



12 May 2023

Subject : Management Discussions & Analysis for 1st Quarter 2023 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 1st quarter 2023 ended 31 March 2023. The company and subsidiaries generated net profit Baht 5.80 million for 1st quarter 2023, decreasing about 61% from the same period last year amounting to Baht 14.79 million.

The reason of decreased net profit is occurred as follows :-

1. Operating result and Profitability

Revenue

In 1st quarter 2023, the Company and subsidiaries had a total revenue at Baht 365 million which decreased from Baht 381 million at the same period last year or equal to 4% decrease. The reason for lower sales was the decrease in sales of subsidiaries in both label printing business and plastic products through modern trade business because the local consumption reduced.

Cost of sales and expenses

In 1st quarter 2023, the Company and subsidiaries had gross profit of Baht 75 million which increased Baht 5 million from the same period last year. The reason of the decrease in gross profit was that the decrease in sales about at 3% compared to the same period last year. The cost of sales was at 79% in 1st quarter this year which was similar to the same period last year.

In 1st quarter 2023, Selling and administrative expenses amounting to Baht 66 million which increased from Baht 64 million at the same period last year or equal to 3% increase as the 2022 bonus for employees was paid at that time. However, some of them was a fixed cost which did not fluctuate in line with the decreased sales. The percentage of selling and administrative expenses to sales revenue was at 18% at 1st quarter this year which was higher from the same period last year at 17% .

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 1st quarter 2023 amounting to Baht 0.61 million which decreased Baht 0.39 million comparing to the same period last year amounting to Baht 1.00 million as the decrease in long-term loans.

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 1st quarter 2023, the Company and subsidiaries had corporate income taxes to pay Baht 8.16 million while the corporate income taxes in the same period last year was at Baht 3.34 million as the reverse transaction for deferred taxes.

Net income

In 1st quarter 2023, the Company and subsidiaries had a profit of Baht 5.80 million, decreasing 61% from the same period last year amounting to Baht 14.79 million because the sales increased at 3% as local consumption reduced. While cost of sales and expenses was still at the similar rate as the same period last year.

2. Assets Management

Assets

Total assets of the Company and subsidiaries was at Baht 1,988 million as of 31 March 2023 which increased about 1% compared to Baht 1,970 million as of 31 December 2022.

Short-term investment

The Company and subsidiaries had a short-term investment amounting to Baht 290 million as of 31 March 2023 which increased about 45% compared to Baht 200 million as of 31 December 2022.

Account receivables

The Company and subsidiaries had an account receivables amounting to Baht 387 million as of 31 March 2023 which increased Baht 48 million compared to Baht 339 million as of 31 December 2022 which the ratio of account receivables to total assets were equal to 19.47% and 17.21% respectively.

Inventory

The Company and subsidiaries had an inventory amounting to Baht 193 million as of 31 March 2023 which was similar to Baht 194 million as of 31 December 2022 which the ratio of inventory to total assets were equal to 9.72% and 9.87% respectively.



Land building and equipments and intangible assets

The Company and subsidiaries had Land building and equipments and intangible assets amounting to Baht 816 million and Baht 838 million as of 31 March 2023 and 31 December 2022 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 41.03% and 42.55% respectively.

Total debts

As of 31 March 2023, the Company and subsidiaries had total debts amounting to Baht 332 million and could be divided to current liabilities of Baht 269 million and non-current liabilities of Baht 63 million which increased Baht 15 million compared to Baht 317 million as of 31 December 2022.

The ratio of Debts to Equities (D/E ratio) of the Company and subsidiaries was at 0.20 times as of 31 March 2023, which slightly increased, compared to 0.19 times as of 31 December 2022.

Total equities

As of 31 March 2023, the Company and subsidiaries had total equities amounting to Baht 1,656 million which was similar to Baht 1,653 million as of 31 December 2022. Therefore, as of 31 March 2023, the Company's capital structure comprised of total debts amounting to Baht 332 million and total equities amounting to Baht 1,656 million which the ratio of total debts to total equities was 0.20 times.

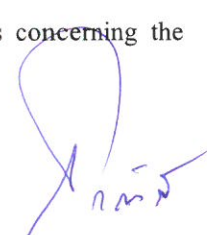
3. Liquidity and the capital sufficiency

Liquidity

As of 31 March 2023, the Company and subsidiaries had the ratio of current assets to current liabilities at 3.58 times which slightly decreased from 3.68 times as of 31 December 2022 as the increase in short-term loans from Banks.

As of 31 March 2023, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 91 million which decreased about Baht 95 million from the amount as of 31 December 2022 which mostly occurred from the use for operating activities at amounting Baht 65 million which most of them was the increase in account receivables and the decrease in account payables and the use of the investment activities at amounting to Baht 66 million which most of them was used for the fixed deposit at 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.

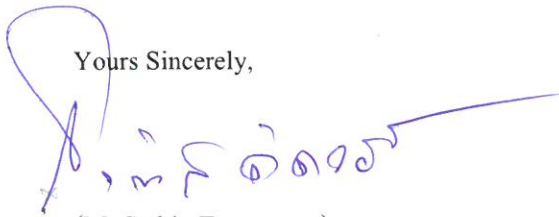


Source of fund

From 1st quarter 2023 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