SHRINKFLEX (THAILAND) PCL.

SHRINKflex

OPPORTUNITY DAY

Q4/2023

2023 HIGHLIGHTS

Improved Topline Performance In YE/2023

- Operating revenue was Baht 920.0 million during 2023, increased by 7.1% YoY supported by orders from Gravure Printing products from customers in the beverage and food industries
- Company maintain GPM at 18.0% in 2023 while NPM fall mainly due to the increase in expense to support business growth and the increase in depreciation from the new factory

Reinforcing Our Leadership In Digital Printing In Southeast Asia

- In 2023, the Company achieved its growth target in Digital Printing.
- The Company have developed environmentally friendly flexible packaging bags (Mono Material Pouch) which are 100% recyclable allowing the Company to differentiates itself from other packaging manufacturers

Exhibits At COSMEX 2023

- During 7-9 November 2023, the Company have joined COSMEX 2023 to reach new customer groups as well as to display new product innovations
- As a result, the Company have joined a total of 4 events in all quarters of this year including Food Tech Expo, Thaifex Anuga Asia, Cosmoprof and Cosmex
- From the events, the Company have successfully obtained new customers

Obtained The Food Safety System Certification (BRC)

- In 2023, SFT successfully obtained the second BRC Global Standard Packaging Materials Issue 6 certification for safe and food-grade packaging
- This confirms the Company's commitment to being a leader in safe and internationally certified packaging allowing the Company to serve new international customer base

AGENDA

Shrinkflex (Thailand) PCL. is a leading manufacturer and distributor of Shrink Sleeve Label and Flexible Packaging

01 Company Overview

02 Financial Performance

03 Strategic Direction & Strategy

04 2024 Outlook

WHY SFT?

*With over 15 Years of history in shrink label experiences and expertise with continuous in-house R&D innovation towards **sustainable solutions***

Total Solution Provider

- ✓ Consult & Suggestion
- ✓ Product Innovation
- ✓ Production
- ✓ Qc Process
- ✓ Packing & Inventory System
- ✓ Delivery

Strong Capacity to Serve Customers

175,500,000 meter/year

Gravure

5,466,000 meter/year

Digital

Internationally Certified

องค์กร rganization

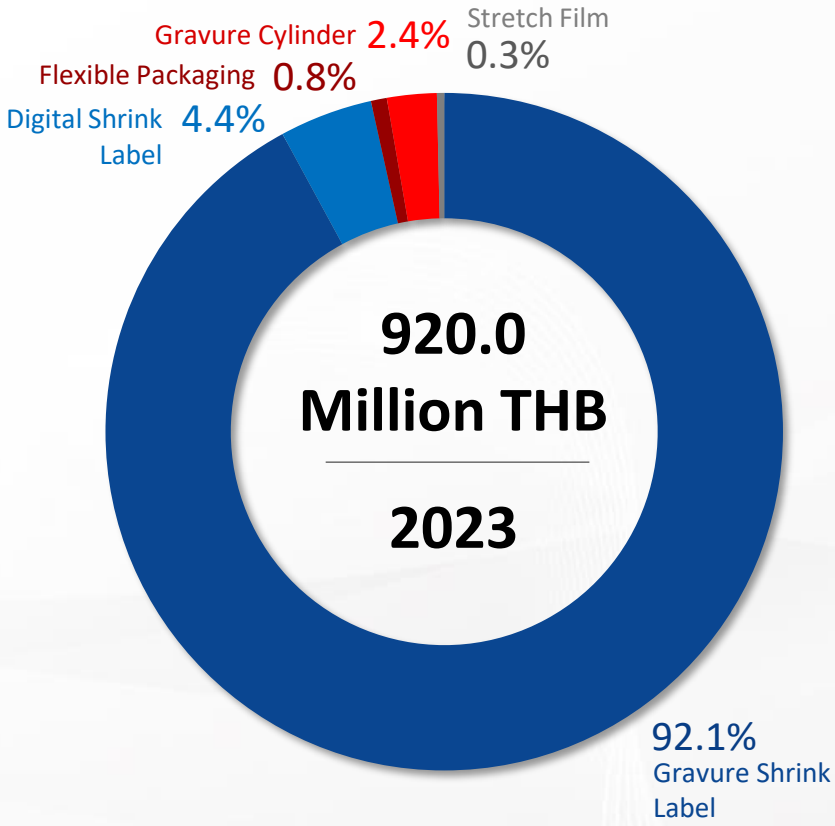
Green Industry กระทรวงอุตสาหกรรม

HACCP & GHPs Food Safety Management CERTIFIED

CDX 787649

BRCGS Packaging Materials CERTIFICATED

BUSINESS BREAKDOWN



92.1%
Gravure Shrink Label

- Super-high Image Quality printing which requires a **use of gravure cylinder**
- Suitable for **mass-produced work** which results in low unit costs

4.4%
Digital Shrink Label

- Cylinder-free with high quality by using laser imaging techniques
- Suitable for low-volume printing jobs

0.8%
Flexible Packaging

- Flexible plastic packaging produced using gravure printing system and digital printing system

2.4%
Gravure Cylinder

- In-house cylinder which can be used in Gravure Printing System

0.3%
Stretch Film

- High Quality stretch
- Forms 55 layers of Nano Stretch Film

AGENDA

Shrinkflex (Thailand) PCL. is a leading manufacturer and distributor of Shrink Sleeve Label and Flexible Packaging

01 Company Overview

02 Financial Performance

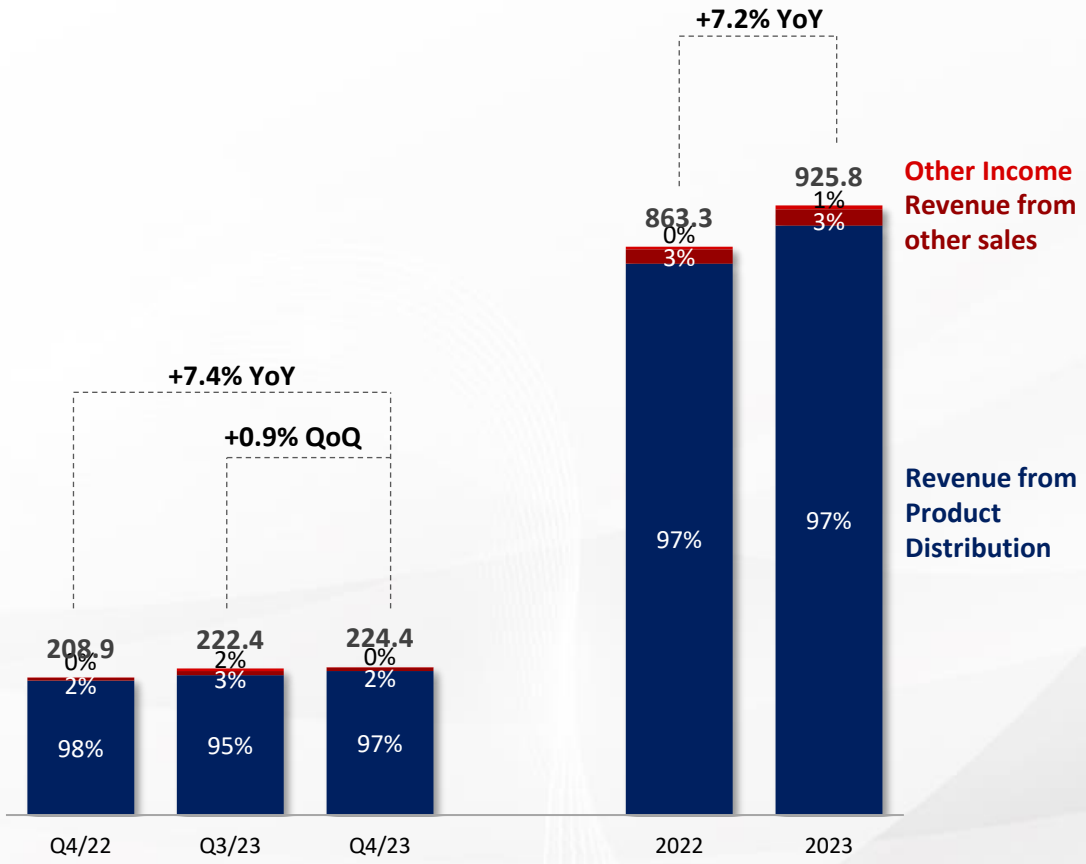
03 Strategic Direction & Strategy

04 2024 Outlook

FINANCIAL HIGHLIGHTS

Total Revenue

Unit: THB million, %



2023 Key Performance

Operating Revenue

920.0 MB

Gross Profit

165.8 MB

GPM 18.0%

EBITDA

111.2 MB

Net Profit

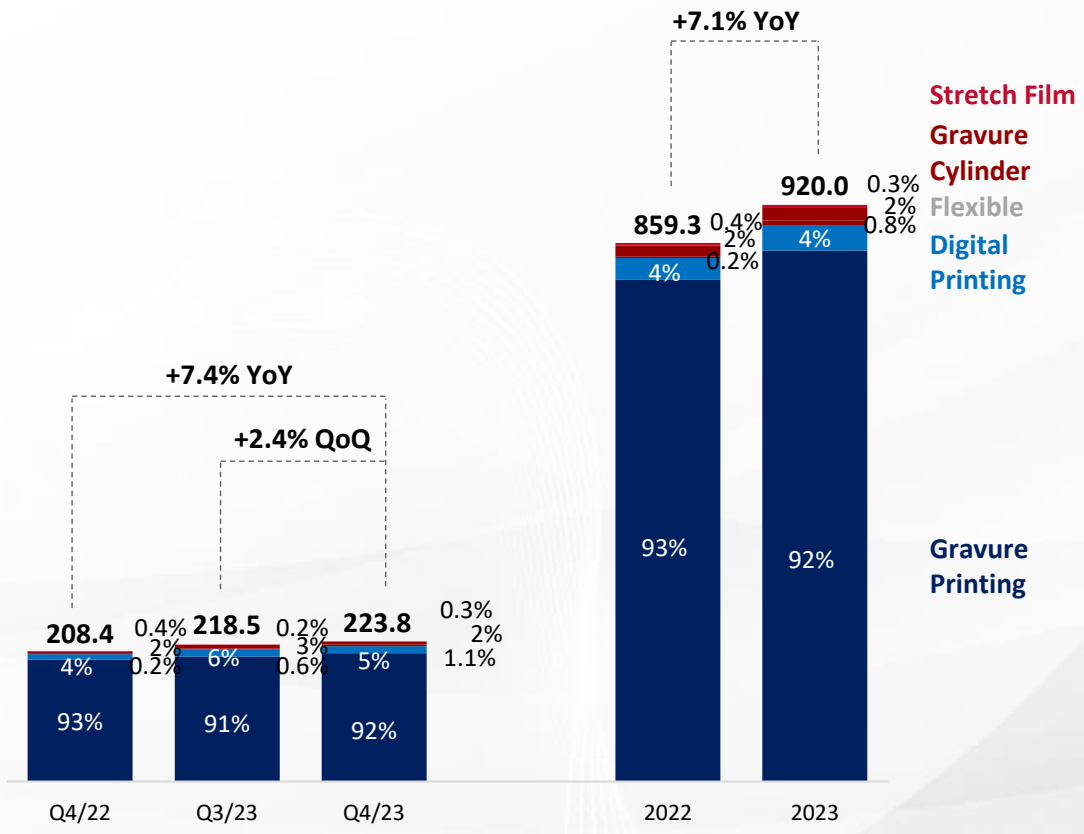
30.5 MB

NPM 3.3%

Note: Percentage change may differ due to rounding

OPERATING REVENUE BREAKDOWN BY PRODUCT

Unit: THB million, %



Note: Percentage change may differ due to rounding

YoY

2023 vs 2022

Operating Revenue was Baht 920.0 million, increased by Baht 60.7 million or 7.1% mainly due to:

- **Revenue from Gravure Printing:** increased due to the increase in orders compared to the same period last year, driven by the growth of customers in the beverage industry.
- **Revenue from Digital Printing:** increased due to the growth from the food and household appliance industries as customers have expanded their business into new markets.
- **Revenue from Flexible Packaging:** increased from the continuous revenue growth from increasing order volume of new customers in all industries.
- **Revenue from Other Sales:** increased from Gravure Cylinder corresponding with the higher order volumes from Gravure Printing sales.

YoY

Q4/2023 vs Q4/2022

Operating Revenue was 223.8 million, decreased by Baht 15.4 million or 7.4% due to

- **Gravure Printing:** increased due to the increase in orders from the beverage and food industries from customers exporting products to foreign countries.
- **Digital Printing:** increased due to the growth in the food and household appliance industries as customers in this segment have penetrated their business into new markets.
- **Flexible Packaging:** increased due to the sales growth, corresponding to the increasing order volume of customers across all industries.
- **Revenue from Other Sales:** increased from Gravure Cylinder corresponding with the higher order and sales.

QoQ

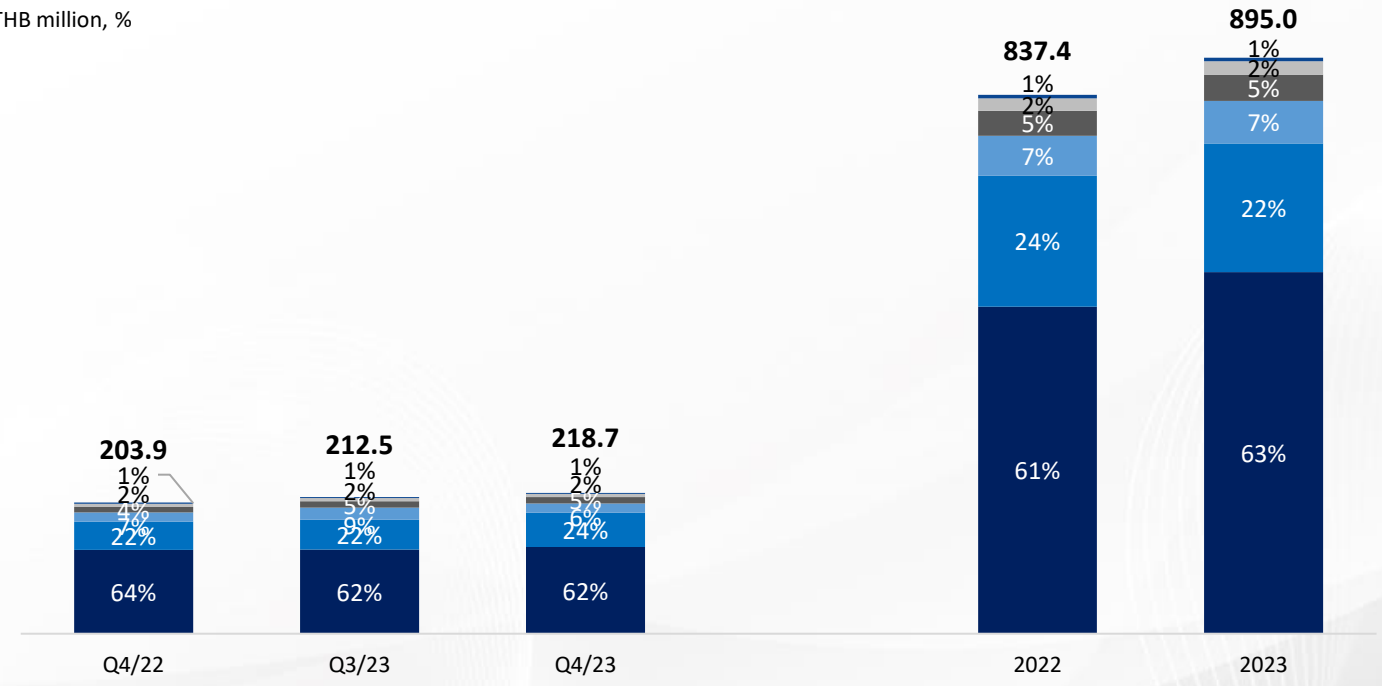
Q4/2023 vs Q3/2023:

Operating Revenue was Baht 223.8 million, increased by Baht 5.3 million or 2.4% mainly due to:

- **Revenue from Gravure Printing: :** increased due to the increase in orders from the beverage and food industries from customers who exporting products.
- **Revenue from Digital Printing:** slightly decreased due to the decrease in revenue of household appliance industry.
- **Revenue from Flexible Packaging:** increased due to the continuous sales growth from increasing order volume of customers in all industries.
- **Revenue from Other Sales:** decreased due to the decrease in new Gravure Cylinders sales.

CUSTOMER PROFILE BY INDUSTRY

Unit: THB million, %



	%YoY	%QoQ	12M%
Pharmaceutical	-28.7%	-11.3%	+1.9%
Other	-4.0%	-4.4%	+7.8%
Household	+21.0%	-1.5%	+5.0%
Cosmetics	-2.3%	-23.3%	+6.3%
Food	+21.4%	+15.4	-1.7%
Beverage	+3.6%	+3.0%	+10.6%

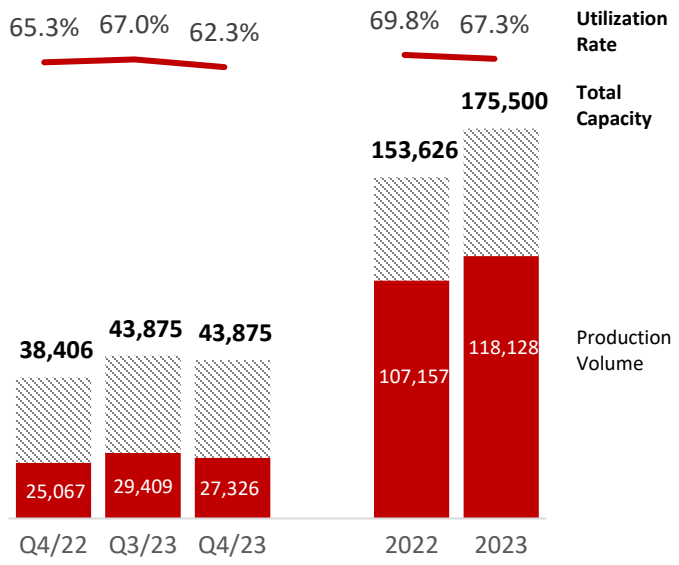
- The Company's Portfolio is still **dominated by the Beverage Industry**, by which in Q4/2023, the Company Beverage Industry has **displayed a slightly increased due to the increase in order from customers who exporting the product**. However, when compared 2023 from the previous year, the Company has **displayed a strong growth in every sector, except the Food industry** which declined 1.7%
- **Food sector continues to display strong grow both YoY and QoQ in Q4/2023** at 21.4% YoY and 15.4% QoQ, while 12M comparison, declining at 1.7% as customers continues to launch new products and the ability of the Company to gain new customers in the cosmetic and food supplement sector from organizing marketing activities

Note: Percentage change may differ due to rounding

EFFICIENCY

Gravure Production Volume Capacity

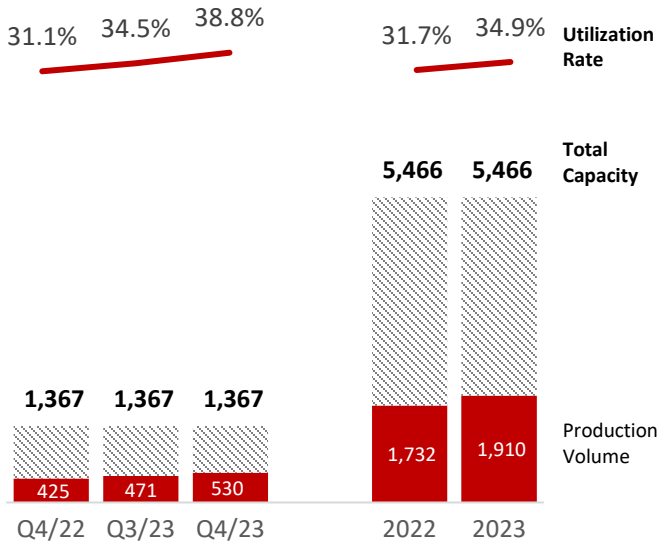
Unit: '000 meters, % Utilization



- SFT have implemented new machineries during the year increasing the total production capacity of Gravure Printing System
- Production volume has increased from 2022 due to the recovery of old customers and obtaining new customers throughout the year

Digital Production Volume Capacity

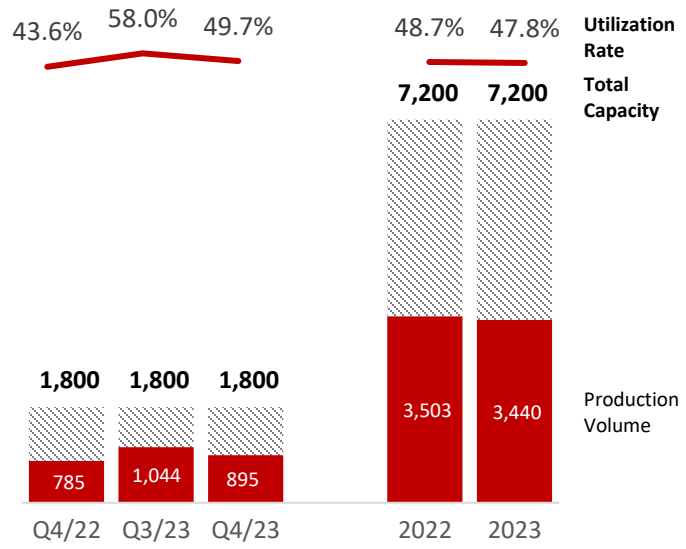
Unit: '000 meters, % Utilization



- Digital volume has increased from the previous year due to the customers in the food and household appliance industry expanding their businesses in new markets
- Utilize digital printing system to produce digital flexible packaging products as planned

Capacity Cylinder

Unit: '000 meters, % Utilization

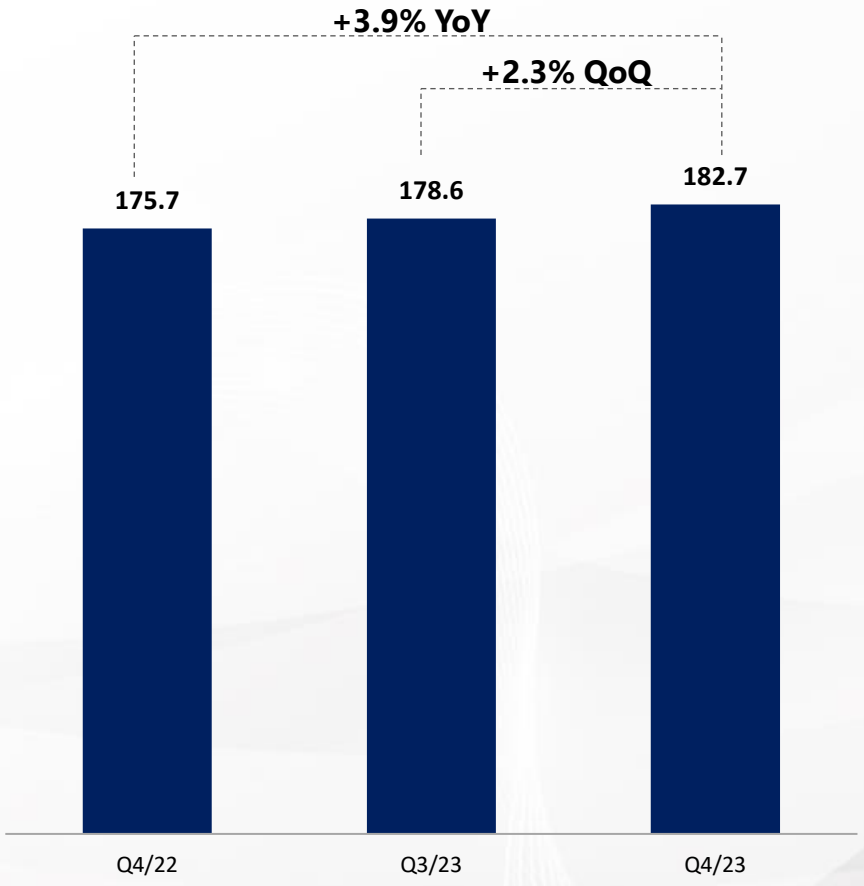


- Despite the stable utilization rate, the Company have displayed an increase in production volume and revenue for gravure printing as cylinder produced by the Company is only a small portion of the total cylinder used

COST OF GOOD SOLD

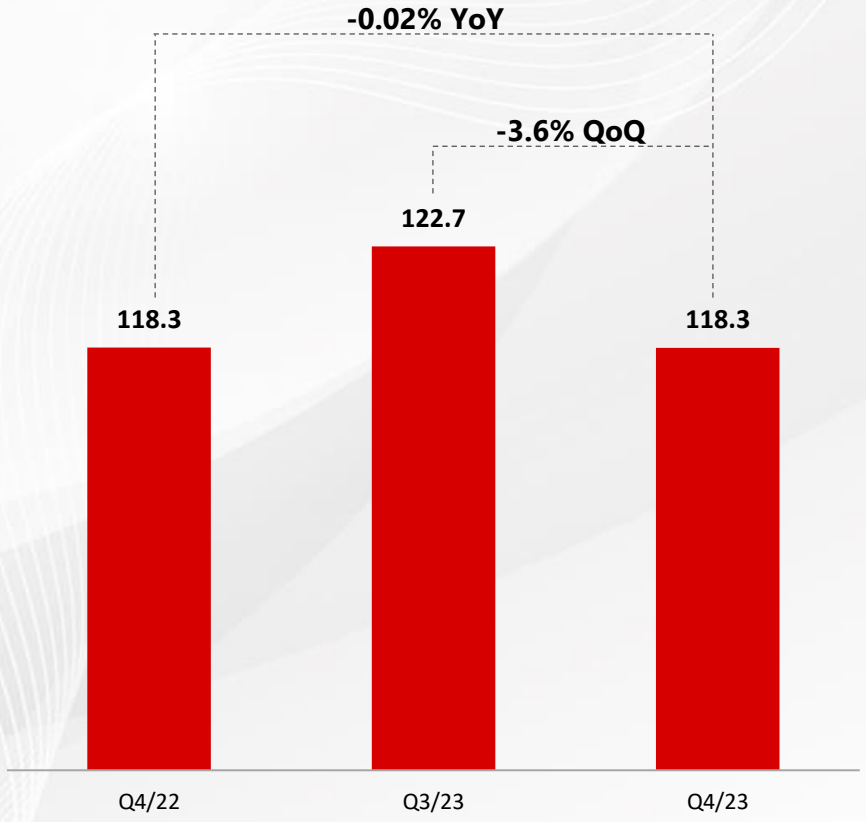
Cost of Good Sold

Unit: THB million, %



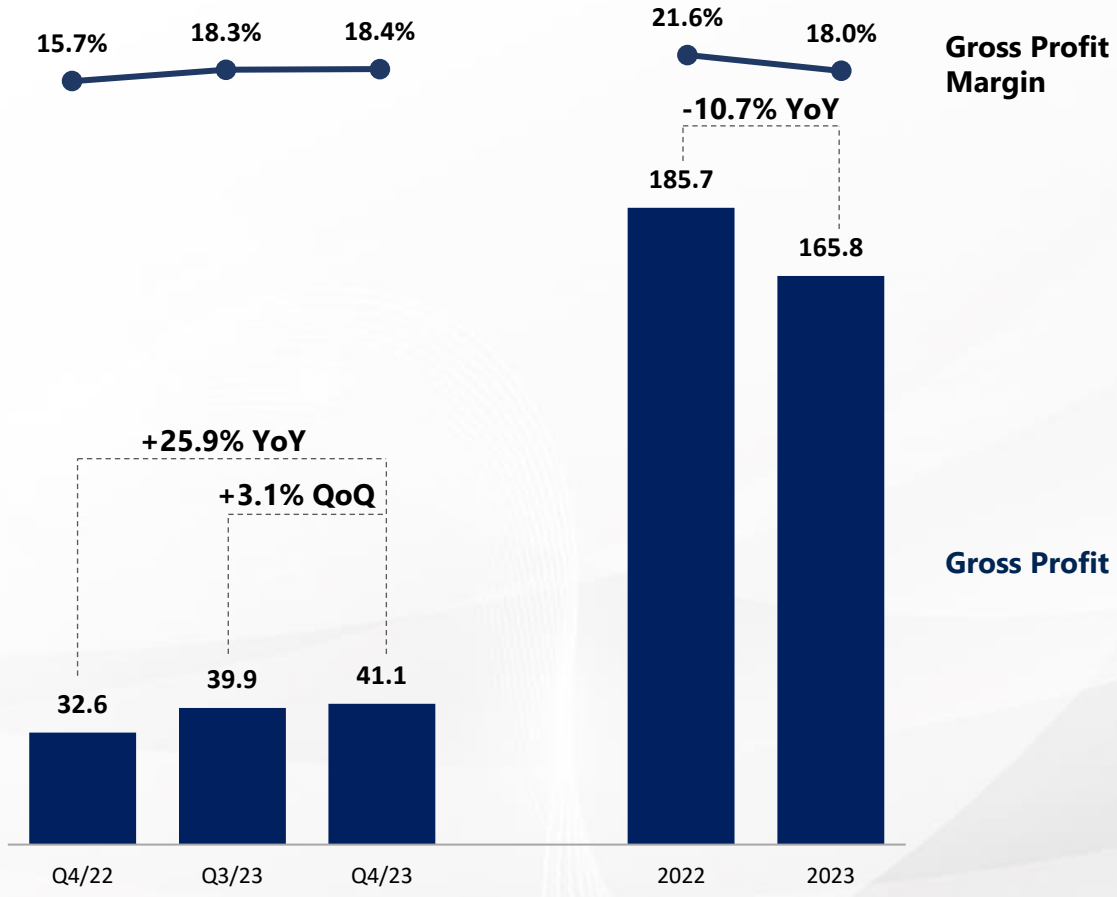
Cost of Raw Materials Produced in the Quarter

Unit: THB million, %



GROSS PROFIT & GROSS PROFIT MARGIN

Unit: THB million, %



Note: Percentage change may differ due to rounding

YoY

2023 vs 2022

Gross Profit was Baht 165.8 million, decreased by Baht 19.9 million or 10.7% due to:

- Higher cost of business expansion to support business growth such as employee compensation from an increase in workers
- Increase in depreciation cost from the machinery and new factory
- Increase in costs associated with BRC certification

However, the Company managed costs by reducing electricity costs with solar rooftops, maximizing machinery utilization, and expanding the customer base through new product development, and green packaging options.

Gross Profit Margin was 18.0%, decreased from 21.6% due to:

- Higher cost of sales
- Increase in the fixed costs from business expansion to support growth

YoY

Q4/2023 vs Q4/2022

Gross Profit Baht 41.1 million, increased by Baht 8.5 million or 25.9% due to:

- Increase in sales from Gravure Printing
- Recognition of the new product lines from flexible packaging
- Lower production costs per unit resulting in economies of scale

Gross Profit Margin was 18.4%, increased from 15.7% due to:

- Increase corresponding to the increase in revenue from sales
- Lower production costs per unit resulting in economies of scale

QoQ

Q4/2023 vs Q3/2023:

Gross Profit was Baht 41.1 million, increased by Baht 1.2 million or 3.1% due to:

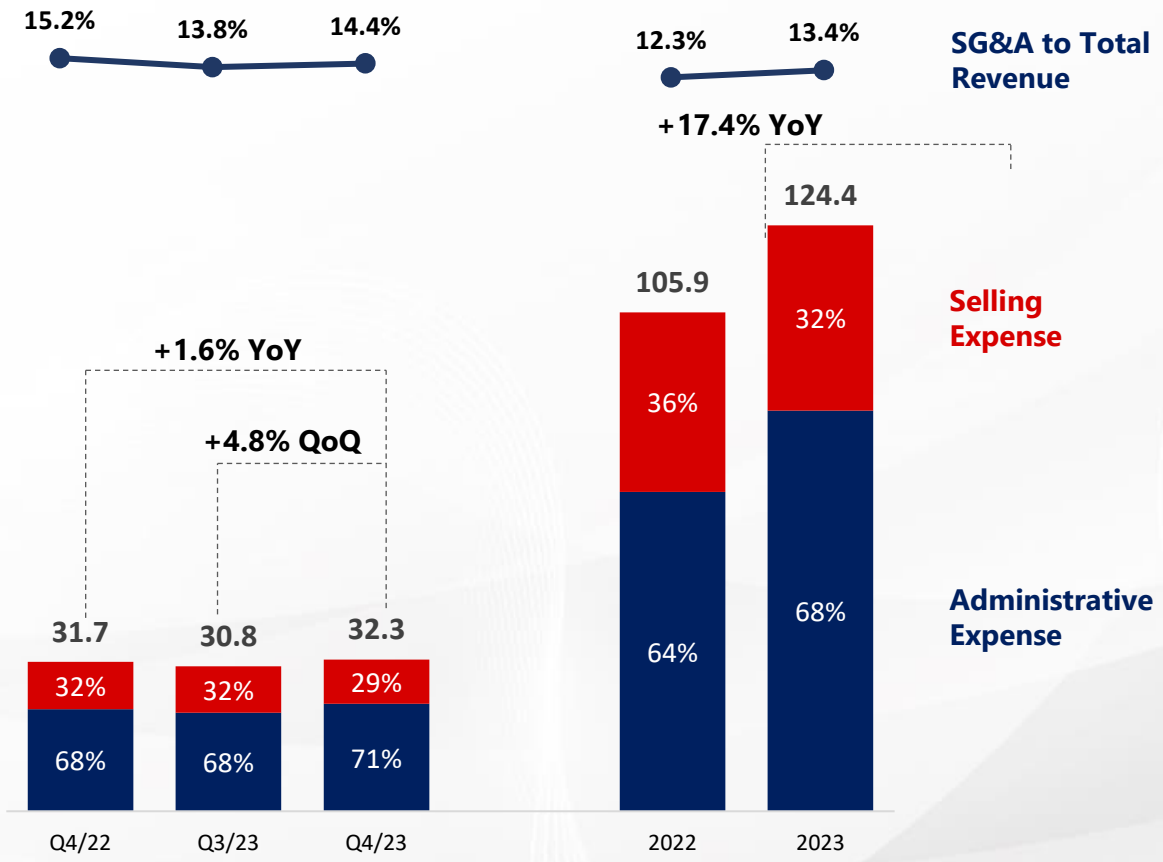
- Increases in revenue from Gravure Printing as well as flexible packaging both from the existing and new customers

Gross Profit Margin was 18.4%, slightly increased from 18.3% in Q3/2023 due to:

- Increase revenue from Gravure Printing as well as the increase from flexible packaging

SELLING & ADMINISTRATIVE EXPENSE

Unit: THB million, %



YoY

2023 vs 2022

SG&A was Baht 124.4 million, increased by Baht 18.5 million or 17.4% due to:

- Increase in expenses corresponding to the increase in sales volume
- Fixed costs: depreciation from the new factory
- Increased expenses related to BRC certification cost

SG&A to Total Revenue was 13.4%, increased from 12.3% in YE/2022 due to:

- Increase in selling expenses corresponding to the increase in sales
- Fixed costs such as the new factory depreciation and costs related to BRC Certification

YoY

Q4/2023 vs Q4/2022

SG&A was Baht 32.3 million, increased by Baht 0.5 million or 1.6% due to:

- Increase in administrative costs to support business expansion
- Fixed costs: depreciation from the new factory

SG&A to Total Revenue was 14.4%, improved from 15.2% in Q4/2022 due to:

- Increase in revenue growth mainly from customers in the beverage and food industry

QoQ

Q4/2023 vs Q3/2023:

SG&A was Baht 32.3 million, increased by Baht 1.5 million or 4.8% due to:

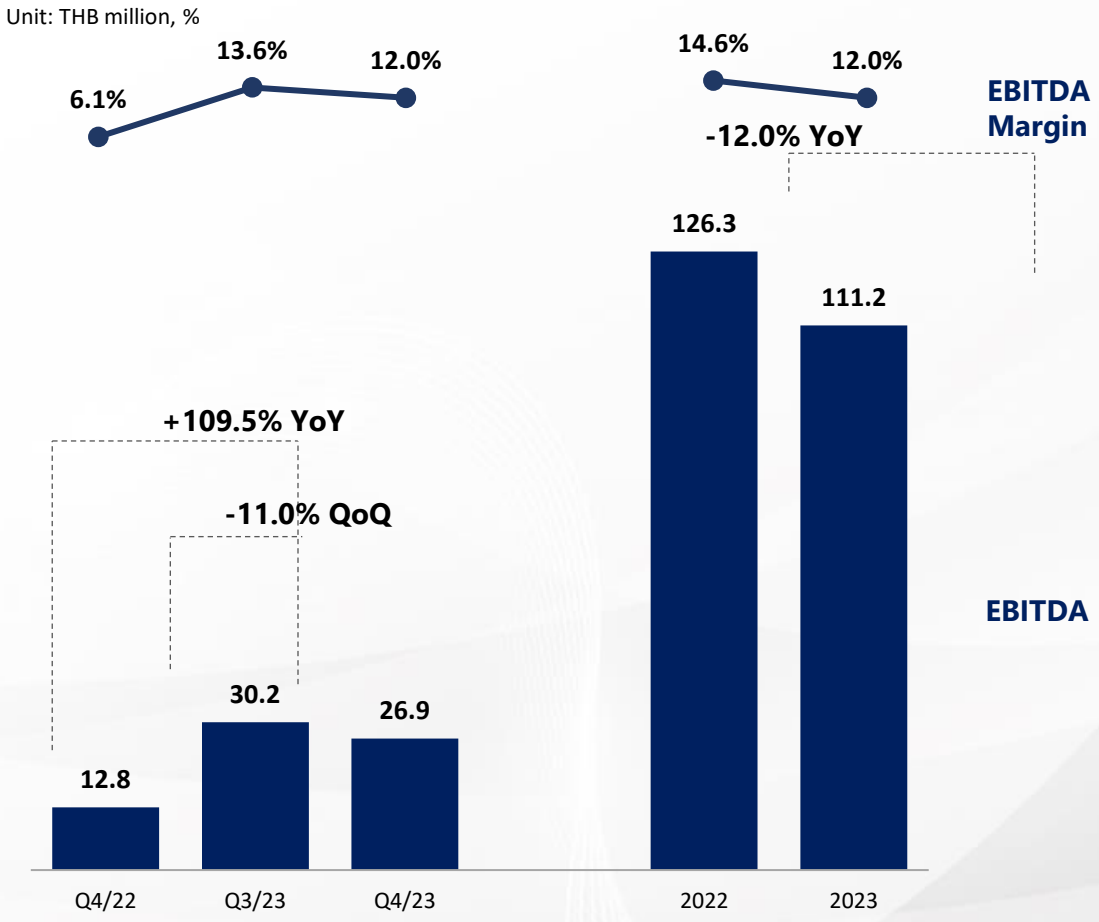
- Increase in administrative expenses from recognizing foreign exchange losses (Mark to Market) from forward exchange contracts due to the appreciation of baht

SG&A to Total Revenue was 14.4%, increased from 13.8% in Q3/2023 due to:

- Increase in administrative expenses mainly from recognizing foreign exchange losses (Mark to Market) from forward exchange contracts due to the appreciation of baht

Note: Percentage change may differ due to rounding

EBITDA & EBITDA MARGIN



YoY

2023 vs 2022

- **EBITDA** was Baht 111.2 million, decreased by Baht 15.1 million or 12.0% and **EBITDA Margin** was 12.0%, decreased from 14.6% in YE/2022 due to the lower Earning Before Interest and Tax (EBIT) mainly from employee compensation expenses that varies with increased sales and the cost of business expansion to support business growth and depreciation cost. In addition, the Company recognized costs related to the BRC certification.

YoY

Q4/2023 vs Q4/2022

- **EBITDA** was Baht 26.9 million, increased by Baht 14.1 million or 109.5% and **EBITDA Margin** was 12.0%, increased from 6.1% in Q4/2022 due to the higher Earning Before Interest and Tax (EBIT) mainly from the increase in orders and sales from Gravure Printing from the customers who export products overseas, as well as the increase in cost of business expansion to support business growth and depreciation cost. In addition, the Company recognized costs related to the BRC certification.

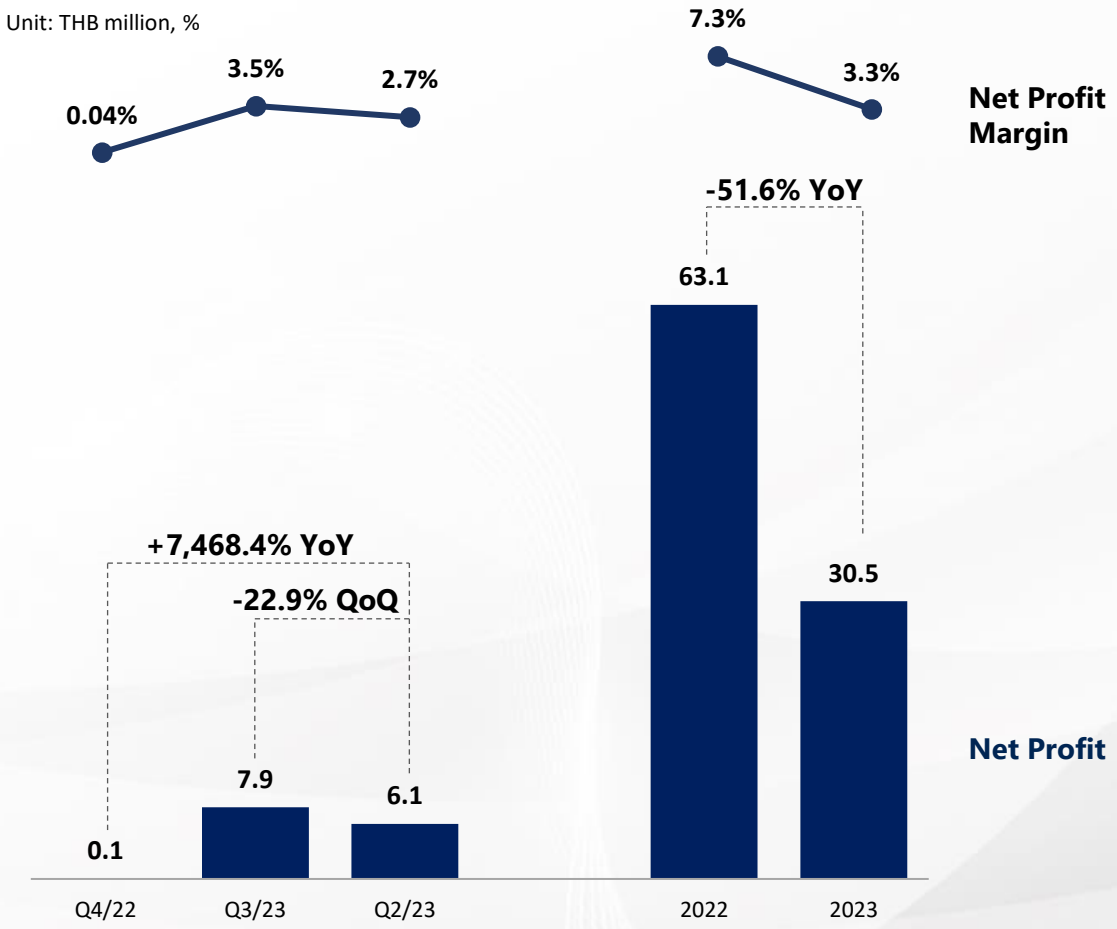
QoQ

Q4/2023 vs Q3/2023:

- **EBITDA** was Baht 26.9 million, decreased by Baht 3.3 million or 11.0% and **EBITDA Margin** was 12.0%, decreased from 13.6% in Q3/2023 due to the lower Earning Before Interest and Tax (EBIT) mainly from recognizing foreign exchange losses (Mark to Market) from forward exchange contacts due to the appreciation of the Thai Baht

Note: Percentage change may differ due to rounding

NET PROFIT & NET PROFIT MARGIN



YoY

2023 vs 2022

Net profit was Baht 30.5 million, decreased by Baht 32.5 million or 51.6% and **Net Profit Margin** was 3.3%, decreased from 7.3% in YE/2022 mainly due to:

- Increase in fixed costs such as employees' expenses to support business growth
- Increase in depreciation cost from the machinery and new factory
- Increase expenses related to BRC certification

However, the Company managed costs by installing solar rooftops and utilizing production capacity, as well as expanding its customer base by organizing marketing initiatives, developing innovative products, introducing green packaging options and optimizing human resources at its new factory.

YoY

Q4/2023 vs Q4/2022

Net profit was Baht 6.1 million, increased by Baht 6.0 million or 7,468.4% and **Net Profit Margin** was 2.7%, increased from 0.04% in Q4/2022 mainly due to:

- Increase in sales revenue from Gravure Printing and the recognition of revenue from new products from flexible packaging
- Decrease in the cost of production per unit due to an increase in production volume as well as a decline of raw material prices resulting in the economies of scales

Furthermore, the Company continues to focus on expanding its customer base by organizing marketing activities and developing new products to maximize machinery utilization and optimize human resources at the new factory.

QoQ

Q4/2023 vs Q3/2023:

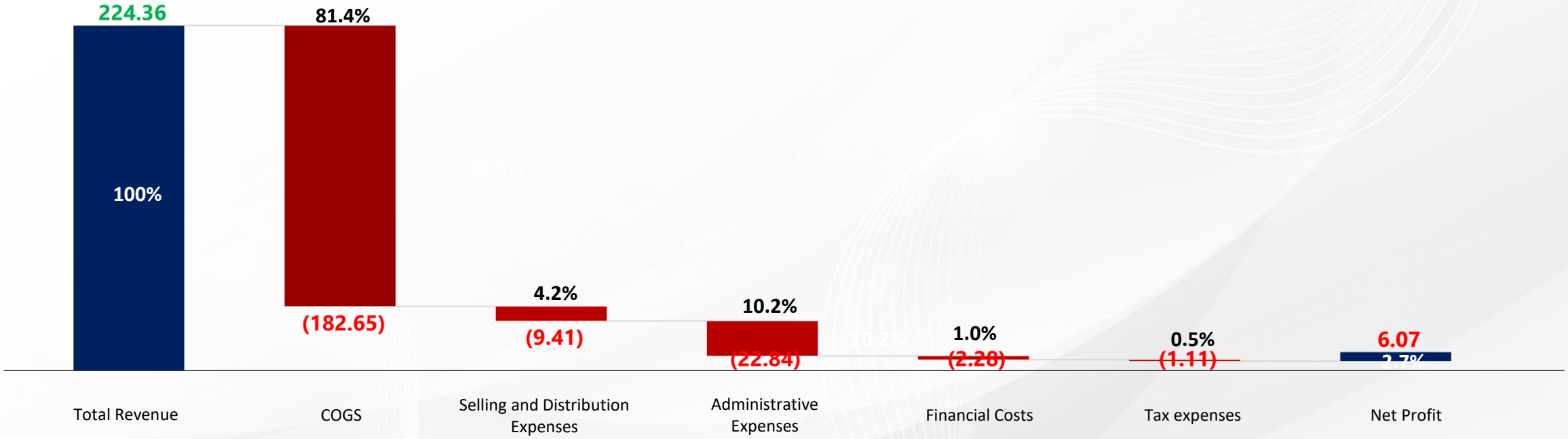
Net profit was Baht 6.1 million, decreased by Baht 1.8 million or 22.9% and **Net Profit Margin** was 2.7%, decreased from 3.5% in Q3/2023 mainly due to:

- Increase in the administrative expenses from recognizing foreign exchange losses (Mark to Market) from forward exchange contracts due to the appreciation of baht

Note: Percentage change may differ due to rounding

PROFIT & LOSS STATEMENT Q4/2023

Unit: THB million, %



Cost of Goods Sold (COGS) takes account for 82% of revenue which can be divided into:

- Cost of Raw Materials of 64%
- Overhead Costs of 36%

Selling and Administrative Expenses takes account for 4% and 10% respectively.

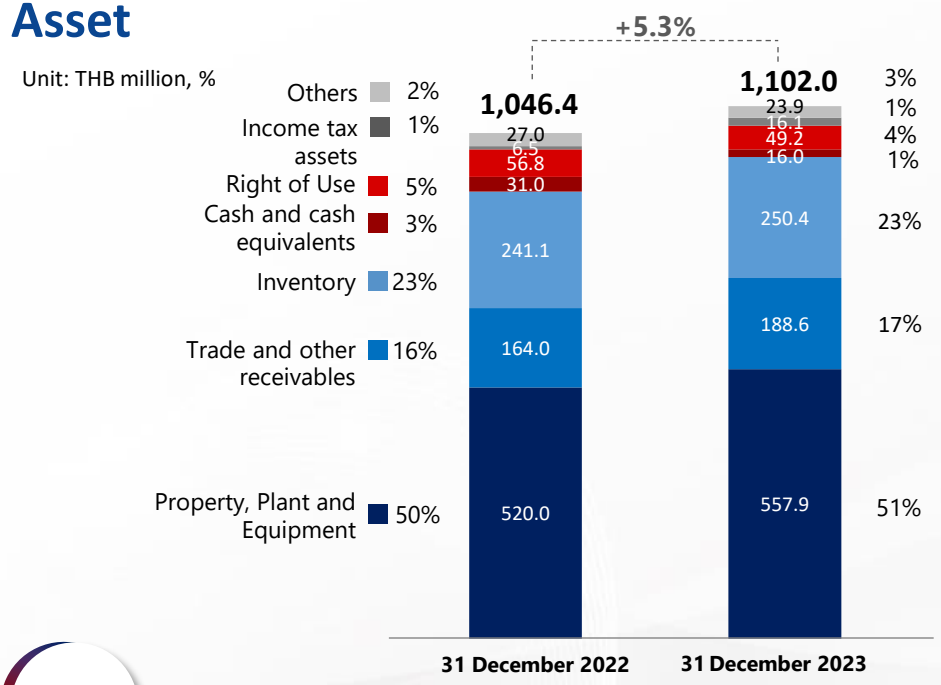
- Selling Expenses consists of fixed costs such as the employee's compensation to support business expansion
- Administrative Expenses consists of expenses related to BRC certification cost and depriciation of the new factory

Financial Costs takes account for 1% of revenue increased according the increase in investment activities and the increase in interest expense from financial institutions

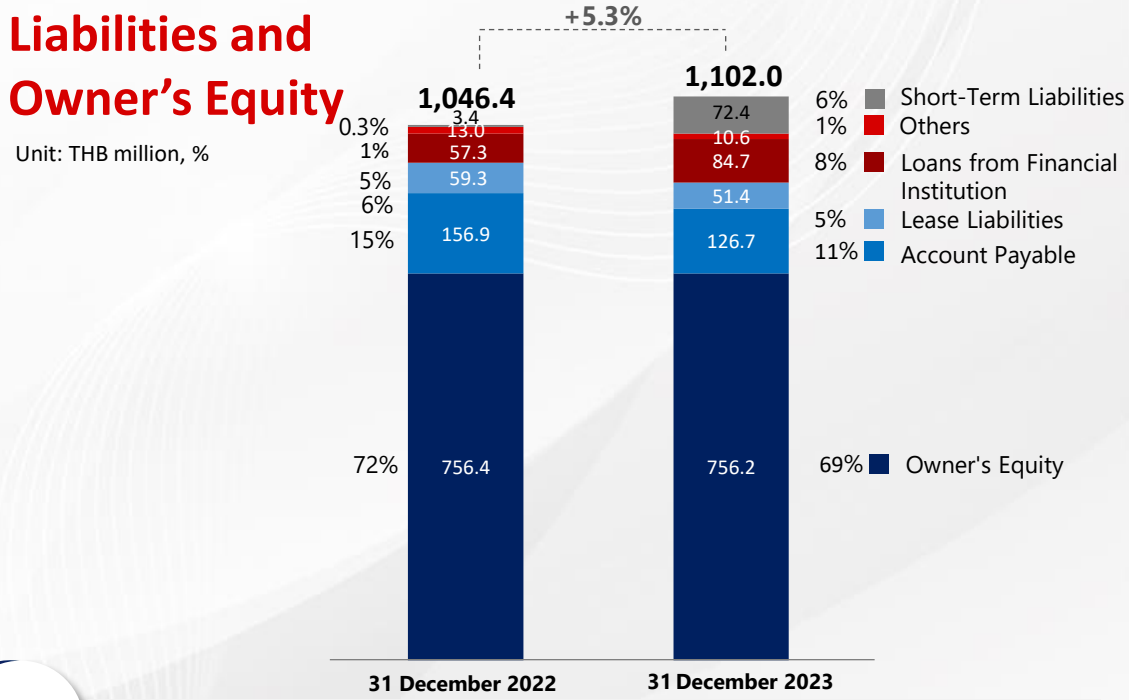
Tax Expenses takes account for 1% of revenue which varies with the profit of the Company

STATEMENT OF FINANCIAL POSITION

Asset



Liabilities and Owner's Equity



YoY

Asset

Total Assets was Baht 1,102.0 million, increased by Baht 55.6 million or 5.3% mainly due to:

- **Property, Plant, and Equipment:** increase from the investment in new machinery and the new factory
- **Inventory:** increase mainly from the increase in finished waiting to be delivered
- **Trade and other receivables:** increased corresponding to the increase in sales volume and credit term given to customers
- **Taxable Assets:** increased from the corporate income tax refunds receivable from the Revenue Department
- **Cash and Cash Equivalents:** decreased from construction of a new factory to support business growth.
- **Other Current Assets:** decreased due to the refund of input tax credit in 2022

YoY

Liabilities and Owner's Equity

Total Liabilities was Baht 345.8 million, increased by Baht 55.9 million or 19.3% mainly due to:

- **Short-term Liabilities:** increase mainly due to the increase in Trust Receipt: T/R from the import of raw materials and short-term loan (Promissory Note: P/N)
- **Account Payable:** decreased mainly due to the repayment of construction costs for the new factory
- **Loans from financial institutions:** increase from investing in more machinery

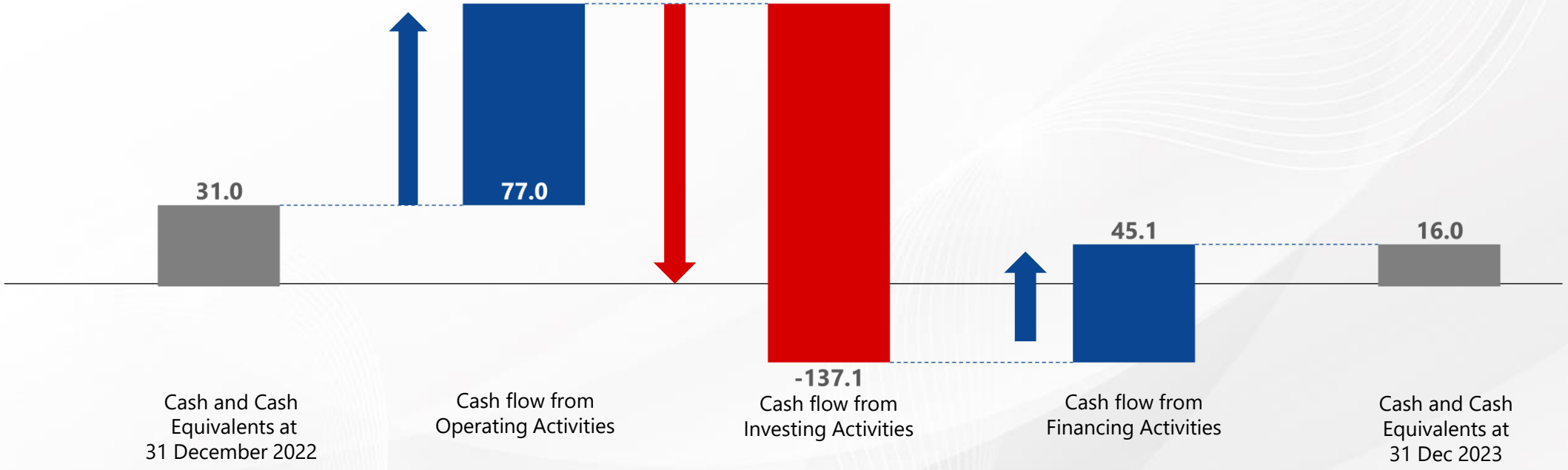
Total Shareholder's Equity was Baht 756.2 million, decreased by Baht 0.2 million or 0.04% mainly due to:

- The annual dividend payment of Baht 30.8 million

Note: Percentage change may differ due to rounding

12 MONTHS CASH FLOW STATEMENT

Unit: THB million, %



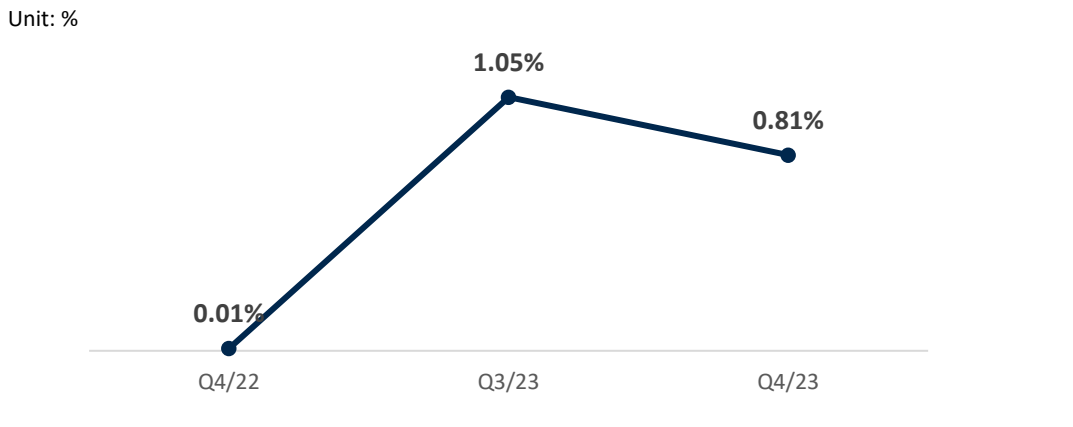
- **Cash Flow from Operating Activities** increased from beginning balanced mainly from the:
  - Realization of operating profit

- **Cash Flow from Investing Activities** decreased from beginning balanced mainly due to:
  - Investment in building a new factory
  - Investment in new machinery

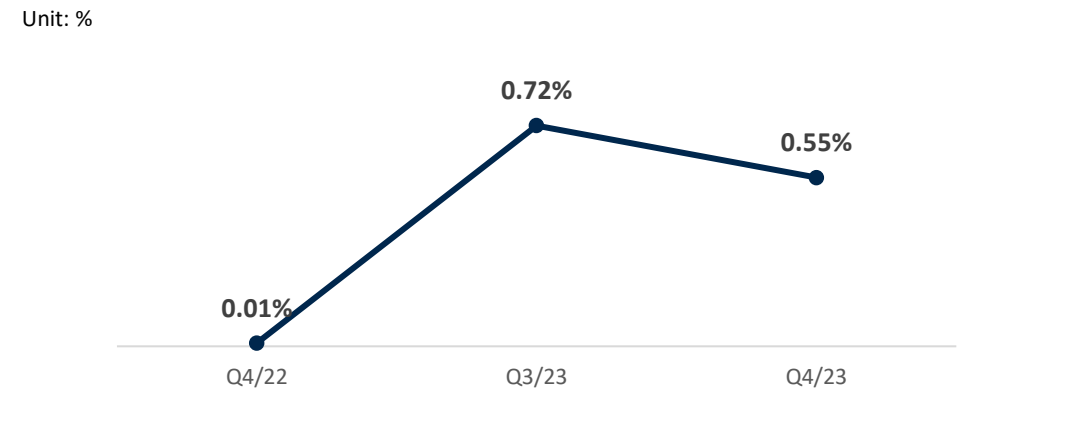
- **Cash Flow from Financing Activities** increased from the beginning balance due to:
  - Short-term loans (Trust Receipt: T/R)
  - Short-term loan (P/N)

KEY FINANCIAL RATIOS

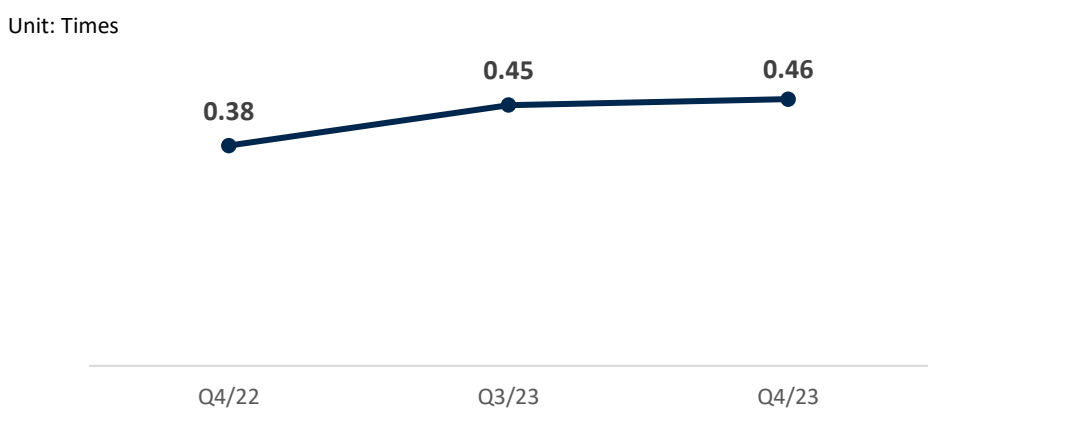
ROE



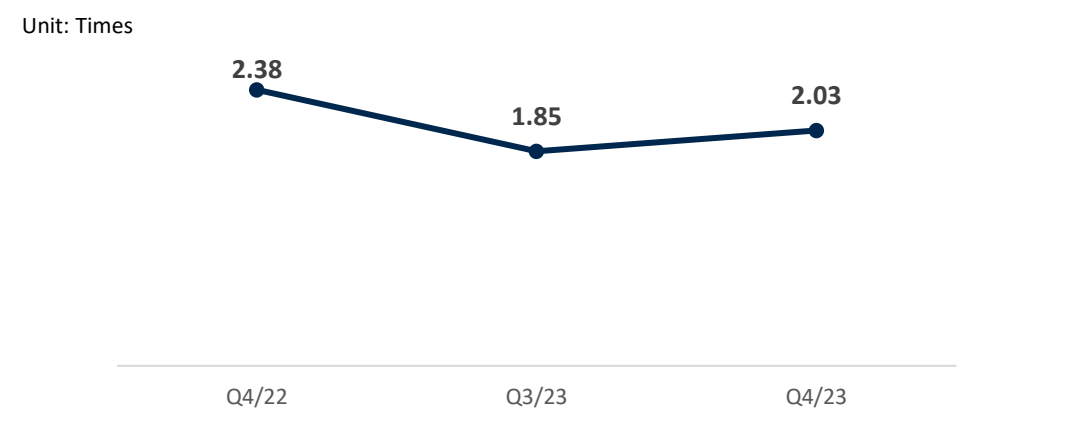
ROA



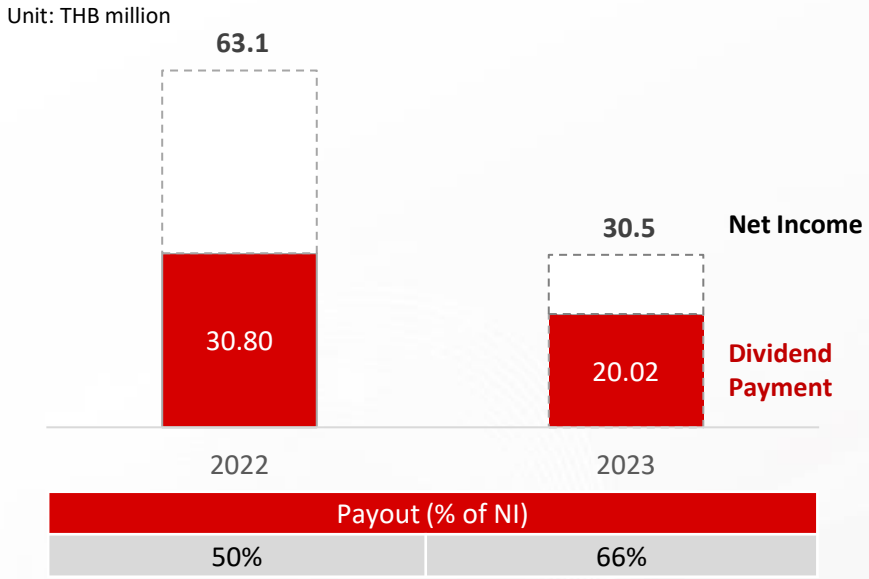
D/E Ratio



Current Ratio



DIVIDEND PAYMENT



SFT Announce to pay dividend of 0.0455 Baht per Share

2024 Timeline

AGENDA

Shrinkflex (Thailand) PCL. is a leading manufacturer and distributor of Shrink Sleeve Label and Flexible Packaging

01 Company Overview

02 Financial Performance

03 Strategic Direction & Strategy

04 2024 Outlook

STRATEGIC DIRECTION

2023 "New Business for Growth"

Offer full-service for labeling and packaging

- *Widen Product Range*
- *Expand Flexible Packaging*

Achieved Flexible Packaging: 8MB

2024 "Gaining Growth Momentum and Profitability"

Business Turnaround for Strength and Growth

- *Enhancing Utilization of Existing Machineries*
- *Ramp Up Green Packaging Capacity*

Flexible Packaging Target: 60MB

2025 "Solution for Packaging and Labeling"

Become an advance technology and high-quality packaging and labeling solution in SEA

SFT 2024 STRATEGY

01 SHRINKFILM AS THE MAJOR REVENUE SOURCE

- Join exhibitions to attract new customers
- Enhance relationship with customers to become strategic partners
- Continuous new product development

02 RAMPING UP FLEXIBLE PACKAGING

- Focus on high growth industries (food and household)
- Obtaining new customers directly and from exhibitions
- Promoting sustainable packaging options for sustainability trend
- Certification for international standard

03 CONTROLLING COST OF RAW MATERIAL

- Stocking raw materials at suitable time
- Manage exchange rates through currency hedging policy

04 ENHANCING EFFICIENCY OF LABOR

- Manage labor shifts and working hours to enhance efficiency and costs
- Increasing orders to create economies of scale for labor

05 IMPROVING DEPRECIATION COSTS

- Machine usage analysis and optimization
- Increasing orders and utilization of machines to improve depreciation costs

SHRINKFILM AS THE MAJOR REVENUE

Acquiring New Customers through Exhibitions

- The Company participated in the **COSMEX 2023** exhibition during November 7th–9th 2023, which is the **largest cosmetics, body care products, and dietary supplements event in Asia Pacific**.
- The Company has utilized this opportunity to reach new customer groups as well as to display new product innovations including Environmentally friendly packaging

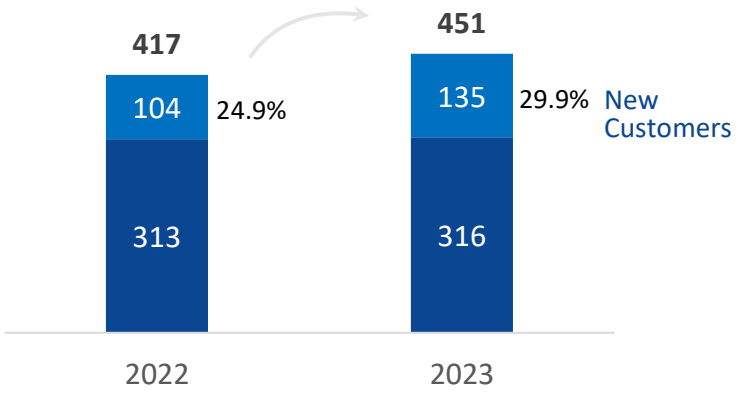
2024 Events

- thaifex anuga ASIA — 28 May - 1 Jun 24
- COSMOPROF CBE ASEAN BANGKOK — 13-15 Jun 24
- COSMEX — 5-7 Nov 24

Increasing Customer Base

Active Customers

Unit: No. of Customers



Open House

Differentiated Products

GreenShrink
SHRINKFLEX (THAILAND) PCL.

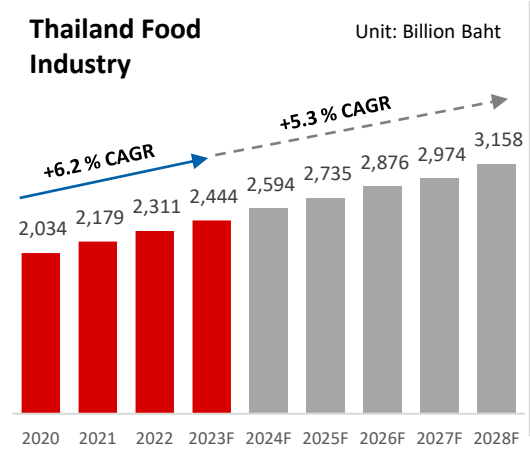
The Association of Plastic Recyclers
Meets Critical Guidance

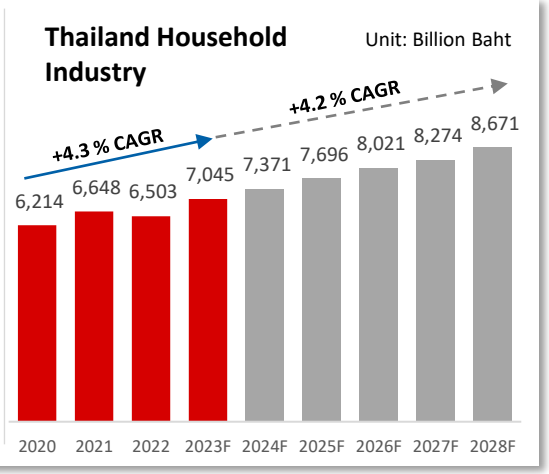
Shrinkflex (Thailand) Public Company Limited has received **certification from the Plastic Recyclers Association for shrink film** label products under the name **Green Shrink**, which is the name of the Company's 4 types of tight shrink film label innovation:

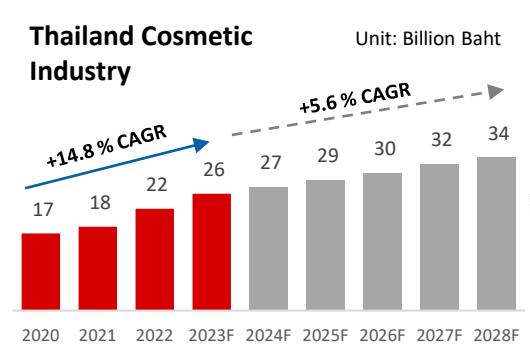
- cPET shrink label + de-inking non-toluene ink system
- cPET shrink label + de-inking HP electro-ink system
- rPET (30%PCR) shrink label + de-inking non-toluene ink system
- rPET (30%PCR) shrink label + de-inking HP electro-ink system

RAMPING UP FLEXIBLE PACKAGING

Focus on High Growth Industries







Creating Options to customers

Cross Selling flexible packaging to existing shrink film customers

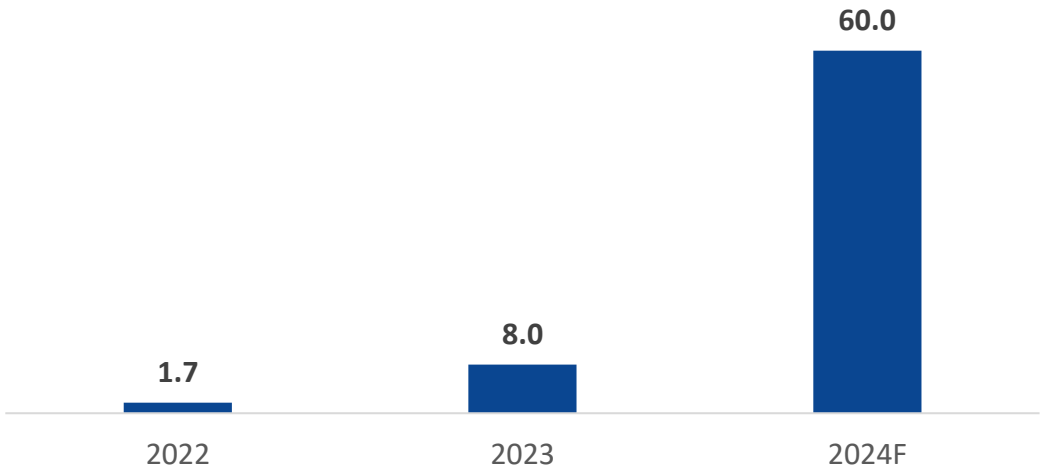
Increase Awareness and Enhance Demand of Monomaterial Packaging

Mono-material packaging is provided to serve the global trend on circular economy

- MDOPE: Machine Direction Orientation Polyethylene Film
- BOPE: Bi Axial Orientation Polyethylene Film

SFT Flexible Packaging 2024 Target

Unit: Million Baht



CONTROLLING COST OF RAW MATERIAL

SFT Raw Material Management

01 CEO Daily Monitoring of Raw Material Prices

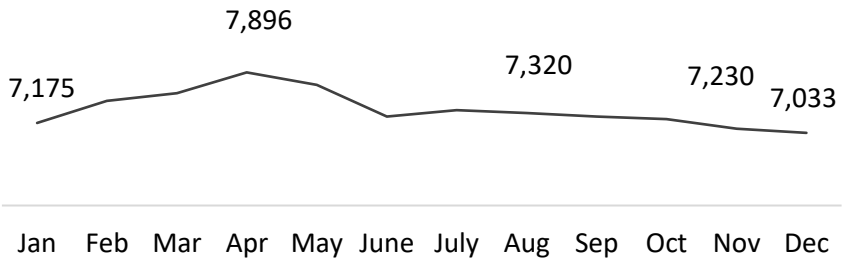
02 Negotiate with suppliers and build up as strategic partners

03 Raw Material Stock Available Up to 3-5 Months

04 Restructure to Set Up Risk Committee

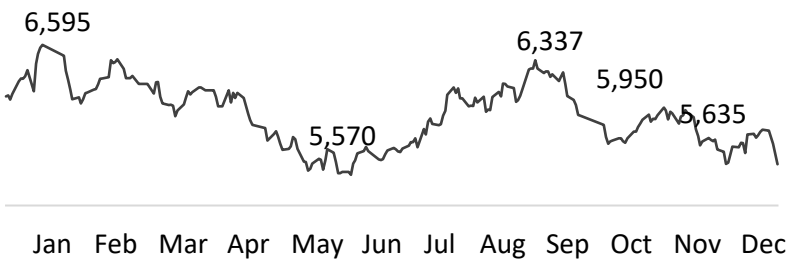
China Polyester PET Prices

Unit: CNY per metric ton



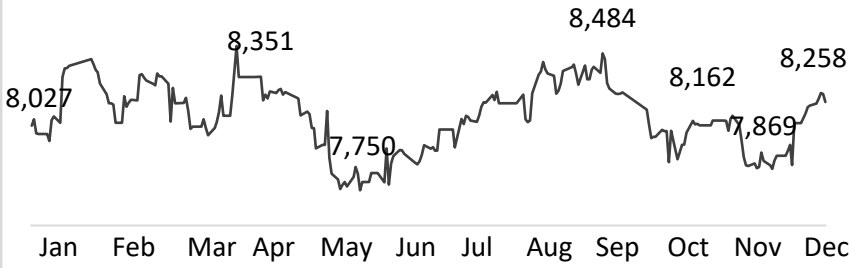
Polyvinyl Chloride (PVC) Prices

Unit: CNY per metric ton



Linear Low-Density Polyethylene (LLDPE)

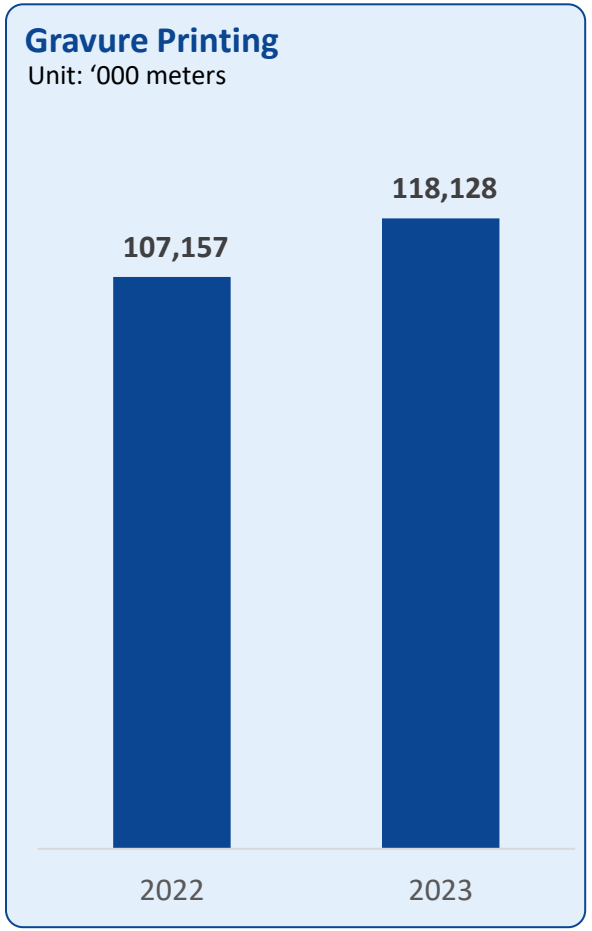
Unit: CNY per metric ton

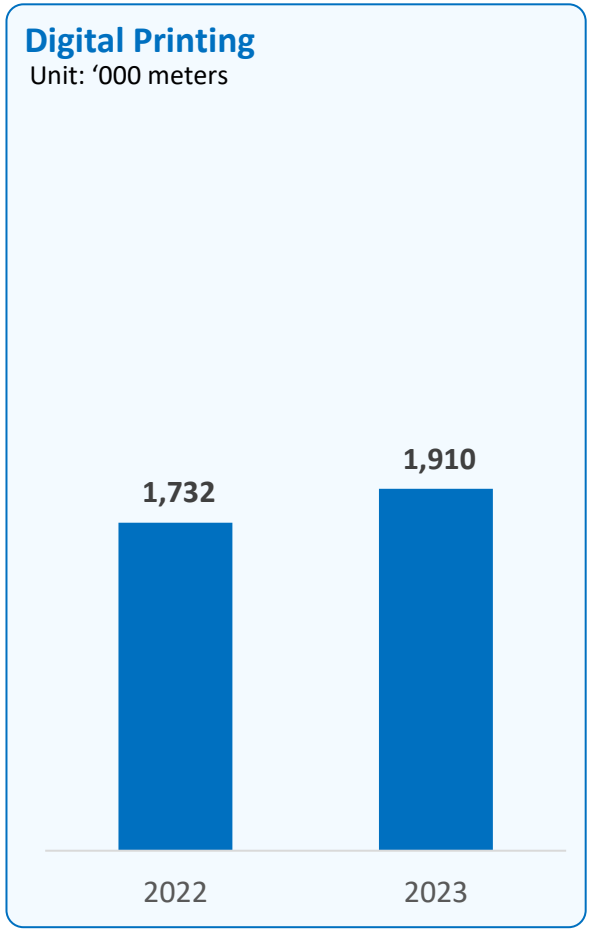


Exchange Rate

Unit: Baht per USD

ENHANCING EFFICIENCY OF LABOR AND IMPROVING DEPRECIATION COST





Efficiency of Labor

01 Increase production volume for both gravure and digital

02 Ramp up flexible packaging

03 Control turnover rate

Improving Depreciation Cost

01 Increase production volume to hit target revenue of Baht 1,000 million

02 Ramp up flexible packaging as majority of depreciation is from flexible packaging investment

AGENDA

Shrinkflex (Thailand) PCL. is a leading manufacturer and distributor of Shrink Sleeve Label and Flexible Packaging

01 Company Overview

02 Financial Performance

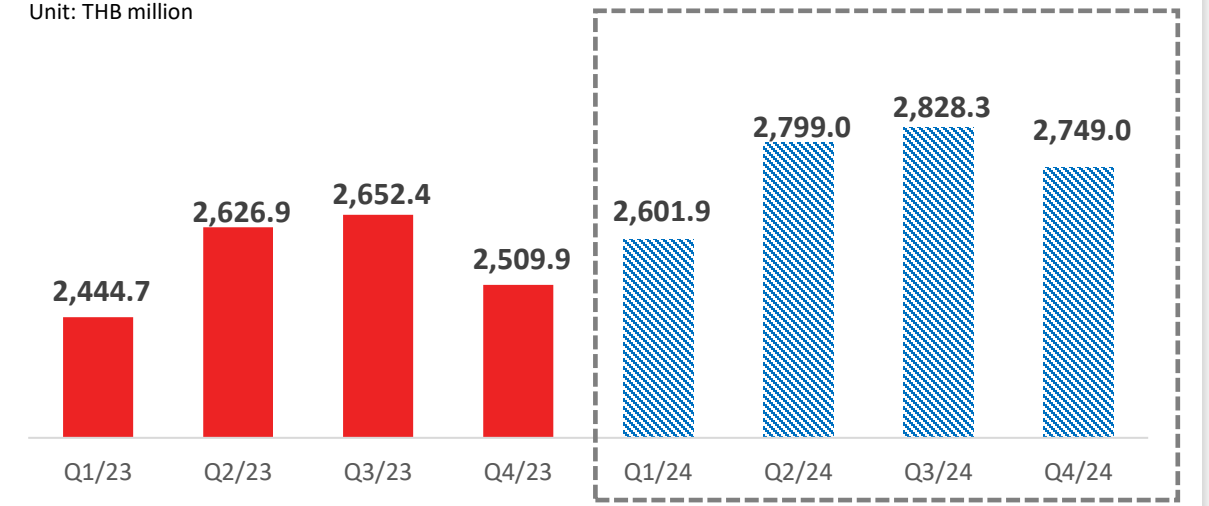
03 Strategic Direction & Strategy

04 2024 Outlook

THAILAND ECONOMIC LANDSCAPE

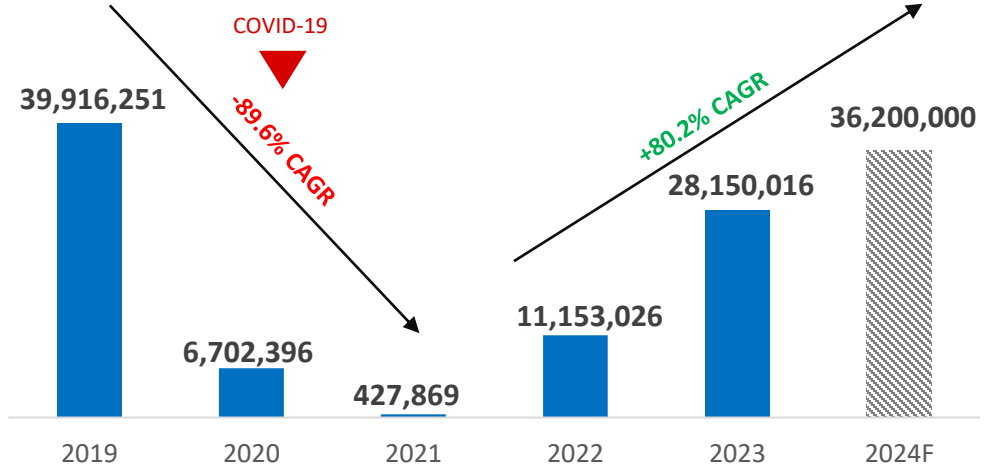
Private Final Consumption Expenditure

Unit: THB million



International Tourists Arrival in Thailand

Unit: Million Person(s)



Government Budget Outlook

Oct 2023 - Jan 2024 — **First Reads**

The legislative branch is passing the first reads of ministry finance proposal bills of 3.48 trillion:

- ✓ Stimulate the domestic economy and consumption

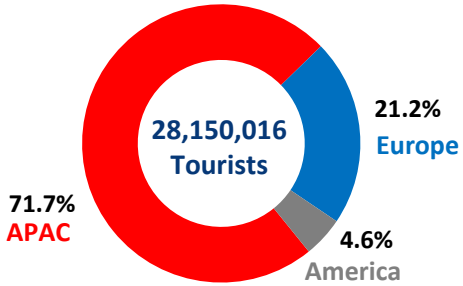
February – March 2024 — **Second & Third Reads**

The joint committee is examining the bills in detail before taking off as the national policy

April – May 2024 — **Implements**

If the bill has been approved by all participants, **it is expected to take effect around May 2024**

Top 3 by Nationality (2023)



Average spending per Trip (2023)

Unit: THB per trip/ per head

1. APAC — 35,813 THB
2. Europe — 66,580 THB
3. America — 68,584 THB

Note: Euromonitor, NationalThailand, Bangkokpost

Note: TPSO, Ministry of Tourism & Sports, SCB EIC, TAT

2024 OUTLOOK

Business Turnaround for Strength and Growth

SFT targets 1,050 MB Revenue in 2024

Ramping up Flexible Packaging

Target to achieve Baht 60 million from flexible packaging in 2024

Join Exhibition According to Plan

3 key events in pipeline covering every quarter of the year to attract new customers

Open House Event to Capture New Customers

Open house visits throughout the year to increase confidence and display corporate capabilities

Increasing Proportion of Green Options

Raising awareness and driving demand of green packaging

Cost of Raw Material is in Control

Continue initiatives to ensure that cost of raw materials are in control to improve GPM

Thank You

SHRINKflex

Please kindly provide feedback
for further improvements

IR Contact: Alissaya Tsoi

Tel. 038-540000, 038-538832 Fax. 038-538833, 038842032

Website: www.shrinkflexthailand.com