



9 August 2021

Subject : Management Discussions & Analysis for 2nd Quarter 2021 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 2nd quarter 2021 ended 30 June 2021. The company and subsidiaries generated net loss Baht (3.86) million for 2nd quarter 2021, compared to net loss Baht (1.76) at the same quarter last year.

The reason of net loss is occurred as follows :-

1. Operating result and Profitability

Revenue

In 2nd quarter 2021, the Company and subsidiaries had a total revenue at Baht 306 million which increased from Baht 295 million at the same period last year or equal to 4% increase.

The reason was higher sales from the recovery of Global economy, even, there was some bad effects from Covid-19 situation in domestic market.

Cost of sales and expenses

In 2nd quarter 2021, the Company and subsidiaries had gross profit of Baht 47 million which decreased Baht 7 million from the same period last year. The reason of the decrease in gross profit was that even the slight increase in sales, but cost of sales increased from 81% in 2nd quarter last year to 84% in 2nd quarter this year as the increase in raw material price.

In 2nd quarter 2021, Selling and administrative expenses amounting to Baht 62 million which increased from Baht 59 million at the same period last year or equal to 5% increase. The percentage of selling and administrative expenses to sales revenue was at 21% which was higher from the same period last year at 20% .

However, 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 2nd quarter 2021 amounting to Baht 1.38 million which decreased Baht 0.33 million comparing to the same period last year amounting to Baht 1.71 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 2st quarter 2021, the Company and subsidiaries had corporate income taxes to pay Baht 0.29 million while no corporate income taxes at the same period last year.

Net income

In 2nd quarter 2021, the Company and subsidiaries had a loss of Baht (3.86) million, comparing to a loss of Baht (1.76) million at the same period last year as in 2nd quarter 2021 the sales turnover still increased, even, there was some bad effects from Covid-19 situation in domestic market. However, the cost of sales increased in higher rate as the increase in raw material price.

2. Assets Management

Assets

Total assets of the Company and subsidiaries was Baht 1,958 million as of 30 June 2021 which increased about 1% compared to Baht 1,937 million as of 31 December 2020.

Short-term investment

The Company and subsidiaries had a short-term investment amounting to Baht 140 million as of 31 June 2021 which increased Baht 40 million compared to Baht 100 million as of 31 December 2020.

Account receivables

The Company and subsidiaries had an account receivables amounting to Baht 302 million and Baht 277 million as of 30 June 2021 and 31 December 2020 respectively which the ratio of account receivables to total assets were equal to 15.42% and 14.28 respectively.

Inventory

The Company and subsidiaries had an inventory amounting to Baht 194 million as of 30 June 2021 which increased Baht 37 million compared to Baht 157 million as of 31 December 2020 which the ratio of inventory to total assets were equal to 9.92% and 8.11% respectively.

Land building and equipments and intangible assets

The Company and subsidiaries had Land building and equipments and intangible assets amounting to Baht 859 million and Baht 863 million as of 30 June 2021 and 31 December 2020 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 43.84% and 44.56% respectively.



Total debts

As of 30 June 2021, the Company and subsidiaries had total debts amounting to Baht 345 million and could be divided to current liabilities of Baht 231 million and non-current liabilities of Baht 114 million which decreased Baht 24 million compared to Baht 369 million as of 31 December 2020.

The ratio of Debts to Equities (D/E ratio) of the Company and subsidiaries was at 0.21 times as of 30 June 2021 decreasing from 0.24 times as of 31 December 2020 as Account Payables and Long-term loans decreased.

Total equities

As of 30 June 2021, the Company and subsidiaries had total equities amounting to Baht 1,614 million which increased from Baht 1,568 million as of 31 December 2020. Therefore, as of 30 June 2021, the Company's capital structure comprised of total debts amounting to Baht 345 million and total equities amounting to Baht 1,614 million which the ratio of total debts to total equities was 0.21 times.

3. Liquidity and the capital sufficiency

Liquidity

As of 30 June 2021, the Company and subsidiaries had the ratio of current assets to current liabilities at 3.43 times which increased from 3.15 times as of 31 December 2020 as Accounts receivables increased and the decrease in loans due to pay within one year.

As of 30 June 2021, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 146 million which decreased about Baht 99 million from the amount as of 31 December 2020 which mostly occurred from the use of the investment activities at amounting to Baht 56 million which most of them was the purchase of new machines and equipments. And the use of the financing activities at amounting to Baht 36 million which most of them was the repayment of the long-term debts from 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

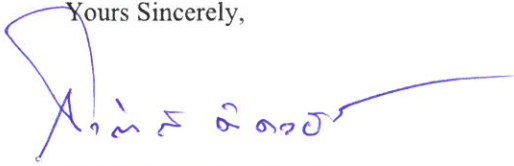
From 2nd quarter 2021 financial statement, source of fund shown that cash flow come from some expenses which had no been paid in cash ex. depreciations etc. and loans from banks. This made us having adequate fund to reserve for the increase of needed working capital of



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 read 'Sathit Tatawatom', with a long horizontal flourish extending to the right.

(Mr.Sathit Tatawatom)

Chairman of Executive Board

Salee Industry Public Company Limited