



### Management Discuss and Analysis Quarter 1 Ending 31 March 2022

| Summary of operating performance | Q1/21 | Q1/22 | Change<br>+/- |
|----------------------------------|-------|-------|---------------|
| Unit: Million Baht               |       |       | %YoY          |
| Total Revenue                    | 141.9 | 150.0 | 5.7%          |
| Gross Profit                     | 57.7  | 54.1  | -6.3%         |
| Profit from operating activities | 44.2  | 41.9  | -5.2%         |
| Net Profit                       | 34.2  | 32.7  | -4.4%         |
| Gross Profit Margin (%)          | 41.9% | 37.2% | -11.2%        |
| Operating Profit Margin (%)      | 32.1% | 28.8% | -10.2%        |
| Net Profit Margin (%)            | 24.1% | 21.8% | -9.6%         |

#### Q1/2022 vs Q1/2021

Sahathai Printing & Packaging Public Company Limited or STP (“The Company”)’s total revenue of 1Q2022 was THB 150.0 million increased THB 8.1 million or 5.7% from 1Q2021. The Company’s operating performance is continually growing. This mainly caused by the continuous increase in orders from existing major customers, who mainly are manufacturers and distributors of the canned seafood and processed seafood.

- Gross Profit was THB 54.1 million, decreased THB 3.6 million or 6.3% compared to 1Q2021 due to the increase in costs of sales and services resulting from higher production costs, which outsourcing production to support the increasing sale orders due to the Company’s full production capacity and situation of COVID-19 infection of staff in production line , has a higher cost than own production, the price of paper as the main raw material increased and the increase in employee expense due to the transfer of salaries and other benefits of the 2 managements directly supervising production to be included in the cost of production by applying this criterion since 3Q2021 onwards.
- Gross Profit Margin of 37.2% decreased 11.2% from 1Q2021 due to the increasing percentage of cost of sales and services compare to Revenue from sales and services resulting from higher production costs.
- Net Profit was THB 32.7 million, decreased THB 1.5 million or 4.4% compared to 1Q2021. This was mainly from the increasing of cost of sales and services.
- Net Profit Margin of 21.8% decreased 9.6% from 1Q2021. The decrease was due to the increasing percentage of cost of sales and services compare to Revenue from sales and services.



## **Business Overview**

According to the situation of COVID-19 pandemic, which has started since late 2019 had an impact on the change in consumer behavior globally. The concerns over this pandemic and procedures to control the pandemic by focusing on social distancing led the consumers to increase their spending in food and household products. This factor affected positively to the Company's operations. During 1Q2022, the conflict between Russia and Ukraine and the Western sanctions against Russia had a broadly impact on the world trades and economics. Such tensions had significant negative impact on global energy security. The cessation of oil and natural gas supply from Russia led to the increase in the energy product prices. In addition, the tension in Ukraine also resulted in the increase in the prices of commodity products, metal goods and agricultural products. However, the Company had its potential to adjust sale prices to be in line with the costs that changed quickly. Therefore, such crisis did not have a significant negative impact on the Company's performance in 1Q2022.

The Company's revenue from sales and rendering services is continually growing. In 1Q2022, the revenue growth was 5.5% when comparing to the previous year. This mainly caused by the continuous increase in orders from existing major customers, who mainly are manufacturers and distributors of the canned seafood and processed seafood. The Company focused on maintain a good relationship with existing customers and explored new potential clients. In addition, STP prepared to increase its production capacity by building new factory and purchasing additional machines for production process within 2022 – 2023 to support sale orders from existing and new customers.

## **Operating performance**

| <b>Operating performance</b>            | <b>Q1/2021</b> | <b>Q1/2022</b> | <b>Change (+/-)</b> |
|---|----------------|----------------|---------------------|
| Unit: Million Baht                      |                |                | %YoY                |
| Revenue from sales and services         | 137.8          | 145.3          | 5.5%                |
| Total Cost of sales and services        | (80.0)         | (91.2)         | 14.0%               |
| <b>Gross Profit</b>                     | <b>57.7</b>    | <b>54.1</b>    | <b>-6.3%</b>        |
| <b>% Gross Profit Margin</b>            | <b>41.9%</b>   | <b>37.2%</b>   |                     |
| Other income                            | 4.1            | 4.7            | 12.8%               |
| Total revenue                           | 141.9          | 150.0          | 5.7%                |
| Distribution costs                      | (4.0)          | (3.9)          | -2.1%               |
| Administrative expenses                 | (13.6)         | (12.9)         | -5.1%               |
| <b>Profit from operating activities</b> | <b>44.2</b>    | <b>41.9</b>    | <b>-5.2%</b>        |
| Finance costs                           | (1.7)          | (1.3)          | -22.0%              |
| Tax expense                             | (8.3)          | (7.9)          | -5.3%               |
| <b>Net Profit</b>                       | <b>34.2</b>    | <b>32.7</b>    | <b>-4.4%</b>        |



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|                            |              |              |
|----------------------------|--------------|--------------|
| <b>% Net Profit Margin</b> | <b>24.1%</b> | <b>21.8%</b> |
|----------------------------|--------------|--------------|

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### **1Q2022's Operating results**

The Company's revenue from sales and services was THB 145.3 million, increased 5.5% from the same period of the prior year. The Company's operating performance is continually growing. This mainly caused by the continuous increase in orders from existing major customers, who mainly are manufacturers and distributors of the canned seafood and processed seafood.

The Company's total cost of sales and services was THB 91.2 million, increased 14.0% from the same period of the prior year according to the increase in sales and the increase of production cost.

The Company's gross profit was THB 54.1 million or 37.2%, decreased 6.3% from the same period of the prior year. These were due to the increasing of costs of sales and services caused by higher costs of production.

The Company's distribution costs were THB 3.9 million, decreased 2.1% from the same period of the prior year due to the ability in cost control of the Company.

The Company's administrative expenses were THB 12.9 million, decreased 5.1 from the same period of the prior year. This was mainly from the decrease in employee expense due to the transfer of salaries and other benefits of the 2 managements directly supervising production to be included in the cost of production by applying this criterion since 3Q2021 onwards.

The Company's financial costs were THB 1.3 million, decreased 22.0% from the same period of the prior year. This decreased from the less remaining borrowing balances and the repayment schedules. Moreover, the Company had a better liquidity that resulted in the decrease in loan draw down and no additional interest expense.

The Company's 1Q2022 net profit was THB 32.7 million and net profit margin of 21.8%, decreased THB 1.5 million or 4.4% from the same period of the prior year, which net profit was THB 34.2 million and net profit margin of 24.1%. This decrease was due to the increase in costs of sales and services, which the Company outsourced from the external to support the increasing sale orders due to the Company's full production capacity.

**Financial Position**

| <b>Total Financial Position<br/>(Million Baht)</b> | <b>31 December 2021</b> | <b>31 March 2022</b> | <b>% Change</b> |
|--|-------------------------|----------------------|-----------------|
| Total current assets                               | 188.7                   | 231.3                | 22.6%           |
| Total non-current assets                           | 299.7                   | 293.5                | -2.1%           |
| <b>Total assets</b>                                | <b>488.4</b>            | <b>524.8</b>         | <b>7.4%</b>     |
| Total current liabilities                          | 104.0                   | 255.1                | 145.3%          |
| Total non-current liabilities                      | 138.8                   | 131.3                | -5.4%           |
| <b>Total Liabilities</b>                           | <b>242.8</b>            | <b>386.4</b>         | <b>59.2%</b>    |
| Share capital                                      | 74.6                    | 74.6                 | -               |
| Retained earnings                                  | 171.0                   | 63.7                 | -62.7%          |
| <b>Total shareholders' equity</b>                  | <b>245.6</b>            | <b>138.3</b>         | <b>-43.7%</b>   |

**Assets**

As of 31 March 2022, the Company's total assets were THB 524.8 million, increased 7.4% from the year ended 2021. The current assets were THB 231.3 million, increased 22.6% from cash and cash equivalents and trade receivables, which were in line with the increase in sales. The non-current assets were THB 293.5 million, decreased 2.1% from depreciation on building and equipment and amortization on right-of-use assets.

**Liabilities**

As of 31 March 2022, the Company's total liabilities were THB 386.4 million, increased 59.2% from the year ended 2021. The current liabilities were THB 255.1 million, increased 145.3% mainly from trade and other payables in the raw material sourcing and dividend payable together with corporate income tax payable from the operating performance, deducted by the decrease in current portion of long-term borrowings from financial institutions. The non-current liabilities were THB 131.3 million, decreased 5.4% from the repayment of long-term borrowings according to the repayment schedule.

**Shareholders' Equity**

As of 31 March 2022, the Company's total shareholders' equity was THB 138.3 million, decreased 43.7% from the year ended 2021 due to the announcement to pay dividend amounting to THB 140.0 million from 2021's net profit.



**Significant financial ratios**

| Financial Ratios             | Q1   |      |
|------------------------------|------|------|
|                              | 2021 | 2022 |
| Gross Profit Margin (%)      | 41.9 | 37.2 |
| Net Profit Margin (%)        | 24.1 | 21.8 |
| Earnings per share (THB)     | 11.4 | 0.4  |
| Return on Assets (%)         | 22.6 | 24.1 |
| Return on Equity (%)         | 52.3 | 63.7 |
| Current ratio (Times)        | 1.1  | 0.9  |
| Debt to Equity ratio (Times) | 1.8  | 2.8  |
| Book value per share (THB)   | 54.4 | 1.9  |

**Liquidity and Capital Resources**

| Statement of Cash Flows (Million Baht)                      | Q1/2021      | Q1/2022     | % Change      |
|---|--------------|-------------|---------------|
| <b>Cash flows from Operating Activities</b>                 |              |             |               |
| Net cash provided by operating activities                   | 22.8         | 40.4        | 77.5%         |
| <b>Cash flows from Investing Activities</b>                 |              |             |               |
| Net cash used in investing activities                       | (1.2)        | (2.3)       | 81.7%         |
| <b>Cash flows from Financing Activities</b>                 |              |             |               |
| Net cash used in financing activities                       | (31.0)       | (9.1)       | -70.6%        |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(9.4)</b> | <b>29.0</b> | 407.6%        |
| Cash and cash equivalents at beginning of the period        | 14.2         | 21.8        | 53.1%         |
| <b>Cash and cash equivalents at end of the period</b>       | <b>4.8</b>   | <b>50.8</b> | <b>959.3%</b> |

As of 31 March 2022, the Company had Cash and cash equivalents amounting to THB 50.8 million. These came from net cash flows from operating activities amounting to THB 40.4 million, deducted by net cash flows used in investing activities amounting to THB 2.3 million and net cash flows used in financing activities amounting to THB 9.1 million for repayment of long-term borrowings according to the repayment schedule.