

Management Discussion and Analysis For the first quarter ended March 31, 2022

Performance Summary	Q1/22	Q1/21	Change +/-
Unit : Million baht			%YoY
Total revenue	390.2	233.8	66.9%
Gross profit	110.3	55.1	100.2%
EBITDA	69.6	31.5	121.0%
Net profit	46.8	16.0	192.5%
Gross Profit margin (%)	28.7%	23.9%	20.1%
EBITDA Margin (%)	17.8%	13.5%	32.4%
Net profit margin (%)	12.0%	6.8%	75.3%

Q1/2022 vs Q1/2021

Royal Plus Public Company Limited or PLUS (“The Company”) The Company's total revenue in the first quarter of 2022 was 390.2 million baht, an increase of 156.4 million baht or 66.9% from the first quarter of 2021. The Company's performance has grown continuously. The company can provide the customer's shipment that forecasted since the end of 2021 on schedule. PLUS products are increasingly demanded by USA customer, thus continually increasing sales of products.

- Gross profit was 110.3 million baht, an increase of 55.2 million baht or 100.2% compared to the first quarter of 2021, in line with increased sales.
- Gross profit margin 28.7%, an increase of 20.1% compared to the first quarter of 2021 based on sales ratio.
- Net profit was 46.8 million baht, an increase of 30.8 million baht or 192.5% compared to the first quarter of 2021, following the increase in sales and still have effective control over the cost of sales and expenses.
- Net Profit Margin 12.0%, increase 75.3% compared to the first quarter of 2021, improving in proportion to sales revenue as well as from effective cost management and cost control and reduced financial costs.

Business Overview

Overall revenue in Q1 2022, 66.9% growth over the same period of 2021 is observed, due to buyer agree with the fluctuation of the ocean freight rates even there is no better direction. To achieve the customer's demand, we're requesting the customer forecast for Q1 2022 since the end of 2021 causing the company sales revenue are growth close to the targets. In the first quarter gross profit accounted for 28.7% and net profit accounted for 12.0% of total revenue, respectively. This makes Q1 of 2022 performing well in terms of revenue, costs and profits close to the set targets.

As for operations in Q1, PLUS continues to focus on its strategy called 'Focus Customer', a group of key account customers who have high potential in sale and bargaining power to choose the potential Freight Forwarder to drive export closely together with the use of factory cost management strategy in planning the Mass Production in order to create Economies of Scales in the production of each order including using Lean Management with Automation instead of relying on labor such as Palletizer, Robot, etc., driving the production to meet the target. However, PLUS also has plans to expand the 5th glass bottle filling line and the 2nd coconut milk squeezer line that have been installed and it will help the production to meet the needs of customers with large number of orders, which is expected to be completed in the second quarter.

The spread of the Covid-19 epidemic has begun to unfold from the government sector, which may be declared as an endemic disease, resulting in the light of situation. The management team predicted that there would be no further significant impact on the Company.

Company Performance

Operating Performance	Q1/22	Q1/21	Change +/-
Unit: Million baht			%YoY
Revenue from sales	384.9	231.0	66.6%
Cost of Sales	274.6	175.9	56.1%
Gross profit	110.3	55.1	100.2%
% gross profit	28.7%	23.9%	
Other income	5.3	2.8	89.3%
Total revenues	390.2	233.8	66.9%
Distribution costs	34.9	14.8	135.8%
Administrative expenses	21.9	20.5	6.8%
Profit from operation	58.8	22.5	161.3%
Financial cost	0.5	3.0	(83.3%)
Income tax expenses	11.5	3.5	228.6%
Net profit	46.8	16.0	192.5%
% net profit	12.0%	6.8%	

Overview of operating results for the first quarter of 2022

The Company's sales revenue was 384.9 million baht, an increase of 66.6 % compared to the same period of previous year. The Company's performance has grown steadily for both the Americas and Asia customers.

The Company's total cost of sales was 274.6 million baht, an increase of 56.1 % compared to the same period of previous year. It is in accordance with the ratio of sales growth. However, the Company still controls production costs and costs of sales to be efficient in accordance with the defined gross profit margin target.

The Company's gross profit was 110.3 million baht or 28.7%, an increase of 100.2% compared to the same period of previous year, corresponding to the increased revenue from the sale of products and effective control of sales and production costs

The Company had distribution expenses equal to 34.9 million baht, an increase of 135.8% compared to the same period of previous year due to the increase in export expenses and transportation costs in line with the increasing proportion of sales.

The Company's administrative expenses were 21.9 million baht, an increase of 6.8% compared to the same period of previous year, as the company continues to maintain COVID-19 prevention measures, such costs associated with employees have increased as well as bonus estimates for employees have increased in line with better performance.

The Company's operating profit was 58.8 million baht, an increase of 161.3% compared to the same period of previous year. This is mainly due to the management of production costs, cost of goods sold and more efficient cost control.

The Company's financial cost was 0.5 million baht, a decrease of 83.3% compared to the same period of previous year, decreased in proportion to outstanding principal and proportion of loan repayment as scheduled. In addition, the Company has liquidity from the operation, causing the use of short-term credit lines to be reduced and no interest burden on such loans.

The Company's net profit for the first quarter of 2022 was 46.8 million baht, net profit ratio was 12.0%, an increase of 30.8 million baht or 192.5% compared to the same period of previous year, which had a net profit of 16.0 million baht and a net profit margin of 6.8%.

Statements of Financial Position

Unit : Million Baht	31 Mar 2022	31 Dec 2021	% Change
Current assets	354.4	231.3	53.2%
Non-current assets	503.7	495.2	1.7%
Total assets	858.1	726.5	18.1%
Current liabilities	450.8	299.7	50.4%
Non-current liabilities	59.3	65.7	(9.7%)
Total liabilities	510.1	365.3	39.6%
Capital	262.5	262.5	N/A
Retained earnings	85.5	98.7	(13.9%)
Total shareholders' equity	348.0	361.2	(3.7%)

Assets

As at 31 March 2022, The Company had total assets of 858.1 million baht, an increase of 18.1% from the end of 2021. Current assets amounted to 354.4 million baht, an increase of 53.2% from cash and cash equivalents. Trade accounts receivable corresponded to the increase in revenue from sales of goods. Other current assets slightly increased due to VAT refund benefits. Non-current assets of 503.7, an increase of 1.7% from deposits and investments in assets under the Company's plan to expand the production capacity of machinery and other assets to support the expanding market that is growing continuously.

Liabilities

As at 31 March 2022, the Company had total liabilities 510.1 million baht, an increase of 39.6% from the end of 2021, current liabilities amounted to 450.8 million baht, an increase of 50.4%, most of these arose from trade accounts payable and other payables for the procurement of raw materials used in the production, including accrued freight and dividends payable including corporate income tax payable from operating results. The repayment of short-term loans to financial institutions decreased from the repayment as scheduled and the Company had more liquidity, therefore did not use the said loan facility. Non-current liabilities amounted to 59.3 million baht, a decrease of 9.7% due to repayment of long-term loans upon maturity.

Shareholders' equity

As at 31 March 2022, the Company's total shareholder equity amounted to 347.5 million baht, a 3.8% decrease from the end of 2021 because the company announced a dividend payment from the net profit of 2021 amounting to 60 million baht. However, the Company's operating profit in the first quarter continued to increase, resulting in a slight decrease in its share.

Key Financial Ratios

Financial Ratio	Quarter 1	
	2022	2021
Gross profit margin (%)	28.67	23.85
Net profit ratio (%)	11.99	6.84
Profit per share (Baht)	0.09	0.03
Return on Assets (%)	14.69	11.39
Return on Equity (%)	32.83	28.13
Liquidity ratio (Times)	0.79	0.59
Debt to equity ratio (Times)	1.47	1.44
Book value per share (Baht)	0.70	0.58

Liquidity and Capital Resources

Cash Flow Statement (Million Baht)	Q1/2022	Q1/2021	% Change
Cash flows from operating activities			
Net cash flow from operating activities	127.5	29.6	(531.0%)
Cash flows from investing activities			
Net cash from (used in) investing activities	(17.5)	(8.6)	102.3%
Cash flows from financing activities			
Net cash from (used in) financing activities	(54.3)	35.9	(251.4%)
Cash and cash equivalents net increase	55.7	(2.4)	(2472.7%)
Cash and cash equivalents at beginning of period	37.9	8.7	336.8%
Cash and cash equivalents at end of period	93.6	6.3	1377.8%

As at 31 March 2022, The Company had remaining cash and net cash equivalents amounting to 93.6 million baht. The net cash flow from operating activities was 127.5 million baht, net cash flow used in investing activities was 17.5 million baht, and net cash flow used in financing activities was 54.3 million baht in order to pay for investment in machinery and other assets to support the sales of products that are growing continuously and repay short-term - long-term loans as scheduled.