



10 November 2022

Subject : Management Discussions & Analysis for 3rd 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 3rd quarter 2022 ended 30 September 2022. The company and subsidiaries generated net profit Baht 30.13 million for 3rd quarter 2022, compared to net loss Baht (0.74) at the same quarter last year.

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

1. Operating result and Profitability

Revenue

In 3rd quarter 2022, the Company and subsidiaries had a total revenue at Baht 392 million which increased from Baht 313 million at the same period last year or equal to 25% 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 3rd quarter 2022, the Company and subsidiaries had gross profit of Baht 101 million which increased Baht 45 million from the same period last year. The reason of the increase in gross profit was that cost of sales decreased from 82% in 3rd quarter last year to 74% in 3rd quarter this year as some cost of sales were fixed cost which did not increase in according to the increase in sales.

In 3rd 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 17% which decreased from the same period last year at 20% .

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 3rd quarter 2022 amounting to Baht 1.43 million which increased Baht 0.29 million comparing to the same period last year amounting to Baht 1.14 million as the increase in liabilities under financial leases. 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 3rd quarter 2022, the Company and subsidiaries had corporate income taxes to pay Baht 10.83 million compared to amounting Baht 2.85 million at the same period last year as the profit from operation increased.

Net income

In 3rd quarter 2022, the Company and subsidiaries had a net profit of Baht 30.13 million, comparing to a net loss of Baht (0.74) million at the same period last year as in 3rd 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.

2. Assets Management

Assets

Total assets of the Company and subsidiaries was Baht 1,959 million as of 30 September 2022 which increased about 1% compared to Baht 1,939 million as of 31 December 2021.

Cash and Deposit at Banks

The Company and subsidiaries had a cash and deposit at Banks amounting to Baht 239 million as of 30 September 2022 which decreased Baht 43 million compared to Baht 282 million as of 31 December 2021.

Account receivables

The Company and subsidiaries had an account receivables amounting to Baht 409 million and Baht 351 million as of 30 September 2022 and 31 December 2021 respectively which the ratio of account receivables to total assets were equal to 20.90% and 18.11 respectively.

Inventory

The Company and subsidiaries had an inventory amounting to Baht 233 million as of 30 September 2022 which increased Baht 7 million compared to Baht 226 million as of 31 December 2021 which the ratio of inventory to total assets were equal to 11.88% 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 863 million and Baht 860 million as of 30 September 2022 and 31 December 2021 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 44.05% and 44.36% respectively.

Total debts

As of 30 September 2022, the Company and subsidiaries had total debts amounting to Baht 319 million and could be divided to current liabilities of Baht 251 million and non-current liabilities of Baht 68 million which total debts decreased Baht 27 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 0.19 times as of 30 September 2022 increasing from 0.22 times as of 31 December 2021 as account payables and loans from banks decreased and total equities increased from the profit from operation.

Total equities

As of 30 September 2022, the Company and subsidiaries had total equities amounting to Baht 1,639 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 September 2022, the Company's capital structure comprised of total debts amounting to Baht 319 million and total equities amounting to Baht 1,639 million which the ratio of total debts to total equities was 0.19 times.

3. Liquidity and the capital sufficiency

Liquidity

As of 30 September 2022, the Company and subsidiaries had the ratio of current assets to current liabilities at 3.56 times which increased from 3.40 times as of 31 December 2021 as short-term loans from banks decreased.

As of 30 September 2022, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 49 million which decreased about Baht 33 million from the amount as of 31 December 2021 which mostly occurred from the net cash received of the operating activities at amounting to Baht 92 million, the use of the investment activities at amounting to Baht 50 million which most of them was the purchase of new machines and equipments, and the use of the financing activities at amounting to Baht 78 million which most of them were the repayment of the 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.

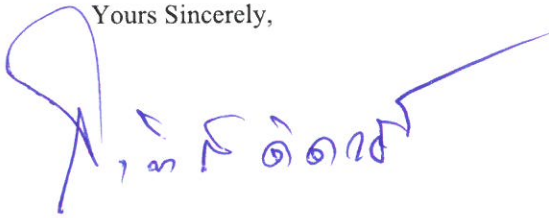
Source of fund

From 3rd 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 Tatawatorn', written in a cursive style.

(Mr.Sathit Tatawatorn)

Chairman of Executive Board

Salee Industry Public Company Limited