



24 February 2022

Subject : Management Discussions & Analysis for Year 2021 Financial Statement
To : Managing Director
Market for Alternative Investment

Salee Industry Public Company Limited would like to clarify the Company's and subsidiaries's results for year 2021 ended 31 December 2021. The company and subsidiaries generated net profit Baht 0.78 million for year 2021, compared to net loss Baht (0.62) at last year.

The reason of increased net profit was occurred as follows :-

1. Operating result and Profitability

Revenue

In year 2021, the Company and subsidiaries had a total revenue at Baht 1,307 million which increased at about 9% compared to Baht 1,202 million at last year. The reason was higher sales in business for plastic parts production from the recovery of global economy. Even, there was some bad effects from Covid-19 situation in domestic market which effected to decreased sales in consumer goods in business for consumer plastic products.

Cost of sales and expenses

In year 2021, the Company and subsidiaries had gross profit of Baht 232 million which was similar to Baht 233 million at last year. The reason of the little decrease in gross profit, although the sales increased from last year, was that cost of sales increased from 80% of sales at last year to 82% of sales in this year as the continuous increase in raw material price in according to increased oil prices.

In year 2021, Selling and administrative expenses amounting to Baht 247 million which was similar to Baht 246 million at last year. The percentage of selling and administrative expenses to sales revenue decreased from 21% at last year to 19% this year.

Therefore, the Company had a meeting every week to follow up and control all the expenses.

Cost of fund

The Company and subsidiaries had an interest expenses in year 2021 amounting to Baht 5.08 million which decreased Baht 2.20 million comparing to last year amounting to Baht 7.28 million as the decrease in long-term loans from Banks.

Therefore, the interest rate for short-term and long-term loans of the Company and subsidiaries was about 3-5% per year.

Corporate income taxes

In year 2021, the Company and subsidiaries had corporate income taxes to pay Baht 16.53 million which increased Baht 14.02 million comparing to last year amounting to Baht 2.51 million as there was some reverse transaction for taxes benefit from a subsidiary company.

Net income

In year 2021, the Company and subsidiaries had a profit of Baht 0.78 million, comparing to a loss of Baht (0.62) million at last year as in year 2021 the sales turnover still increased in business for plastic parts production.

2. Assets Management**Assets**

Total assets of the Company and subsidiaries was Baht 1,939 million as of 31 December 2021 which was nearby to Baht 1,937 million as of 31 December 2020.

Short-term investment

The Company and subsidiaries had a short-term investment amounting to Baht 200 million as of 31 December 2021 which increased Baht 100 million compared to Baht 100 million as of 31 December 2020.

Account receivables

The Company and subsidiaries had an account receivables amounting to Baht 351 million and Baht 277 million as of 31 December 2021 and 31 December 2020 respectively which the ratio of account receivables to total assets were equal to 18.11% and 14.28 respectively.

Inventory

The Company and subsidiaries had an inventory amounting to Baht 226 million as of 31 December 2021 which increased Baht 69 million compared to Baht 157 million as of 31 December 2020 which the ratio of inventory to total assets were equal to 11.66% and 8.11% respectively.

Land building and equipments and intangible assets

The Company and subsidiaries had Land building and equipments and intangible assets amounting to Baht 867 million and Baht 863 million as of 31 December 2021 and 31 December 2020 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 44.69% and 44.56% respectively.

Total debts

As of 31 December 2021, the Company and subsidiaries had total debts amounting to Baht 346 million and could be divided to current liabilities of Baht 261 million and non-current liabilities of Baht 85 million which decreased totally Baht 23 million compared to Baht 369 million as of 31 December 2020.

The ratio of Debts to Equities (D/E ratio) of the Company and subsidiaries was at 0.22 times as of 31 December 2021 decreasing from 0.24 times as of 31 December 2020 as Long-term loans decreased and increase in Total Equities.

Total equities

As of 31 December 2021, the Company and subsidiaries had total equities amounting to Baht 1,593 million which increased from Baht 1,568 million as of 31 December 2020 as profits from operation and increase in market value of investment in securities.

Therefore, as of 31 December 2021, the Company's capital structure comprised of total debts amounting to Baht 346 million and total equities amounting to Baht 1,593 million which the ratio of total debts to total equities was 0.22 times.

3. Liquidity and the capital sufficiency

Liquidity

As of 31 December 2021, the Company and subsidiaries had the ratio of current assets to current liabilities at 3.40 times which increased from 3.15 times as of 31 December 2020 as Accounts receivables and Inventory increased.

As of 31 December 2021, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 82 million which decreased about Baht 163 million from the amount as of 31 December 2020 which mostly occurred from the use of the investment activities at amounting to Baht 127 million which most of them was the purchase of new machines and equipments. And the use of the financing activities at amounting to Baht 73 million which most of them was the repayment of debts from Banks.

From the Company and subsidiaries' cash flow, it shown that the Company and subsidiaries had adequate cash flow to pay the debts and to comply with the conditions of the loans which in the past, the Company and subsidiaries had no any problems concerning the liquidity to pay the debts.

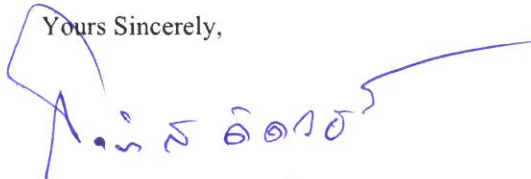


Source of fund

From year 2021 financial statement, source of fund shown that cash flow come from some expenses which had no been paid in cash ex. depreciations etc. and loans from banks. This made us having adequate fund to reserve for the increase of needed working capital of business. Besides, the Company and subsidiaries also received the good support from Banks for making the loans.

Please kindly be informed accordingly,

Yours Sincerely,

A handwritten signature in blue ink, appearing to be 'Sathit Tatawatorn', with a long horizontal flourish extending to the right.

(Mr.Sathit Tatawatorn)

Chairman of Executive Board

Salae Industry Public Company Limited