



11 August 2022

Subject : Management Discussions & Analysis for 2<sup>nd</sup> Quarter 2022 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 2<sup>nd</sup> quarter 2022 ended 30 June 2022. The company and subsidiaries generated net profit Baht 42.53 million for 2<sup>nd</sup> quarter 2022, compared to net loss Baht (3.86) at the same quarter last year.

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

**1. Operating result and Profitability**

**Revenue**

In 2<sup>nd</sup> quarter 2022, the Company and subsidiaries had a total revenue at Baht 429 million which increased from Baht 306 million at the same period last year or equal to 40% increase. The reason of higher sales came from the expansion of new customer segmentaion for government agency and the recovery of global business activities as of better situation of Covid-19 expecially for OEM business of plastic parts.

**Cost of sales and expenses**

In 2<sup>nd</sup> quarter 2022, the Company and subsidiaries had gross profit of Baht 110 million which increased Baht 62 million from the same period last year. The reason of the increase in gross profit was that cost of sales decreased from 84% in 2<sup>nd</sup> quarter last year to 74% in 2<sup>nd</sup> quarter this year as some cost of sales were fixed cost which did not increase in according to the increase in sales.

In 2<sup>nd</sup> quarter 2022, Selling and administrative expenses amounting to Baht 67 million which increased from Baht 62 million at the same period last year or equal to 8% increase. The percentage of selling and administrative expenses to sales revenue was at 16% which decreased from the same period last year at 21% .

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 2<sup>nd</sup> quarter 2022 amounting to Baht 1.18 million which decreased Baht 0.20 million comparing to the same period last year amounting to Baht 1.38 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 2<sup>st</sup> quarter 2022, the Company and subsidiaries had corporate income taxes to pay Baht 12.06 million compared to amounting Baht 0.29 million at the same period last year as the profit from operation increased.

**Net income**

In 2<sup>nd</sup> quarter 2022, the Company and subsidiaries had a net profit of Baht 42.53 million, comparing to a net loss of Baht (3.86) million at the same period last year as in 2<sup>nd</sup> quarter 2022 the sales turnover increased from the expansion of new customers and from the recovery of global economy as of better situation of Covid-19 especially OEM business for plastic parts, although, there was some increase in raw material price

**2. Assets Management****Assets**

Total assets of the Company and subsidiaries was Baht 2,021 million as of 30 June 2022 which increased about 4% compared to Baht 1,939 million as of 31 December 2021.

**Fixed Deposit at Banks**

The Company and subsidiaries had a fixed deposit at Banks amounting to Baht 200 million as of 30 June 2022 which was equal to as of 31 December 2021.

**Account receivables**

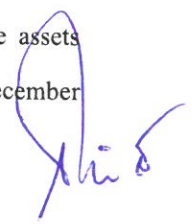
The Company and subsidiaries had an account receivables amounting to Baht 427 million and Baht 351 million as of 30 June 2022 and 31 December 2021 respectively which the ratio of account receivables to total assets were equal to 21.13% and 18.11 respectively.

**Inventory**

The Company and subsidiaries had an inventory amounting to Baht 259 million as of 30 June 2022 which increased Baht 33 million compared to Baht 226 million as of 31 December 2021 which the ratio of inventory to total assets were equal to 12.83% and 11.66% respectively.

**Land building and equipments and intangible assets**

The Company and subsidiaries had Land building and equipments and intangible assets amounting to Baht 882 million and Baht 860 million as of 30 June 2022 and 31 December



2021 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 43.63% and 44.36% respectively.

#### **Total debts**

As of 30 June 2022, the Company and subsidiaries had total debts amounting to Baht 402 million and could be divided to current liabilities of Baht 327 million and non-current liabilities of Baht 75 million which total debts increased Baht 56 million compared to Baht 346 million as of 31 December 2021.

The ratio of Debts to Equities (D/E ratio) of the Company and subsidiaries was at 0.25 times as of 30 June 2022 increasing from 0.22 times as of 31 December 2021 as account payables and short-term loans increased in line with the increased sales.

#### **Total equities**

As of 30 June 2022, the Company and subsidiaries had total equities amounting to Baht 1,619 million which increased from Baht 1,593 million as of 31 December 2021 as the retained earnings increased from the profit from operation.

Therefore, as of 30 June 2022, the Company's capital structure comprised of total debts amounting to Baht 402 million and total equities amounting to Baht 1,619 million which the ratio of total debts to total equities was 0.25 times.

### **3. Liquidity and the capital sufficiency**

#### **Liquidity**

As of 30 June 2022, the Company and subsidiaries had the ratio of current assets to current liabilities at 2.93 times which decreased from 3.40 times as of 31 December 2021 as account payables and short-term loans increased in line with the increased sales.

As of 30 June 2022, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 41 million which decreased about Baht 41 million from the amount as of 31 December 2021 which mostly occurred from the use of the investment activities at amounting to Baht 45 million which most of them was the purchase of new machines and equipments. And the use of the financing activities at amounting to Baht 15 million which most of them were the repayment of the long-term debts from Banks and the dividend payment.

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.

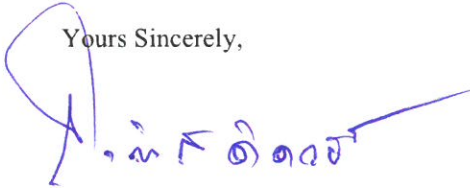


**Source of fund**

From 2<sup>nd</sup> quarter 2022 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 Tatawatom', with a large circular flourish on the left side.

( Mr.Sathit Tatawatom )

Chairman of Executive Board

Salee Industry Public Company Limited