11.4% compared to same quarter last year, due to provision of obsolete for long-aged finished products.

▪ Selling and Administrative Expenses

Selling expenses presented at Baht 56.6 million, increased by 14.0% from marketing activities expenses, online advertising and logistic fee for export sales.

Administrative expenses presented at Baht 26.8 million, decreased by 30.9% due to spending controlled measurements.

▪ Loss on Foreign Exchange

Loss on foreign exchange presented at Baht 21.4 million from forward contract, while same quarter last year gain for Baht 2.1 million.

▪ Finance Costs

Finance costs presented at Baht 6.2 million, decreased by 11.8% from the decrement of interest expenses.

Nine-Month Period

▪ Cost of Goods Sold

Total cost of goods sold presented at Baht 624.9 million, increased by 31.4% along with the increment in sales value and energy price.

- **Temporary Shutdown Expenses**

Temporary shutdown for maintenance and inventory management causing expenses of Baht 125.9 million, decreased by 21.3% from the same period last year.

- **Loss (reversal) on the decline in value of inventory**

Reversal on the declined in value of inventory presented at Baht 3.8 million, while same period last year presented loss on the decline in value of inventory at Baht 12.4 million.

- **Selling and Administrative Expenses**

Selling expenses presented at Baht 154.6 million, and administrative expenses presented at Baht 77.6 million, decreased by 1.6% and 20.8% respectively, from spending-control measurements.

- **Loss on Foreign Exchange**

Loss on foreign exchange presented at Baht 34.9 million from forward contract, decreased by 42.7% from same period last year.

- **Finance Costs**

Finance costs presented at Baht 16.4 million, decreased by 5.2% due to decrement in interest expenses.

Statements of Financial Position as at September 30, 2021

	September 30, 2021	December 31, 2020	Change
	(Million Baht)	(Million Baht)	(%)
Current Assets	1,149.1	1,191.8	(3.6)
Non-Current Assets	2,226.6	2,248.0	(0.9)
Total Assets	3,375.7	3,439.8	(1.9)
Current Liabilities	1,052.0	1,004.9	4.7
Non-Current Liabilities	539.6	601.1	(10.2)
Total Liabilities	1,591.6	1,606.0	(0.9)
Total Shareholders' Equity	1,784.1	1,833.8	(2.7)
Current Ratio (times)	1.09	1.19	
Debt to Equity Ratio (times)	0.89	0.88	

Total Assets

As of September 30, 2021, total assets presented at Baht 3,375.7 million, decreased by 1.9%. Current assets were Baht 1,149.1 million, decreased by 3.6% from decrement in trade accounts receivable and repayment of short-term loan. Non-current assets presented at Bath 2,226.6 million, decrease by 0.9% from the depreciation net with investment in machine and equipment.

Total Liabilities

Total liabilities presented at Baht 1,591.6 million, decreased by 0.9% primarily from decrement in short-term loans.

Total Shareholders' Equity

Total shareholders' equity presented at Baht 1,784.1 million, decreased by 2.7% from the recognition of operating loss during the period.