

Translation

MD&A

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

For the three-month period ended June 30, 2023

Major attributes to the Company's operating performance variations between Q2/2023 and Q2/2022 are:

1. Total sale revenues decreased Baht 267.85 million (19.2%) from Baht 1,395.68 million to Baht 1,127.83 million while sale quantities of Q2/2023 closed to those of Q2/2022. It is because cost of raw materials decreased; as a result, the company has to lower selling price. Also, due to economic recession, there is more price competition. Finally, the sale proportion of small-size cylinders (0.5-4 kg) which has cheaper price than medium-size cylinders (9-15 kg) increased.

Since world economic is still recession, the company immediately adjusted sale policies and sale strategies by focusing on company's other cylinders than household cylinders which is the current core product in order to better profitability. Moreover, the company entered more markets in different regions; as a result, the company purchase orders almost backed to normal.
2. Cost of sales decreased Baht 98.42 million (9.8%) from Baht 1,000.98 million to Baht 902.56 million in concurrent with a decrease in total sale revenues. Moreover, steel price of Q2/2023 decreased from Q2/2022 which the Company already decreased selling price regarding a decrease in cost of steel.
3. Gross profit decreased Baht 169.43 million (42.9%) from Baht 394.70 million to Baht 225.27 million. At the same time, gross profit margin decreased from 28.3% to 20.0% because of economic recession resulting in more price competition in every region. Moreover, overhead costs per unit increased due to less utilization of production.
4. Other Incomes decreased Baht 18.95 million (22.4%) from Baht 84.66 million to Baht 65.71 million from revenue from scrap sale decreased in concurrent with a decrease in steel market price and scrap quantities decreased from less production. In addition, there is gain on exchange rate resulting from Company's manageability in both liabilities and receivables in foreign currency more effectively.
5. Selling and distribution expenses decreased Baht 25.39 million (27.8%) from Baht 91.49 million to Baht 66.10 million in concurrent with an decrease in sale revenue. It is mostly consisted of freight expenses. However, sale supporting expenses increased in some target customers.
6. Administrative expenses decreased Baht 29.73 million (36.3%) from Baht 81.90 million to Baht 52.17 million because the company can manage both liabilities and receivables in foreign currency more effectively; as a result, there is gain on exchange rate for this period. On the other hand, there is a loss on exchange rate for prior period.

7. Income tax decreased Baht 26.82 million (45.0%) from Baht 59.55 million to Baht 32.73 million in concurrent with a decrease in operational profit at the same tax rate of 20%
8. Profits for the period decreased Baht 106.22 million (44.0%) from Baht 241.64 million to Baht 135.42 million because of a decrease in sale revenues affected from economic recession, less profitability from price competition and a decrease in other revenues.

Yours sincerely,

.....

Mr. Surasak Urpsirisuk

Chairman of the Executive Board and Managing Director