



## Management Discussion and Analysis For the Operating Results of 2023

**Srithai Superware Public Company Limited**



Subject Management Discussion and Analysis for 2023

Dear President  
The Stock Exchange of Thailand

Srithai Superware Public Company Limited (the “Company”) hereby presents a summary of the operating results for 2023 as follows:

## 1. Summary of Operating Results of the Group

Table 1: Summary of Operating Results of the Group

(Unit: Million Baht)	Q3/2023	Q4/2023	Q4/2022	QoQ		YoY		Jan -Dec 2023	Jan - Dec 2022	YoY	
				+/(−)	%	+/(−)	%			+/(−)	%
Sales	2,051	2,083	2,383	32	1.6%	(300)	(12.6%)	8,550	9,371	(821)	(8.8%)
Gross Profit	294	318	337	24	8.2%	(19)	(5.6%)	1,206	1,270	(64)	(5.0%)
Gross Profit (%)	14.3%	15.3%	14.1%	0.9%	-	1.1%	-	14.1%	13.6%	0.6%	-
Operating profit	87	64	99	(23)	(26.4%)	(35)	(35.4%)	338	413	(75)	(18.2%)
Operating profit margin (%)	4.2%	3.1%	4.2%	(1.2%)	-	(1.1%)	-	4.0%	4.4%	(0.5%)	-
Gain (loss) on exchange rate	2	(2)	(20)	(4)	(200.0%)	18	90.0%	3	(1)	4	400.0%
EBITDA*	272	291	256	19	7.0%	35	13.7%	1,112	1,133	(21)	(1.9%)
EBITDA Margin (%)	13.3%	14.0%	10.7%	0.7%	-	3.2%	-	13.0%	12.1%	0.9%	-
Net profit	94	109	61	15	16.0%	48	78.7%	376	362	14	3.9%
Net profit on sales (%)	4.6%	5.2%	2.6%	0.6%	-	2.7%	-	4.4%	3.9%	0.5%	-
Profit attributable to equity holders of the Company	95	105	57	10	10.5%	48	84.2%	372	350	22	6.3%
Earning per share (Baht)	0.03	0.04	0.02	0.01	-	0.02	-	0.14	0.13	0.01	-

Note:

\*EBITDA excluding share of profit from investments in associates

Compared with Q4/2022, the Group generated revenue from sales of Baht 2,083 million in Q4/2023, a decrease by Baht 300 million or 12.6% YoY. The decline was attributed primarily to the industrial products, both domestic and overseas operations, which were mainly affected by the economic slowdown, leading to weaker purchasing power and consumers’ consumption. In addition, the decrease was influenced by lower product selling prices adjusted in line with the reduction in main raw material prices. Despite the drop in sales, gross profit margin was maintained, with an increase from 14.1% to 15.3% and EBITDA margin increased from 10.7% to 14.0%. Net profit attributable to equity holders of the Company increased by 84.2% or Baht 48 million to Baht 105 million.

Compared with Q3/2023, the Group experienced a slight increase in sales by Baht 32 million, or 1.6%, primarily driven by the Household products of the domestic operation. Gross profit margin adjusted favorably from 14.3% to 15.3% and EBITDA margin increased from 13.3% to 14.0%. Net profit attributable to equity holders of the Company increased by 10.5% or Baht 10 million.

For the full fiscal year 2023, the Group reported sales of Baht 8,550 million, reflecting a decrease of Baht 821 million or 8.8% compared with the previous year. The drop in sales was attributed to both industrial and household products of domestic and overseas operations, which were affected by various factors including weak economic conditions, interest rates and high energy costs lowering consumers' purchasing power, while overseas operations faced impacts and uncertainties related to the Russia-Ukraine conflict, interest rates and inflation rates. EBITDA margin for the year 2023 increased to 13.0% from 12.1% YoY. In addition, the Company recorded extraordinary items in Q4/2023 totaling Baht 29 million, which primarily derived from gain from sales of investment properties net of relevant taxes and expenses of Baht 46 million and provision for impairment of fixed assets of Baht 17 million. Net profit attributable to the equity holders of the Company for the year was Baht 372 million, representing an increase by Baht 22 million from Baht 350 million or a 6.3% increase. As a result, earnings per share for the Company's shareholders increased from 0.13 Baht to 0.14 Baht.

## 2. Operating Results by Segment

Figure 1: Proportion of sales by segment and operation in 2023

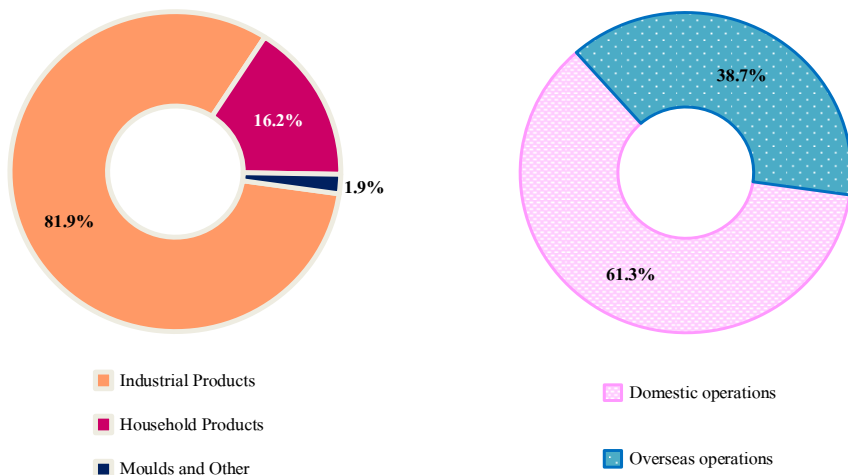
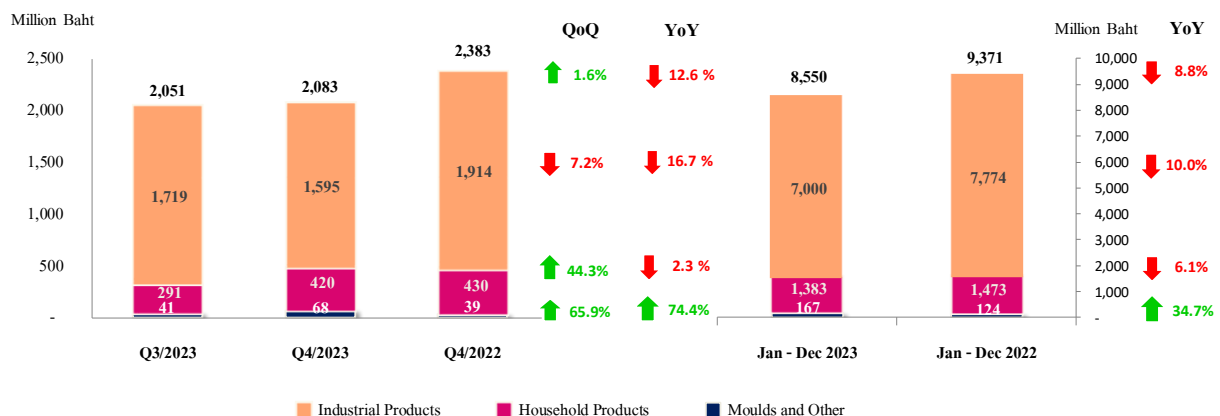


Figure 2: Sales by Segment



## 2.1 Household Products

Table 2: Summary of Operating Results of Household Products

(Unit: Million Baht)	Q3/2023	Q4/2023	Q4/2022	QoQ		YoY		Jan - Dec 2023	Jan - Dec 2022	YoY	
				+ / (-)	%	+ / (-)	%			+ / (-)	%
Sales	291	420	430	129	44.3%	(10)	(2.3%)	1,383	1,473	(90)	(6.1%)
Domestic operations	194	305	290	111	57.2%	15	5.2%	979	989	(10)	(1.0%)
Overseas operations	97	115	140	18	18.6%	(25)	(17.9%)	404	484	(80)	(16.5%)
Operating profit	44	137	66	93	211.4%	71	107.6%	286	182	104	57.1%
Operating profit margin (%)	15.1%	32.6%	15.3%	17.5%	-	17.3%	-	20.7%	12.4%	8.3%	-
EBITDA*	61	154	81	93	152.5%	73	90.1%	352	246	106	43.1%
EBITDA Margin (%)	21.0%	36.7%	18.8%	15.7%	-	17.8%	-	25.5%	16.7%	8.8%	-

Note:

\*EBITDA excluding other income and share of profit from investments in associates

### Operating results of Q4/2023 vs. Q4/2022

- The Household Products experienced a slight decrease in sales by Baht 10 million (-2.3%) YoY, stemming from overseas operations, particularly a subsidiary in Vietnam, which faced decreased orders from traditional trade in both wholesale and retail channels due to low spending affected by troubled real estate sector, as well as high interest rates and increased unemployment. Nevertheless, sales of domestic operation increased, driven by higher export sales, especially to key markets in Europe, the United States, and the Middle East, with increased orders for newly co-developed products with customers in the previous quarter. The movement of the Thai Baht against the US Dollar in the Q4/2023 showed less volatility compared with the Q4/2022 (as illustrated in Figure 3).

Figure 3: Exchange rate trend (Baht per US Dollar)

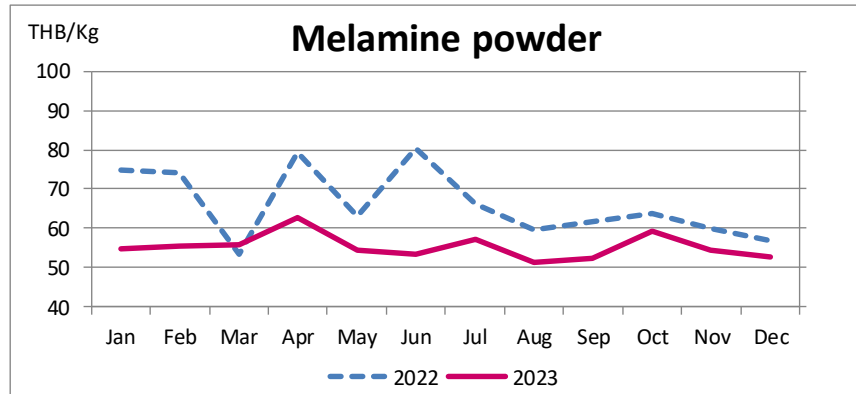


Source: REUTERS

- EBITDA increased by Baht 73 million (+90.1%), and the EBITDA margin increased from 18.8% (+17.8%) to 36.7%. This huge improvement was primarily attributed to the performance of the domestic operation with strong support by

decreased costs of key raw materials compared with the same quarter of the previous year, as illustrated in Figure 4. The increase was also enhanced by close monitoring and control of costs and expenses.

**Figure 4: Price trend of main raw material since 2022**



Source: The Company's research

#### Operating results of Q4/2023 vs. Q3/2023

- The Household Products generated an increase in sales by Baht 129 million (+44.3%), mainly driven by domestic operation, particularly increased domestic sales. The growth was attributed to the year-end grand sales events held at all 4 plants, namely Suksawat, Amata City Chonburi, Bangpoo, and Korat, during this quarter. On the contrary, there were no such events in Q3/2023. Additionally, sales from overseas operations increased, driven by both subsidiaries in Vietnam and India. The increase was due to heightened consumer spending towards the end of the year, coinciding with the New Year celebrations and Diwali festival in India.
- EBITDA increased by Baht 93 million (+152.5%), and the EBITDA margin reached 36.7%, showing an increase from the previous quarter (+15.7%). The rise was mainly due to increased sales while maintaining stable raw material prices.

#### Operating results of 2023 vs. 2022

- The Household Products recorded overall sales of Baht 1,383 million, reflecting a decrease of Baht 90 million (-6.1%). The drop came from both domestic and overseas operations. Sales of domestic operation decreased from both domestic sales and export sales. The decrease in domestic sales was attributed to reduced orders from new OEM customer and a decline in export sales during the third quarter, which had seen collaborations on new product development with key customers. The drop in sales of overseas operation was primarily due to decreased performance in a subsidiary in Vietnam. The previous year had seen support from orders for events from various private sectors, stimulating the economy post-Covid-19 recovery. However, this year faced the impact of interest rate fluctuations, increased unemployment rates, and slowdown in real estates in Vietnam.

- EBITDA amounted to Baht 352 million, showing an increase of Baht 106 million (+43.1%), and the EBITDA margin stood at 25.5%, marking an increase from the previous year (+8.8%). The improvement is primarily attributed to the performance of domestic operation resulted mainly from the decreased prices of key raw materials, expansion of distribution channels, execution of aggressive marketing programs, enhancement of product varieties as well as effective cost and expense management and control.

## 2.2 Industrial Products

Table 3: Summary of Operating Results of Industrial Products

(Unit: Million Baht)	Q3/2023	Q4/2023	Q4/2022	QoQ		YoY		Jan - Dec 2023	Jan - Dec 2022	YoY	
				+ / (-)	%	+ / (-)	%			+ / (-)	%
Sales	1,719	1,595	1,914	(124)	(7.2%)	(319)	(16.7%)	7,000	7,774	(774)	(10.0%)
Domestic operations	1,043	978	1,147	(65)	(6.2%)	(169)	(14.7%)	4,094	4,482	(388)	(8.7%)
Overseas operations	676	617	767	(59)	(8.7%)	(150)	(19.6%)	2,906	3,292	(386)	(11.7%)
Operating profit(loss)	48	(72)	36	(120)	(250.0%)	(108)	(300.0%)	66	251	(185)	(73.7%)
Operating profit(loss) margin (%)	2.8%	(4.5%)	1.9%	(7.3%)	-	(6.4%)	-	0.9%	3.2%	(2.3%)	-
EBITDA*	183	55	163	(128)	(69.9%)	(108)	(66.3%)	598	792	(194)	(24.5%)
EBITDA Margin (%)	10.6%	3.4%	8.5%	(7.2%)	-	(5.1%)	-	8.5%	10.2%	(1.6%)	-

Note:

\*EBITDA excluding other income and share of profit from investments in associates

### Operating results of Q4/2023 vs. Q4/2022

- The Industrial Products saw a decrease in sales by Baht 319 million (-16.7%), affecting both domestic and overseas operations. The product groups with decreased revenue are as follows:
  - Beverage Packaging Products of subsidiaries in Vietnam experienced a decline in sales. This was due to certain products adjusting their prices in line with lower raw material costs compared with the previous year, and ongoing testing and modification of some new products. However, the domestic operation saw an increase in sales, due to market expansion in the local drinking water.
  - Industrial Plastic Products of both the domestic operations and a subsidiary in Vietnam saw a decline in sales. The decrease in sales of domestic operations was primarily driven by the pallet products, affected by reduced customer demand and intense price competition. Premium products, which had special orders from customers in previous year, were also impacted. Sales of container products were affected by market contraction in the retail sector and the automotive industry. Additionally, automotive part products of domestic subsidiary also experienced a decrease in sales. Simultaneously, the overseas operation also experienced a decline in sales, particularly in battery cases and pail products due to the slowdown in the automotive industry and the real estate business sector in Vietnam.
- EBITDA decreased by Baht 108 million (-66.3%), and EBITDA margin declined from 8.5% to 3.4%, a decrease of 5.1%. This decline was observed in both domestic and overseas operations due to reduced sales and heightened price

competition in the Industrial Plastic Products. Additionally, there were adjustments in labor and energy costs following government announcements, along with extra expenses related to the provision for impairment of fixed assets, provision inventory, and expected credit losses.

#### **Operating results of Q4/2023 vs. Q3/2023**

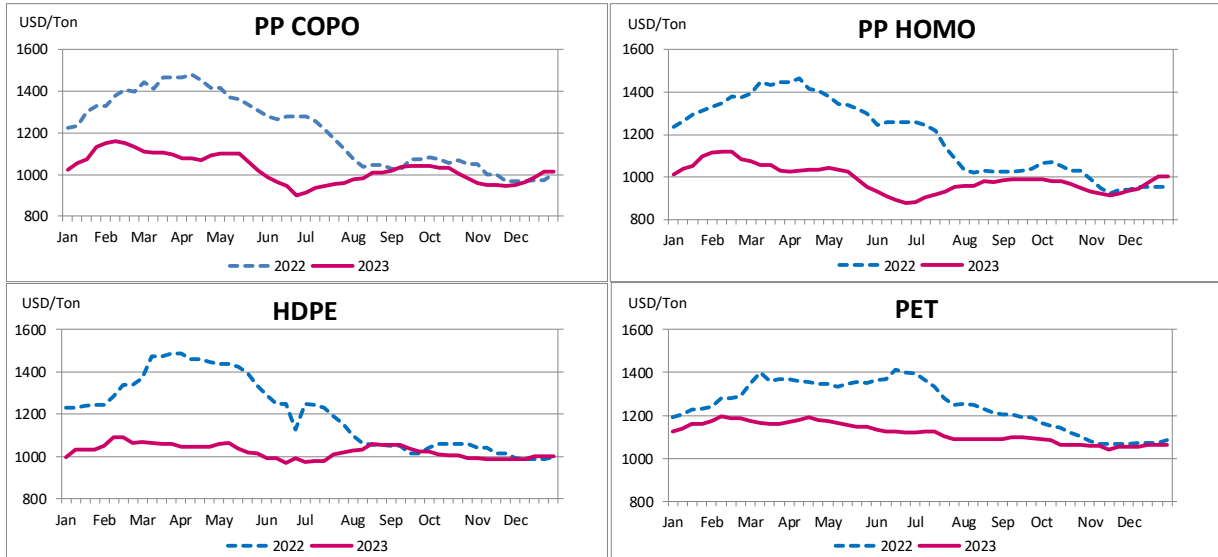
- The Industrial Products experienced a decrease in sales of Baht 124 million (-7.2%), affecting both domestic and overseas operations. The decline was influenced by decreased sales in the beverage packaging products from subsidiaries in Vietnam. This was due to ongoing testing and modification of some new products, leading to a decrease in orders. Simultaneously, sales of industrial plastic products of domestic operations decreased, especially in the pallet products, affected by decreased customer demand and intense price competition. Additionally, sales of food packaging decreased due to orders from cinema customers during the third quarter, driven by the release of numerous major films. Sales of garbage bin products were affected by the slowdown of export markets.
- EBITDA decreased by Baht 128 million (-69.9%), and the EBITDA margin declined from 10.6% to 3.4%, a decrease of 7.2%. This reduction was observed in both domestic and overseas operations due to decreased sales, as well as special expenses related to provision for impairment of fixed assets, provision inventory, and expected credit losses.

#### **Operating results of 2023 vs. 2022**

- The Industrial Products generated overall sales of Baht 7,000 million, reflecting a decrease of Baht 774 million (-10.0%), in both domestic and overseas operations. In the domestic operation, sales decreased, primarily from the industrial plastic products, notably in products such as pallets, containers, battery cases, and automotive parts as a result of lower orders from the automotive sector due to the slowdown in the automotive industry. Meanwhile, domestic sales of beverage packaging products increased, driven by the expansion of local drinking water market. In the overseas operations, sales decreased for both the beverage packaging and industrial plastic products of subsidiaries in Vietnam, both in the northern and southern regions. The decrease was attributed to products with adjusted selling prices in line with the decrease in raw material prices compared with the previous year, delayed introduction of new products, and decreased sales of industrial plastic products, including battery cases and pails, as a result of delayed recovery of the automotive and real estate industries in Vietnam.
- EBITDA amounted to Baht 598 million, a decrease of Baht 194 million (-24.5%), and EBITDA margin decreased from 10.2% (-1.6%) to 8.5%. This decline was observed in both domestic and overseas operations, attributed to decreased sales, heightened price competition in the industrial plastic products, increased cost of labor and energy, and additional expenses from provision for impairment of fixed assets, provision of inventory, and expected credit losses.

In the year 2023, main raw material prices were lower than the previous year. Towards the end of the year, the prices of main raw materials were close to those of the same period in the previous year, as shown in Figure 5.

**Figure 5: Price trend of main raw materials since 2022**

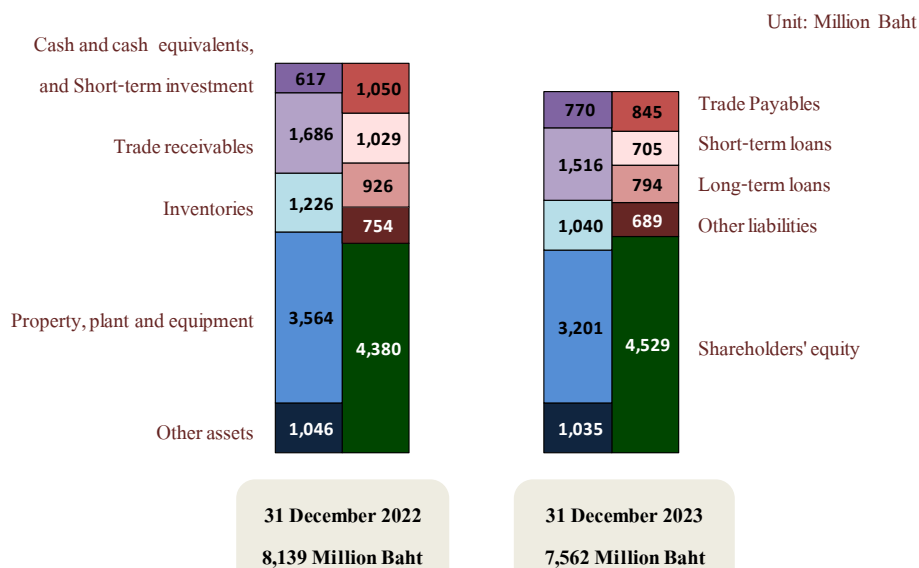


Source: ICIS

Each type of raw materials is used to produce the following products.

- PP COPO for paint pails, containers, and battery cases
- PP HOMO for furniture
- HDPE for pallets, garbage bins, crates, and closures
- PET for preform

### 3. Financial Position





Compared with the year end of 2022, as at 31 December 2023, the Group had

**Total assets of Baht 7,562 million**, decreased by Baht 577 million, which comprised the following key items:

- Cash and cash equivalents, and short-term investment of Baht 770 million, increased by Baht 153 million.
- Trade receivables amounted to Baht 1,516 million, a decrease of Baht 170 million, particularly from trade receivables related to the industrial plastic products of the Company and the beverage packaging products of subsidiaries in Vietnam, in line with the decreased sales.
- Inventories amounted to Baht 1,040 million, a decrease of Baht 186 million. The decrease resulted from the reduction in the storage of raw materials by the operations in Vietnam, major sales of the Company's finished products, and the delivery of molds by domestic subsidiaries.
- Property, Plant and Equipment amounted to Baht 3,201 million, a decrease of Baht 363 million, mainly due to depreciation and provision for impairment of fixed assets amounting to Baht 17 million, netted with the fixed assets acquisition.

**Total liabilities of Baht 3,033 million**, decreased by Baht 726 million which comprised the key items as follows:

- Trade payables amounted to Baht 845 million, a decrease of Baht 205 million. The decrease was due to the decline in the volume of purchase orders and the storage of raw materials, as the Company and its subsidiaries in Vietnam have closely monitored raw material prices.
- Total loans amounted to Baht 1,499 million, a decrease by Baht 456 million, comprising a decrease of Baht 324 million in short-term loans and Baht 132 million in long-term loans, due mainly to additional repayments of loans along with some new borrowings. Furthermore, the Company has provided short-term loan to its subsidiary in Vietnam during the year 2023 amounting to Baht 480 million, for the purpose of alleviating the interest burden in Vietnam and enhancing its competitiveness. This amount was finally repaid during the year in full and these related party transactions have been eliminated in the consolidated financial statements.

**Total shareholders' equity of Baht 4,529 million**, increased by Baht 149 million, deriving from the improvement in operating profit of the Group netted with dividend payment during the year.

#### 4. Cash flow

For the 12-month period of the year 2023 compared with the same period of year 2022, the Group had an increase in cash and cash equivalents of Baht 120 million, derived from the following:

Table 4: Cash flow statement

(Unit: Million Baht)	12 months 2023	12 months 2022	Change
Net cash flows from operating activities	951	802	149
Net cash flows used in investing activities	(198)	(456)	258
Net cash flows used in financing activities	(633)	(395)	(238)
Net increase (decrease) in cash and cash equivalents	120	(49)	169

➤ Cash flow from operating activities amounted to Baht 951 million, increased from the prior year due to the effective working capital management both in terms of trade receivables and inventories.

➤ Cash flow used in investment activities amounted to Baht 198 million, a decrease compared to the prior year. This was due to reduced investments in the acquisition and improvement of machinery and equipment netted with proceeds from disposal of investment property.

➤ Cash flow used in financing activities amounted to Baht 663 million, higher than the prior year due to the higher repayments and necessary loan drawdowns in order to reduce debts and interest expenses. In addition, the annual dividend for the 2022 fiscal year and the interim dividend for the first half year 2023 were paid higher than the previous year.

## 5. Key Financial Ratios

**Table 5: Key Financial Ratios**

Description	Unit	Q3/2023	Q4/2023	Q4/2022	Jan - Dec 2023	Jan - Dec 2022
<b>Liquidity Ratio</b>						
Current Ratio	Times	1.5	1.7	1.4	1.7	1.4
<b>Working Capital Ratios</b>						
Collection Period	Days	69.6	65.5	63.7	63.8	64.8
Inventory Turnover Period	Days	60.5	53.0	53.9	51.0	54.5
Payment Period	Days	49.8	43.1	46.2	41.4	46.6
Cash Cycle	Days	80.3	75.4	71.4	73.4	72.6
<b>Profitability Ratios</b>						
Return on Equity	%	2.1	2.4	1.4	8.3	8.3
Return on Operating Assets	%	2.6	3.2	1.6	11.0	9.6
<b>Financial Structure Ratios</b>						
Debt to Equity	Times	0.8	0.7	0.9	0.7	0.9
Net Interest Bearing Debt to Equity	Times	0.2	0.2	0.3	0.2	0.3

Note:

Current Ratio	=	Total current assets / Total current liabilities
Collection Period	=	Trade receivables / Sales x average period days
Inventory Turnover Period	=	Inventories / Cost of sales x average period days
Payment Period	=	Trade payables / Cost of sales x average period days
Cash Cycle	=	Collection Period + Inventory Turnover Period - Payment Period
Return on Equity	=	Net profit for the period / Total shareholders' equity x 100
Return on Operating Assets	=	Net profit for the period / Property, plant and equipment, Intangible assets and Right-of-use assets x 100
Debt to Equity	=	Total debt / Total shareholders' equity
Net Interest Bearing Debt to Equity	=	Interest Bearing Debt net - (cash and cash equivalents + short-term investments) / Total shareholders' equity

## 6. Significant Events in 2023

➤ On 26 May 2023, there was an inauguration ceremony for a new Melamine factory of Srithai (Vietnam) Company Limited, located at the VSIP 2 Industrial Park in Binh Duong Province, Vietnam. This factory produces high-quality household products made from melamine and will enhance future production capacity.

## 7. Sustainability Management

The Company emphasizes and is committed to continuous business growth and aims to become a sustainable organization, considering the balance in all 3 dimensions: Environmental, Social, and Governance (ESG). Historically, the Company has executed sustainable strategies in each dimension and has received prestigious awards and ratings as a leading organization in sustainable management. This includes:

- **Environmental Dimension:** The Company has undertaken various projects, such as:
  - Solar Rooftop installation projects for alternative energy use, including measures to enhance energy efficiency in the manufacturing processes, resulting in energy and cost savings for the Company.
  - Circular Economy Promotion Project, collaborating with business partners and allies, the Company is promoting the concept of a Circular Economy. This involves taking the Company's used plastic products back into the production process to recycle them into new products, including utilizing Post-Consumer Recycled resin as raw material. This not only reduces the environmental impact but also helps decrease greenhouse gas emissions directly from the manufacturing process. The initiative aims to mitigate the increase in temperature and climate change.
  - Carbon Footprint Reduction Project, the Company has efficiently implemented management practices to reduce greenhouse gas emissions and has been certified by the Greenhouse Gas Management Organization (a non-profit organization) since 2021 to date.
- **Social Dimension:** The Company values our employees as a key driving force for organizational growth, emphasizing fairness, skill development, and an efficient working environment to enhance quality of life, happiness, and safety workplace. Additionally, the Company operates with a strong sense of community and society responsibility, aiming to minimize risks associated with its business operations and prevent potential negative impacts on the external environment.
- **Governance Dimension:** The Company is committed to promoting itself as an organization with transparent and auditable business operations, taking the interests of all stakeholders into consideration. Some key achievements in this regard include:



- 5-star award or scoring of “Excellent” in the corporate governance assessment for eight consecutive years (2016-2023). The assessment is conducted by the Thai Institute of Directors (IOD), based on the Corporate Governance Report of Thai Listed Companies (CGR).
- Certification as a member of the Thai Private Sector Collective Action Against Corruption (CAC) project, demonstrating the Company’s commitment to anti-corruption practices. In 2023, the Company’s membership in CAC was renewed for the second time, with a certification term of three years (2023-2026). This renewal underscores the Company’s dedication to adhering to policies and practices in the fight against corruption, contributing to the organization’s sustainable development.
- The Company has been ranked in the SET ESG Rating for the year 2023 in the Industrials group, achieving an A-level ranking for the first time. This highlights the Company’s progress in operations and ESG disclosure at the national level, demonstrating its commitment and dedication to sustainable business growth, providing long-term returns to investors.



- The Company has received the Outstanding Business Ethics Award for the year 2023 from the Thai Chamber of Commerce, showcasing its dedication to conducting business with high ethical standards following corporate governance principles and good corporate governance.

Please be informed accordingly.

Yours faithfully,

**Srithai Superware Public Company Limited**

Chaiwat Kulphattaravanich

Director and Company Secretary

Company Secretary Office



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