



SLI. 001/2024

27 February 2024

Subject : Management Discussions & Analysis for Year 2023 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 year 2023 ended 31 December 2023. The company and subsidiaries generated net profit Baht 16.65 million for year 2023, compared to net profit Baht 114.46 million at last year or 85% decrease.

The reason of decreased net profit was occurred as follows :-

1. Operating result and Profitability

Revenue

In year 2023, the Company and subsidiaries had a total revenue at Baht 1,303 million which decreased from Baht 1,600 million at last year or equal to 19% decrease. The reason was that there was a lower sales in OEM business of plastic parts and the reduction in local purchasing power effected to local sales of plastic products and Self-adhesive label.

Cost of sales and expenses

In year 2023, the Company and subsidiaries had gross profit of Baht 258 million which decreased Baht 114 million from last year. The reason of the decrease in gross profit was that cost of sales increased from 77% in last year to 80% in this year as some cost of sales were fixed cost which did not decrease in according to the decrease in sales.

In year 2023, Selling and administrative expenses amounting to Baht 243 million which decreased from Baht 261 million at last year or equal to 7% decrease. The percentage of selling and administrative expenses to sales revenue was at 19% which increased from last year at 17% as some selling and administrative expenses were fixed expenses which did not decrease in according to the decrease in sales.

Cost of fund

The Company and subsidiaries had an interest expenses in year 2023 amounting to Baht 2.97 million which decreased Baht 1.33 million comparing to last year amounting to Baht 4.30 million as the decrease in long-term loans from Banks.

Therefore, the interest rate for short-term and long-term loans of the Company and subsidiaries was about 3.5 -5.5% per year.

Corporate income taxes

In year 2023, the Company and subsidiaries had corporate income taxes to pay Baht 12.42 million which decreased Baht 18.09 million compared to amounting Baht 30.51 million at last year as the decrease in profit from operation.

Net income

In year 2023, the Company and subsidiaries had a net profit of Baht 16.65 million, comparing to a net profit of Baht 114.46 million at last year as in year 2023 the sales turnover decreased as described above and the percentage of cost of sales and the percentage of selling and administrative expenses to sales revenue increased because some cost of sales and selling and administrative expenses were fixed cost and expenses which did not decrease in according to the decrease in sales.

2. Assets Management

Assets

Total assets of the Company and subsidiaries was Baht 1,784 million as of 31 December 2023 which decreased about 9% compared to Baht 1,970 million as of 31 December 2022.

Fixed Deposit at Banks

The Company and subsidiaries had a fixed deposit at Banks amounting to Baht 251 million as of 31 December 2023 which increased from Baht 190 million as of 31 December 2022.

Account receivables

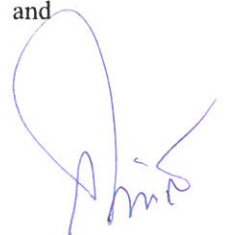
The Company and subsidiaries had an account receivables amounting to Baht 322 million and Baht 339 million as of 31 December 2023 and 31 December 2022 respectively which the ratio of account receivables to total assets were equal to 18.06% and 17.21 respectively.

Inventory

The Company and subsidiaries had an inventory amounting to Baht 171 million as of 31 December 2023 which decreased Baht 23 million compared to Baht 194 million as of 31 December 2022 which the ratio of inventory to total assets were equal to 9.57% and 9.87% respectively.

Land building and equipments and intangible assets

The Company and subsidiaries had Land building and equipments and intangible assets amounting to Baht 760 million and Baht 838 million as of 31 December 2023 and 31 December 2022 respectively which the ratio of Land building and equipments and intangible assets to total assets were equal to 42.63% and 42.55% respectively.



Total debts

As of 31 December 2023, the Company and subsidiaries had total debts amounting to Baht 231 million and could be divided to current liabilities of Baht 177 million and non-current liabilities of Baht 54 million which total debts decreased Baht 86 million compared to Baht 317 million as of 31 December 2022.

The ratio of Debts to Equities (D/E ratio) of the Company and subsidiaries was at 0.15 times as of 31 December 2023 decreasing from 0.19 times as of 31 December 2022 as account payables decreased.

Total equities

As of 31 December 2023, the Company and subsidiaries had total equities amounting to Baht 1,553 million which decreased from Baht 1,653 million as of 31 December 2022 as the dividend payment.

Therefore, as of 31 December 2023, the Company's capital structure comprised of total debts amounting to Baht 231 million and total equities amounting to Baht 1,553 million which the ratio of total debts to total equities was 0.15 times.

3. Liquidity and the capital sufficiency**Liquidity**

As of 31 December 2023, the Company and subsidiaries had the ratio of current assets to current liabilities at 4.67 times which increased from 3.68 times as of 31 December 2022 as account payables decreased.

As of 31 December 2023, the Company and subsidiaries had a liquidity from cash flow amounting to Baht 63 million which decreased about Baht 123 million from the amount as of 31 December 2022 which mostly occurred from the receipt of operation activities at amounting to Baht 79 million which most of them was the decrease in account payables. The use of the investment activities at amounting to Baht 89 million which most of them was the purchase of new machines and equipments and the short-term investment in financial instrument. And the use of the financing activities at amounting to Baht 112 million which most of them were the dividend payment.

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

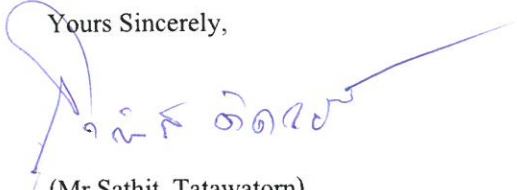
From year 2023 financial statement, source of fund shown that cash flow come from some expenses which had no been paid in cash ex. depreciations etc. and loans from banks. This



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 be 'Sathit Tatawatorn', written in a cursive style. The signature is positioned to the right of the printed name.

(Mr.Sathit Tatawatorn)

Chairman of Executive Board

Salee Industry Public Company Limited