



Selic Corp Public Company Limited Management Discussion & Analysis Q3/2023



Executive Summary

In the 3rd quarter of 2023, Healthcare business group continues to be a growth business for Selic by increasing sales channels, both over the counter and modern trade, in order to cover and reach customers in the country. Including doing well in expanding sales to AEC countries such as Laos and Myanmar. In addition, there are sales opportunities in the pipeline which may add on in the coming quarters such as expanding into Cambodia market and launching additional products to the hospital.

Selic still has challenge in term of export adhesive and sticker products in Q3/2023 however oversea markets have shown positive sign with sales orders of some key countries did come in at the end of quarter for producing and export in Q4/2023. In addition, Selic begin to receive a positive feedback from new customers according to the business improvement plan to prepare for growth after recession.

The fact that Selic has a diversified business group that covers both B2B and B2C including the reasonable proportion of both domestic and foreign customers, this enables appropriate adaptation in business operations under uncertain economic conditions.

Sales growth through the growth of Healthcare business

Selic continue to have a significant sales increase of healthcare business by increasing sales channels to cover and reach customers both in the country and oversea market and also able to increase their production capacity. While sales of adhesive still have no significant change comparing to previous quarter but oversea market did show positive sign then may support growth in Q4/2023. Sticker business also has sales growth in this quarter.

Jump gross profit as a result of diversified business model

In overall, Selic can significantly increase its gross profit in the 3rd quarter of 2023 which healthcare business has a high gross profit margin because it is a Business to Consumer product. In addition, adhesive and sticker businesses were able to have better gross profit margin which derive to better gross profit as well.

EBITDA and net profit

Selic was able to increase EBITDA and net profit in the 3rd quarter of 2023 from every business groups.

Q3/2023 Financial Summary

- Total revenue was at 483.22 million baht increased 5.8% from the previous quarter and 19.1% from the same period last year mainly from revenue increase of healthcare business by increasing sales channels to cover and reach customers both in the country and oversea market and also able to increase their production capacity.
- Gross profit was at 145.99 million baht increased 17.8% from the previous quarter and 51.0% from the same period last year. Gross profit margin also increased to 30.3% due to every business group contributed higher gross profit and gross profit margin from previous quarter.
- EBITDA was 86.61 million baht increased 50.6% from the previous quarter and 128.2% from the same period last year due to every business group contributed higher EBITDA from previous quarter.



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- Net profit was 45.36 million baht increased 102.5% from the previous quarter and 221.3% from the same period last year due to every business group contributed higher net profit from previous quarter.

9M/2023 Financial Summary

- Total revenue of 1,394.114 million baht increased 17.7% compared to the same period last year. The growth came from healthcare business with good performance and with materiality portion.
- Gross profit 372.42 million baht increased 40.7% compared to the same period of last year. Gross profit margin also increased to 26.8% due to higher sales proportion of healthcare business with high gross profit margin.
- EBITDA 187.09 million baht increased 81.8% and net profit 77.96 million baht increased 117.1% compared to the same period of last year

Consolidated Financial Statement Q3/2023

Unit: Million Baht	Quarter					9 Months		
Consolidated Financial Statement	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Sales of goods and services	482.39	455.73	405.18	5.8%	19.1%	1,389.81	1,181.79	17.6%
Gain on exchange rate	0.00	0.00	0.00	--	--	0.00	0.00	--
Other income	0.83	0.45	0.47	84.2%	75.0%	4.30	2.62	64.3%
Total Revenue	483.22	456.18	405.65	5.9%	19.1%	1,394.11	1,184.40	17.7%
Cost of sales	336.40	331.76	308.49	1.4%	9.0%	1,017.39	917.01	10.9%
Gross Profit (excluding others)	145.99	123.97	96.70	17.8%	51.0%	372.42	264.78	40.7%
Loss on exchange rate	0.63	2.75	4.37	(77.1%)	(85.6%)	3.74	4.06	(7.9%)
Selling expenses	27.53	28.27	24.94	(2.6%)	10.4%	82.81	69.03	19.9%
Administrative expenses	52.25	55.19	44.52	(5.3%)	17.4%	161.33	132.93	21.4%
Share of profit/ (loss) of JV	(0.01)	(0.25)	0.00	(94.4%)	--	(0.28)	0.00	--
EBITDA	86.61	57.52	37.95	50.6%	128.2%	187.09	102.90	81.8%
Depreciation	20.22	19.56	14.62	3.4%	38.3%	58.53	41.53	40.9%
EBIT	66.39	37.96	23.33	74.9%	184.6%	128.56	61.37	109.5%
Financial cost	11.34	11.14	5.32	1.9%	113.1%	33.39	14.89	124.3%
EBT	55.05	26.82	18.01	105.3%	205.7%	95.17	46.48	104.7%
Income tax	9.69	4.42	3.89	119.3%	149.4%	17.21	10.58	62.7%
Net Profit	45.36	22.40	14.12	102.5%	221.3%	77.96	35.90	117.1%

Remark: 1. reclassified reporting between selling expenses and administrative expenses to align with accounting standards and definitions of the department of business development 2. Adjust purchase price allocation of consumer healthcare business which were acquired in October 2022 within the specified period.

Financial Performance

Revenue

Revenue from sales and services 482.39 million baht with growth of 5.8% from the previous quarter and 19.1% from the same period last year mainly from revenue increase of healthcare business as increasing of sales channel to cover and reach customers both in the country and overseas market and also able to increase their production capacity.

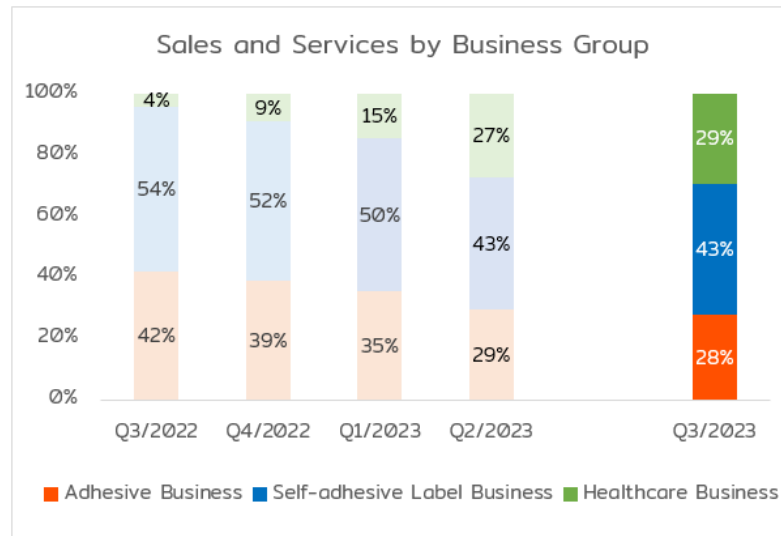
In the past 9 months, revenue from sales and services 1,389.81 million baht, 17.6% increase from the previous year mainly from good performance of healthcare business with materiality portion.

Sales & services revenue structure

Selic's sales and services is generated by three businesses including adhesive, self-adhesive label, and healthcare which sell to both domestic and overseas market.

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Proportion of sales and services by business is at 28% adhesive, 43% self-adhesive label, and 29% healthcare as of Q3/2023

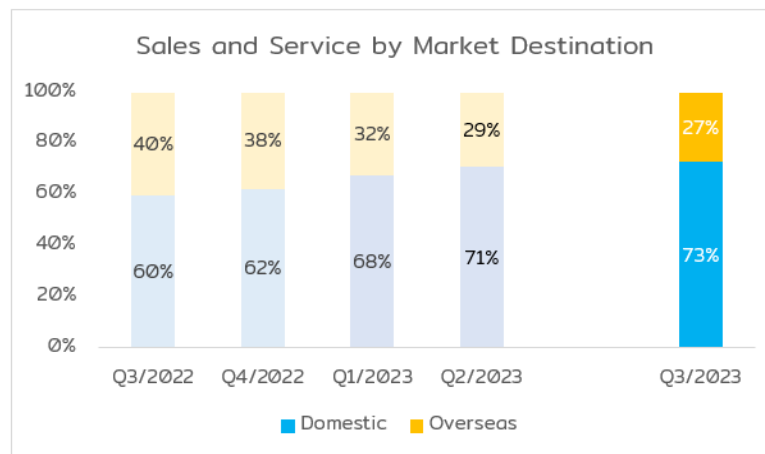


Remark: Intercompany transaction elimination

Sales and services by destination has proportion of 73% domestic and 27% export market as of Q3/2023.

Unit: Million Baht	Quarter					9 Months		
Sales & Services by Market Destination	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Domestic	350.31	322.64	241.60	8.6%	45.0%	977.89	666.84	46.6%
Overseas	132.08	133.09	163.59	(0.8%)	(19.3%)	411.92	514.95	(20.0%)
Total	482.39	455.73	405.18	5.8%	19.1%	1,389.81	1,181.79	17.6%

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Cost of goods sold and Gross Profit

Cost of sales in Q3/2023 was 336.40 million baht increased 1.4% from the previous quarter and 9.0% from the same period last year while gross profit was 145.99 million baht increased 17.8% from the previous quarter and 51.0% from the same period last year. Key driver for higher gross profit is healthcare business with good sales and high gross profit margin, it support good growth for Selic.

Operational expenditure

Total operating expenses in Q3/2023 was at 79.78 million baht decreased 4.4% from the previous quarter but increased 14.9% from the same period last year, divided into selling expenses of 27.53



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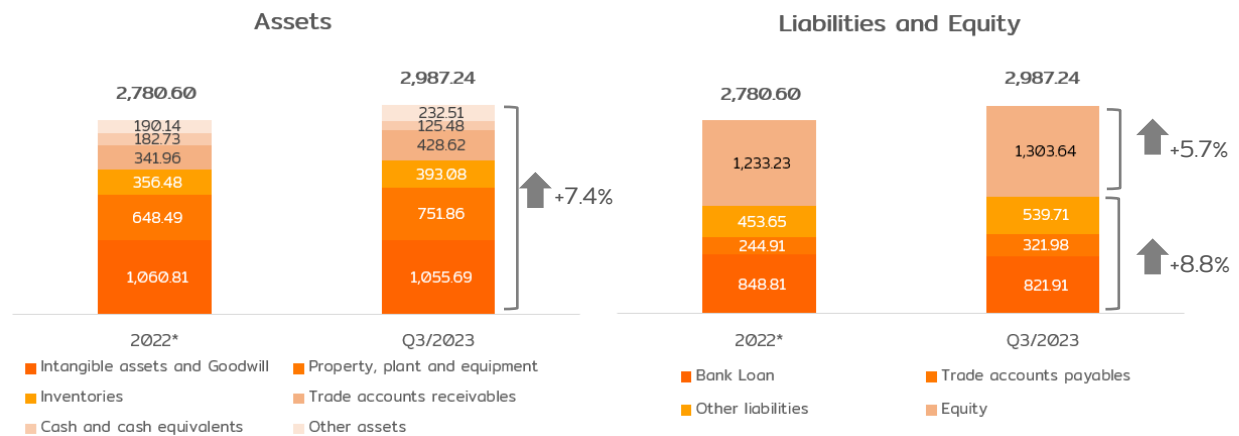
million baht and administrative expenses of 52.25 million baht. The operational expense to sales ratio slightly increased from previous quarter and the same period last year as a good result of expenses control from every business group

EBITDA and net profit

EBITDA 86.61 million baht increased 50.6% from the previous quarter and 128.2% from the same period last year while net profit 45.36 million baht increased 102.5% from the previous quarter and 221.3% from the same period last year.

Statement of Financial Position Q3/2023

Unit: million baht



Remark: 2022 statement are regrouped to compare the current year together with adjusting purchase price allocation of consumer healthcare business which were acquired in October 2022 within the specified period

Assets

Total assets as of Q3/2023 was 2,987.24 million baht, an increase of 7.4% from 2022, mainly from an increase in trade accounts receivables and inventories of the healthcare business that is expanding together with new machinery deposits of sticker business.

Liabilities

Total liabilities as of Q3/2023 was 1,683.61 million baht, an increase of 8.8% from 2022, mainly from an increase in trade accounts payables while bank loan amount decreased.

Equity

Shareholders' equity as of Q3/2023 was 1,303.64 million baht, an increase of 5.7% from 2022 as increasing of retain earning.

Segment Reporting

Adhesive Business

Adhesive business recorded total sales and service in Q3/2023 at 133.75 million baht remained the same level as previous quarter but decreased 21.7% from the same period last year due to demand in some countries that are facing economy recession continue to slowdown. However oversea markets have shown positive sign with sales orders of some key countries did come in at the end of quarter for producing and export in Q4/2023.

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Adhesive business: Sales and services revenue by product group

Unit: Million Baht	Quarter					9 Months		
Sales and Services by Product Group	Q3/2023	Q2/2023	Q3/2022	%QoQ	%YoY	9M 2023	9M 2022	% YoY
Solvent	62.48	72.78	77.43	(14.1%)	(19.3%)	213.93	228.24	(6.3%)
Hot Melt	55.64	43.97	70.48	26.6%	(21.1%)	157.39	205.62	(23.5%)
Water based	11.21	14.19	18.13	(21.0%)	(38.2%)	44.90	98.32	(54.3%)
Others	4.42	2.89	4.71	52.7%	(6.3%)	11.12	13.31	(16.5%)
Total Sales and Services	133.75	133.83	170.75	(0.1%)	(21.7%)	427.34	545.50	(21.7%)

Remark: Intercompany transaction included

Solvent Product: sales was 62.48 million baht decreased 14.1% from the previous quarter and 19.3% from the same period last year. It not only was affected by the slowdown of oversea market but domestic market demand also slightly decreased as well.

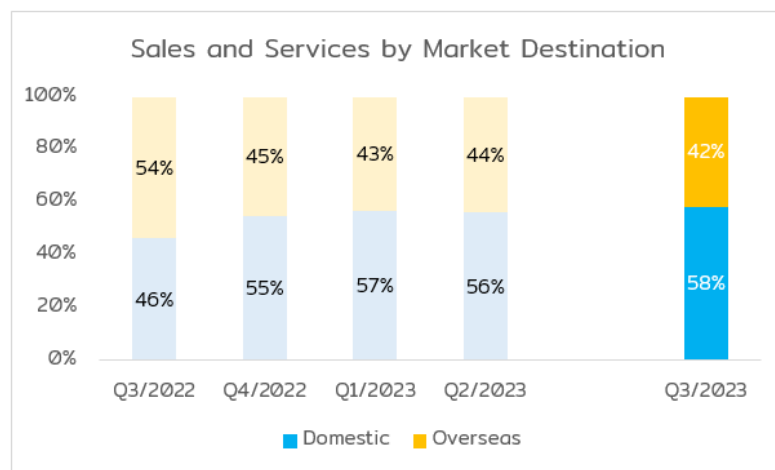
Hot Melt Product: sales was 55.64 million baht increased 26.6% from the previous quarter but decreased 21.1% from the same period last year. There is a positive sign of sales order from oversea and domestic market.

Water Based Product: sales was 11.21 million baht decreased 21.0% from the previous quarter and 38.2% from the same period last year. It was affected by the slowdown of oversea market and also the slowdown of customers in industrial group who produce to export.

Adhesive business: Sales and services revenue by market destination

Unit: Million Baht	Quarter					9 Months		
Sales and Services by Market Destination	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Domestic	78.00	75.02	79.06	4.0%	(1.3%)	243.93	291.29	(16.3%)
Overseas	55.74	58.81	91.69	(5.2%)	(39.2%)	183.40	254.21	(27.9%)
Total Sales and Services	133.75	133.83	170.75	(0.1%)	(21.7%)	427.34	545.50	(21.7%)

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: sales was 78.0 million baht increased 4.0% from the previous quarter from Hot Melt product but decreased 1.3% from the same period last year.

Oversea Market: sales was 55.74 million baht decreased 5.2% from the previous quarter and 39.2% from the same period last year mainly as sales drop from Solvent and Water based.

Breaking down by market for adhesive as of Q3/2023, domestic sales was 58% whereas overseas sales was 42%



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Adhesive business had gross profit in Q3/2023 at 33.97 million baht, increased 7.7% from the previous quarter but decreased 21.3% from the same period last year while gross profit margin increased to 25.4%. EBITDA was 16.42 million baht increased from previous quarter and net profit was 7.60 million baht increased from previous quarter as well.

Unit: Million Baht	Q3/2023					9 Months		
	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Revenue from goods and services	133.75	133.83	170.75	(0.1%)	(21.7%)	427.34	545.50	(21.7%)
Cost of Sales	99.77	102.29	127.60	(2.5%)	(21.8%)	323.60	416.21	(22.3%)
Gross Profit (excluding others)	33.97	31.54	43.16	7.7%	(21.3%)	103.74	129.29	(19.8%)
Gross Profit %	25.4%	23.6%	25.3%	7.8%	0.5%	24.3%	23.7%	2.4%
EBITDA	16.42	11.67	19.59	40.7%	(16.2%)	42.37	104.41	(59.4%)
Net Profit	7.60	4.14	10.40	83.5%	(27.0%)	17.90	75.75	(76.4%)

Remark: Intercompany transaction included

Self-adhesive Label Business

Self-adhesive label business recorded total sales and services of 204.75 million baht increased 4.9% from the previous quarter but decreased 5.1% from the same period last year. Domestic market continue to grow but oversea market was fluctuated.

Self-adhesive label business: sales revenue by product groups

Unit: Million Baht	Quarter					9 Months		
	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Sales and Services by Product Group								
Paper	129.24	127.85	144.58	11%	(10.6%)	412.30	446.20	(7.6%)
Film	74.13	65.08	68.09	13.9%	8.9%	208.56	197.37	5.7%
Others	1.38	2.27	3.10	(39.0%)	(55.4%)	4.49	7.65	(41.3%)
Total Sales	204.75	195.19	215.77	4.9%	(5.1%)	625.35	651.22	(4.0%)

Remark: Intercompany transaction included

Paper Label: sales was 129.24 million baht increased 1.1% from previous quarter but decreased 10.6% from the same period last year which done well in domestic market while oversea market was fluctuated.

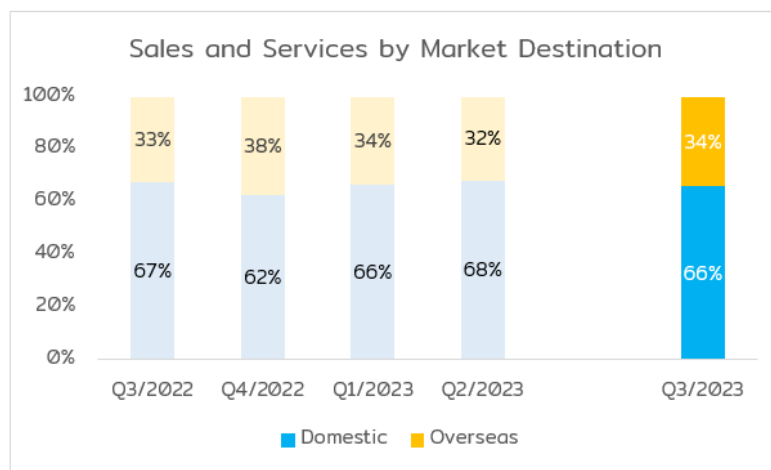
Film Label: sales was 74.13 million baht increased 13.9% from previous quarter and 8.9% from the same period last year which done well in domestic and oversea market

Self-adhesive label business: sales revenue by market destination

Unit: Million Baht	Quarter					9 Months		
	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Sales and Services by Market Destination								
Domestic	134.88	132.97	145.64	14%	(7.4%)	417.72	396.30	5.4%
Overseas	69.87	62.22	70.14	12.3%	(0.4%)	207.63	254.91	(18.5%)
Total Sales	204.75	195.19	215.77	4.9%	(5.1%)	625.35	651.22	(4.0%)

Remark: Intercompany transaction included

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Remark: Intercompany transaction included

Domestic Market: sales was 134.88 million baht increased 14% from the previous quarter but decreased 7.4% from the same period last year

Oversea Market: sales was 69.87 million baht increased 12.3% from the previous quarter but decreased 0.4% from the same period last year

Breaking down by market for self-adhesive label as of Q3/2023, domestic sales was 66% whereas overseas sales was 34%

Healthcare Business

Healthcare business recorded total sales and service in Q3/2023 at 144.77 million baht increased 13.5% from the previous quarter and 137.7% from the same period last year by increasing sales channels to cover and reach customers both in the country and overseas market and also able to increase their production capacity.

Healthcare business: sales revenue by product groups

Unit: Million Baht	Quarter					9 Months		
Sales and Services by Product Group	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Liniment	30.29	35.88	44.77	(15.6%)	(32.3%)	103.65	109.63	(5.5%)
Cream	10.18	12.74	14.77	(20.1%)	(31.1%)	32.95	35.25	(6.5%)
Analgesic	71.34	53.69	0.00	32.9%	--	140.23	0.00	--
Bandage	12.18	6.50	0.00	87.6%	--	20.90	0.00	--
Tape	15.11	14.50	0.00	4.2%	--	30.92	0.00	--
Others	2.68	1.58	0.09	69.6%	2,826.1%	4.48	0.35	1,197.9%
Total Sales	141.77	124.88	59.63	13.5%	137.7%	333.13	145.23	129.4%

Remark: Intercompany transaction included and adjusting listing fee allocation into product group

Revenue from sales and services were currently mainly grouped into 5 product groups which are Liniment, Cream, Analgesic, Bandage, and Tape. The sales proportion as of Q3/2023 was 21%, 7%, 50%, 9%, and 11% respectively and it may change per plan of production and distribution of new products of DVK healthcare co., Ltd.

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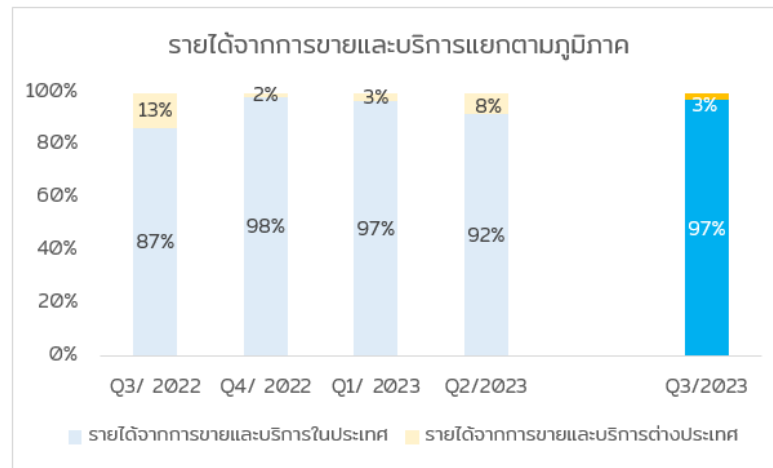
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Healthcare business: sales revenue by market destination

Unit: Million Baht	Quarter					9 Months		
Sales and Services by Market Destination	Q3/2023	Q2/2023	Q3/2022	% QoQ	% YoY	9M 2023	9M 2022	% YoY
Domestic	137.65	114.77	51.72	19.9%	166.1%	316.82	123.23	157.1%
Overseas	4.12	10.11	7.91	(59.2%)	(47.9%)	16.31	21.99	(25.9%)
Total Sales	141.77	124.88	59.63	13.5%	137.7%	333.13	145.23	129.4%

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Breaking down by market for healthcare business as of Q3/2023, domestic sales was 97% whereas overseas sales was 3%. However overseas sales was only direct export and does not include indirect export by distributor in Thailand.

2023 Business Outlook

According to the outlook of the Ministry of Finance that 2023 Thai economy has been revised down from an increase of 3.5% to increase of 2.7%, Selic aimed to grow from domestic sales. The economy recession in the countries of our key customers will affect to our export sales in 2023 however Selic will be able to grow in line with the growth strategies through healthcare business by launching a variety of products into the market under brand "Neoplast" and "Neoban". In addition, adhesive and sticker businesses will focus to expand into industries that are growing and the countries where economy situation still be at reasonable level together with an emphasis on making profits as well.

Continuous Growth on Revenue

Selic focus on revenue growth as a results of investment project in the healthcare business, it shall be significant part of revenue growth in 2023. Including expanding market shares into growth industry sectors and also expand to countries still have good economic growth and with high purchasing power for adhesive and sticker business to reduce the impact of exports from economy recession.

Cost and Expenditure Management for better GP and Net Profit

Selic intend to continue improve on cost management for better result through efficient of supply chain process and proper risk management to manage uncontrolled fluctuating factors such as oil price or exchange rate.



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Investment strategy for growth opportunity

One of our strategy is to search for opportunity in investment such as joint venture, M&A to drive inorganic growth. However prior to any investment project, there are certain protocol and assessment to ensure the projects will bring or be the growth mechanism for the business and shareholders. Target business could be in the same value chain of both business segment of the company, including healthcare and technology.

Sustainability Development Journey

In 2023, Sustainability development policies and goals cover key 3 dimensions of Environment, Social and Governance (ESG) where we will continuously operate. This will include new product development on more "green" products to support our customers by offering sustainable materials in their supply chain. Moreover, we will continue to collaborate with external organizations for projects relating to ESG. As a result of sustainability performance in 2023, Selic was selected through the SET ESG Rating of Sustainable Stock which demonstrating our commitment for continuous sustainability.

Contact us:

<http://seliccorp.com/investor-contact.php> or email: investorrelation@seliccorp.com

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