

THIP-SET/030/2021

August 13, 2021

Subject : Filing of Reviewed Financial Statements for the 2nd
Quarter of 2021 and 2020 and Management Discussion and Analysis

Attention : The President
The Stock Exchange of Thailand

Enclosures : 1. Reviewed Financial Statements and the Auditor's Review Report
for the 2nd Quarter of 2021 and 2020
2. Management Discussion and Analysis

The Board of Directors' Meeting No. 5/2021 of Thantawan Industry Public Company Limited which was held on August 13, 2021 had approved the Reviewed Financial Statements for three-month and six-month period ended June 30, 2021. The Management Discussion and Analysis for the 2nd Quarter of this year can be clarified as attached.

Please be informed accordingly.

Sincerely Yours,



(Mr.Detbordin Riensubdee)(Mrs.Pojanard Prinyapatpakorn)

Authorized Director



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Management Discussion and Analysis for Q2 2021

A) Results of Operations

The net profit after tax of Q2 2021 was THB 62.2 million which increased by THB 3.5 million or 6.0% compared to Q2 2020. Earnings per share was THB 0.69, higher than Q2 2020 by THB 0.04 mainly because of the below factors:

- Overall product sales increased by 31.0% compared to Q2 2020 summarized as below.

Sales Revenue	Bags		Drinking Straw		Other Products		Total Sales Revenue	
	2/2021	2/2020	2/2021	2/2020	2/2021	2/2020	2/2021	2/2020
International sales	746.9	537.3	13.7	22.8	31.1	29.8	791.7	589.9
Domestic sales	70.9	65.5	27.3	26.3	21.9	14.3	120.1	106.1
Total sales	817.8	602.8	41.0	49.1	53.0	44.1	911.8	696.0
Inc.(Dec)								
International sales		39.0%		-39.9%		4.4%		34.2%
Domestic sales		8.2%		3.8%		53.1%		13.2%
Total sales Inc.(Dec)		35.7%		-16.5%		20.2%		31.0%

- In Q2/21, for the three-month period, revenue continued to grow from Q1/21 by 13% and increased from the same period of 2020 by 31%, mainly from bag product group in international market. Overall, the international market with the highest growth from Q1/21 was the United States and Australia, with growth of 49% and 21%, respectively.

- This growth comes from increasing demand in the markets in accordance with our sales strategies to expand to these markets as well as with our capital expenditure plan to increase production capacity.

- Sales from other products consisted of scrub fibers, wrap films, reused resin, plastic scraps and other products, this group growing from wrap film, which the company is currently marketing.

- New products, SunZip Antivirus and Sunmum smart bag, launched together with the mobile application, are now on the market and under marketing process to widespread over consumers. Currently, there are over 3,000 application users.

- COVID-19 wave 3 situation has been widely and rapidly spread in most area in Thailand. It also impacted Company's production capacity in Q3/21. The company will implement every solution to recover and currently we continue to operation our production lines.



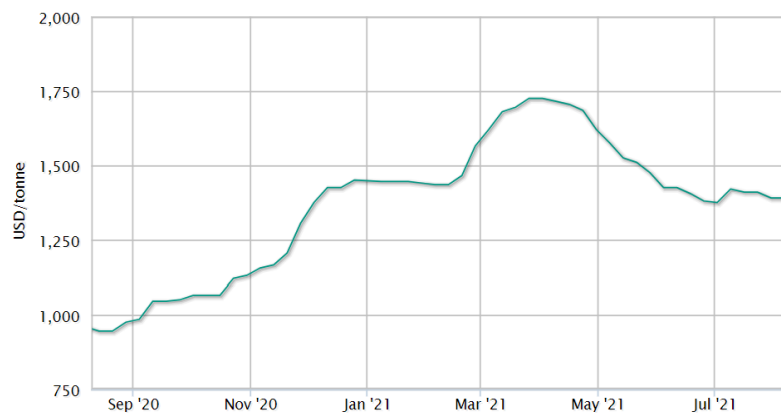
 

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Director

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- The company's overall expenses increased by 32.5% compared to Q2 2020, mainly due to
 - Cost of sales increased by THB 202.7 million or 36.8%, in line with the revenue increases but higher percentage than sales, resulting in the gross profit margin in Q2 2021 of 17.3% and a decrease by 3% compared to Q2 20 was the result of the price of key raw material increase continuously from the end of year 2020 Especially in April 2021, the price of resin increased significantly. Therefore, as raw material prices continue to rise, gross profits in each product group, both bags and straw has the gross margin decline.



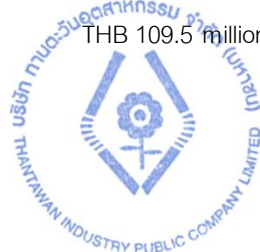
- However, the company has a plan to develop production efficiency as a part of sustainable cost reduction. The results have been clearly seen since year 2020 and continued in 2021. As a result, the production cost did not increase as much as the price of raw materials.
- Administrative expenses decreased by THB 7.3 million or 12.7% due to Q2 2020 the company has increased HR expenses from recruiting personnel to serve corporate development plan and anti Covid-19 related expenses.

B) Financial position

Assets

As of June 30, 2021, Company's total assets were THB 2,579.9 million, increased from December 31, 2020 by THB 568.4 million or 2.7%. Significant changes in assets were followings;

- 1.) Total current assets were THB 1,571.8 million, increased by THB 12.1 million or 0.8% mainly due to
 - 1.1) Inventory increased by THB 187.9 million or 42.9% mainly from finished goods increased by THB 109.5 million mainly due to container shortage which impact globally. Another reason was raw





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material increased by THB 53.6 million from the raw material prices increased in addition, raw material volume increased from higher order is expected to come in Q3 2021.

1.2) Trade account receivable increased by THB 111.7 million or 34.3% compared to 31 December 2020 mainly due to increased in customer order and not yet in due. However, the quality of customer credit is still good.

2.) Total non-current assets were THB 1,008.1 million, increased when compared to 31 December 2020 by THB 56.3 million or 5.9%. The main reason from increased in net book value of land building and machinery from the company purchase in land and building nearby the current factory amount of THB 15 million for future expansion and invested in machinery and equipment, building improvement totaling THB 45.0 million in accordance with the factory improvement plan.

Liabilities and Shareholders' Equity

As of June 30, 2021, company's total liabilities were THB 411.6 million, increased from December 31, 2020 amount of THB 8.7 million or 2.2% mainly due to trade and other payables increased by THB 45.3 million or 17.6% mainly due to trade account payable increased from raw material order higher.

Shareholders' equity as of June 30, 2021 was THB 2,072.2 million, increased by THB 58.0 million or 2.9% compared to December 31, from the capital increased to support the stock dividend payment on May 24, 2021 by THB 10.0 million and another THB 48.0 million added up from the comprehensive income for Q2 2021

C) Key Financial Ratios

Description	Unit	Q2 2021	Q2 2020
Gross profit margin	%	17.33%	20.82%
Net profit margin	%	6.76%	8.35%
Return on shareholders' equity	%	2.99%	3.08%
Return on total assets	%	2.40%	2.45%
Liquidity ratio	Times	3.86	3.56
Cash cycle	Days	81	63
Debt to Equity ratio	Times	0.24	0.26
Book value per share	THB/share	25.90	23.49
Basic earnings per share	THB/share	0.69	0.65

Cash cycle increase from longer inventory turnover as mentioned above that is impact from container shortage. However, inventory quality is still good since customer placed orders consistently.



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