



Selic Corp Public Company Limited

Management Discussion & Analysis FY2023



Executive Summary

In 2023, Although adhesive and sticker business group faced difficulty to export products to those countries with economy recession, but Selic was able to expand in revenue, gross profit, and net profit from healthcare business group as a result of acquired brands and trademarks under the name “Neoplast” and “Neobun” including the acquisition of shares in Devakam Apothecary Hall Co., Ltd. in the late of 2022.

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 had a sales increase of healthcare business per investment plan. Healthcare business not only was able to produce and sell products under the name “Neoplast” and “Neobun” per scheduled timeline but increased sales channels to cover and reach customers both in the country and oversea market.

Jump gross profit as a result of diversified business model

In overall, Selic can significantly increase its gross profit in 2023 which healthcare business has a high gross profit margin. In addition, adhesive businesses was able to have better gross profit margin.

EBITDA and net profit

Selic was able to increase EBITDA and net profit in 2023 from healthcare business.

Q4/2023 Financial Summary

- Total revenue was at 515.08 million baht increased 6.6% from the previous quarter and 17.0% from the same period last year. Adhesive and healthcare businesses had a sales increase from previous quarter due to higher demand of adhesive from oversea while healthcare business increased sales channels to cover and reach customers in oversea market.
- Gross profit was at 144.11 million baht slightly decreased 1.3% from the previous quarter but increased 57.7% from the same period last year with gross profit margin at 28.3%
- EBITDA was 93.68 million baht increased 8.2% from the previous quarter and 180.1% from the same period last year.
- Net profit was 46.23 million baht increased 1.9% from the previous quarter and 945.7% from the same period last year.

FY2023 Financial Summary

- Total revenue of 1,905.45 million baht increased 17.3% from 2022. The growth came from healthcare business with good performance and with materiality portion.
- Gross profit 516.53 million baht increased 45.0% from 2022. Gross profit margin also increased to 27.2% due to higher sales proportion of healthcare business with high gross profit margin.
- EBITDA 280.77 million baht and net profit 124.18 million baht increased 105.9% and 208.0% from 2022 respectively.



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Consolidated Financial Statement FY2023

Unit: Million Baht	Quarter					12 Months		
Consolidated Financial Statement	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Sales of goods and services	509.08	482.39	437.26	5.5%	16.4%	1,898.89	1,619.05	17.3%
Gain on exchange rate	4.99	0.00	0.00	--	--	1.25	0.00	--
Other income	1.01	0.83	3.03	221%	(66.7%)	5.31	5.65	(61%)
Total Revenue	515.08	483.22	440.30	6.6%	17.0%	1,905.45	1,624.70	17.3%
Cost of sales	364.97	336.40	345.85	8.5%	5.5%	1,382.36	1,262.86	9.5%
Gross Profit (excluding others)	144.11	145.99	91.41	(1.3%)	57.7%	516.53	356.19	45.0%
Loss on exchange rate	0.00	0.63	1.93	(100.0%)	(100.0%)	0.00	5.99	(100.0%)
Selling expenses	28.45	27.53	25.83	3.3%	10.1%	111.26	94.86	17.3%
Administrative expenses	48.39	52.25	52.00	(7.4%)	(6.9%)	209.72	184.93	13.4%
Share of profit/ (loss) of JV	(0.05)	(0.01)	(0.01)	2281%	6651%	(0.33)	(0.01)	5,4421%
EBITDA	93.68	86.61	33.45	8.2%	180.1%	280.77	136.35	105.9%
Depreciation	20.46	20.22	18.77	1.2%	9.0%	78.99	60.30	31.0%
EBIT	73.22	66.39	14.68	10.3%	398.8%	201.78	76.05	165.3%
Financial cost	11.71	11.34	9.13	3.3%	28.3%	45.10	24.02	87.8%
EBT	61.50	55.05	5.55	11.7%	1,008.3%	156.67	52.03	201.1%
Income tax	15.28	9.69	113	57.6%	1,253.4%	32.49	11.71	177.4%
Net Profit	46.23	45.36	4.42	1.9%	945.7%	124.18	40.32	208.0%

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

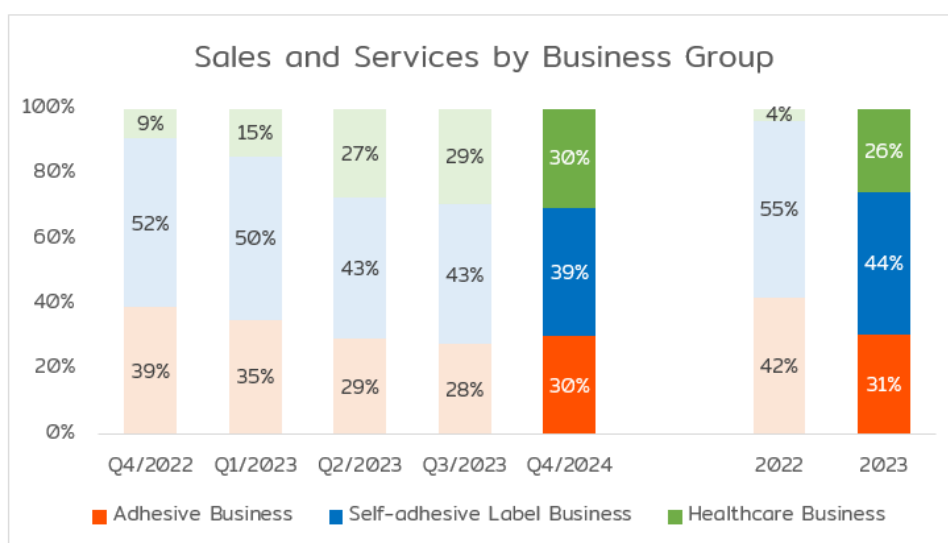
Revenue

In 2023, revenue from sales and services 1,898.89 million baht with growth of 17.3% from 2022 mainly from consolidating revenue of healthcare business while adhesive and sticker faced difficulty to export products to those countries with economy recession.

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.

Proportion of sales and services by business is at 31% adhesive, 44% self-adhesive label, and 26% healthcare as of 2023



Remark: Intercompany transaction elimination

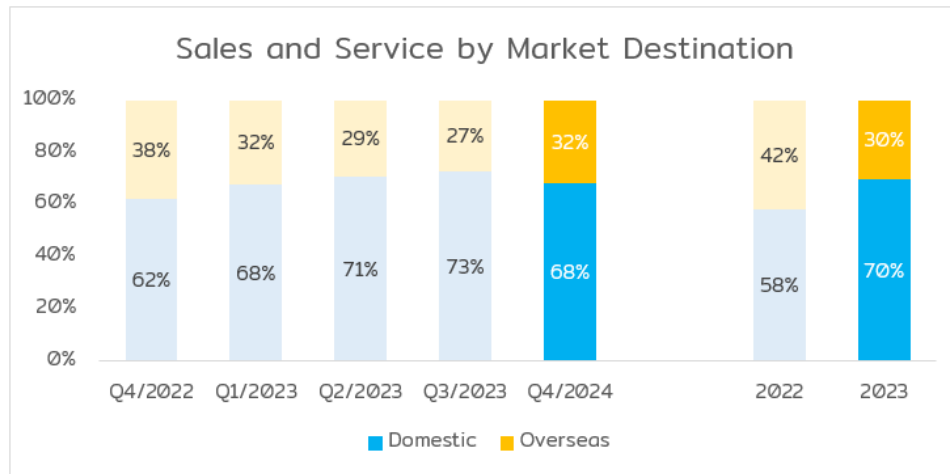
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Sales and services by destination has proportion of 70% domestic and 30% export market as of 2023.

Unit: Million Baht	Quarter					12 Months		
Sales & Services by Market Destination	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Domestic	347.44	350.31	272.02	(0.8%)	27.7%	1,325.34	938.86	41.2%
Overseas	161.64	132.08	165.25	22.4%	(2.2%)	573.55	680.19	(15.7%)
Total	509.08	482.39	437.26	5.5%	16.4%	1,898.89	1,619.05	17.3%

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Cost of goods sold and Gross Profit

Cost of sales was 1,382.36 million baht and gross profit was 516.53 million baht increased 9.5% and 45.0% from 2022 respectively. Key driver for higher gross profit is healthcare business with high gross profit margin, it support good growth for Selic.

Operational expenditure

Total operating expenses was at 320.98 million baht increased 14.7% from 2022, divided into selling expenses of 111.26 million baht and administrative expenses of 209.72 million baht. The operational expense to sales ratio slightly decreased from 2022 due to sales growth rate was higher than incremental rate of operating expenses.

EBITDA and net profit

EBITDA was 280.77 million baht and net profit was 124.18 million baht increased 105.9% and 208.0% from 2022 respectively.



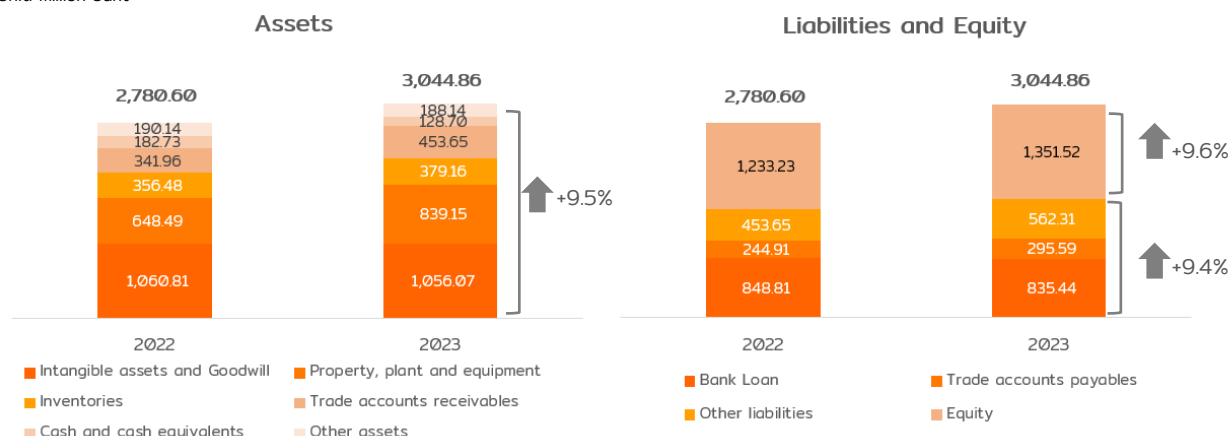
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Statement of Financial Position 2023

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 2023 was 3,044.86 million baht, an increase of 9.5% from 2022, mainly from new machinery of sticker business, trade accounts receivables, and inventories of the healthcare business.

Liabilities

Total liabilities as of 2023 was 1,693.34 million baht, an increase of 9.4% from 2022, mainly from an increase in trade accounts payables.

Equity

Shareholders' equity as of 2023 was 1,351.52 million baht, an increase of 9.6% from 2022 as increasing of retain earning.

Segment Reporting

Adhesive Business

Adhesive business recorded total sales and service in 2023 at 581.53 million baht decreased 18.8% from 2022 due to faced difficulty to export products to those countries with economy recession.

Adhesive business: Sales and services revenue by product group

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Group	Q4/2023	Q3/2023	Q4/2022	%QoQ	%YoY	12M 2023	12M 2022	% YoY
Solvent	60.44	62.48	84.00	(3.3%)	(28.1%)	274.37	312.25	(12.1%)
Hot Melt	78.69	55.64	69.57	41.4%	13.1%	236.09	275.19	(14.2%)
Water based	12.04	11.21	12.79	7.4%	(5.9%)	56.93	111.11	(48.8%)
Others	3.02	4.42	4.32	(31.6%)	(30.1%)	14.14	17.64	(19.8%)
Total Sales and Services	154.19	133.75	170.69	15.3%	(9.7%)	581.53	716.18	(18.8%)

Remark: Intercompany transaction included

Solvent Product: sales was 274.37 million baht decreased 12.1% from 2022. 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 236.09 million baht decreased 14.2% from 2022. It was affected by the slowdown of oversea market and also the slowdown of customers in industrial group who produce to export. However there is a positive sign of sales order from oversea market in Q4/2023.



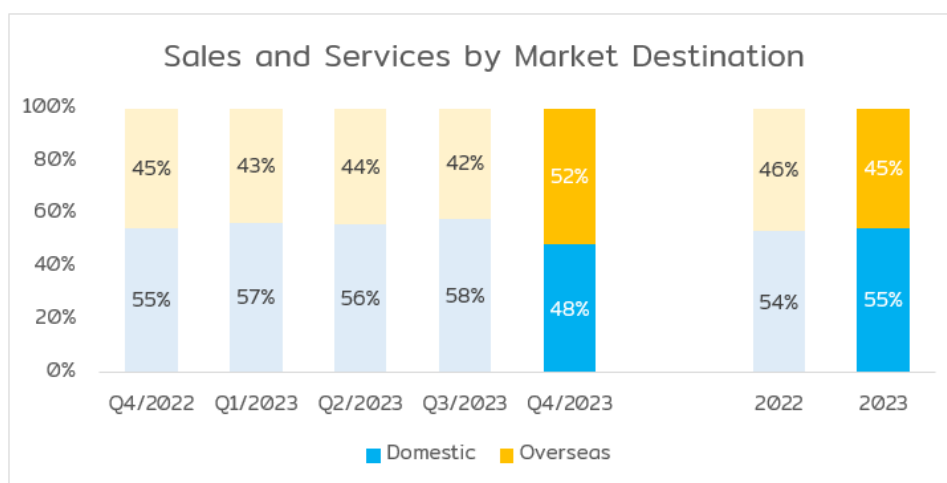
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Water Based Product: sales was 56.93 million baht decreased 48.8% from 2022. It was affected by the slowdown of oversea market, the slowdown of customers in industrial group who produce to export, and changing in intercompany sales.

Adhesive business: Sales and services revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Destination	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Domestic	74.75	78.00	93.51	(4.2%)	(20.1%)	318.69	384.81	(17.2%)
Overseas	79.44	55.74	77.17	42.5%	2.9%	262.84	331.38	(20.7%)
Total Sales and Services	154.19	133.75	170.69	15.3%	(9.7%)	581.53	716.18	(18.8%)

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: sales was 318.69 million baht decreased 17.2% from 2022 which sales drop from all product group.

Oversea Market: sales was 262.84 million baht decreased 20.7% from 2022 which sales drop from all product group.

Breaking down by market for adhesive as of 2023, domestic sales was 55% whereas overseas sales was 45%.

Adhesive business had gross profit in 2023 at 147.64 million baht, decreased 12.5% from 2022 with gross profit margin increased to 25.4%. EBITDA was 66.01 million baht and net profit was 31.16 million baht decreased from 2022 at 45.7% and 63.1% respectively.

Unit: Million Baht	Q4/2023					12 Months		
	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Revenue from goods and services	154.19	133.75	170.69	15.3%	(9.7%)	581.53	716.18	(18.8%)
Cost of Sales	110.29	99.77	131.27	10.5%	(16.0%)	433.89	547.48	(20.7%)
Gross Profit (excluding others)	43.90	33.97	39.41	29.2%	11.4%	147.64	168.70	(12.5%)
Gross Profit %	28.5%	25.4%	23.1%	12.1%	23.3%	25.4%	23.6%	7.8%
EBITDA	23.64	16.42	17.22	43.9%	37.3%	66.01	121.63	(45.7%)
Net Profit	13.25	7.60	8.78	74.5%	50.9%	31.16	84.53	(63.1%)

Remark: Intercompany transaction included



Self-adhesive Label Business

Self-adhesive label business recorded total sales and services of 824.70 million baht decreased 5.7% from 2022. Domestic sales slightly increased while export sales decreased from paper product.

Self-adhesive label business: sales revenue by product groups

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Group	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Paper	122.89	129.24	156.67	(4.9%)	(21.6%)	535.18	602.87	(11.2%)
Film	75.20	74.13	65.29	1.4%	15.2%	283.76	262.66	8.0%
Others	1.27	1.38	1.12	(8.2%)	13.5%	5.76	8.77	(34.3%)
Total Sales	199.36	204.75	223.08	(2.6%)	(10.6%)	824.70	874.30	(5.7%)

Remark: Intercompany transaction included

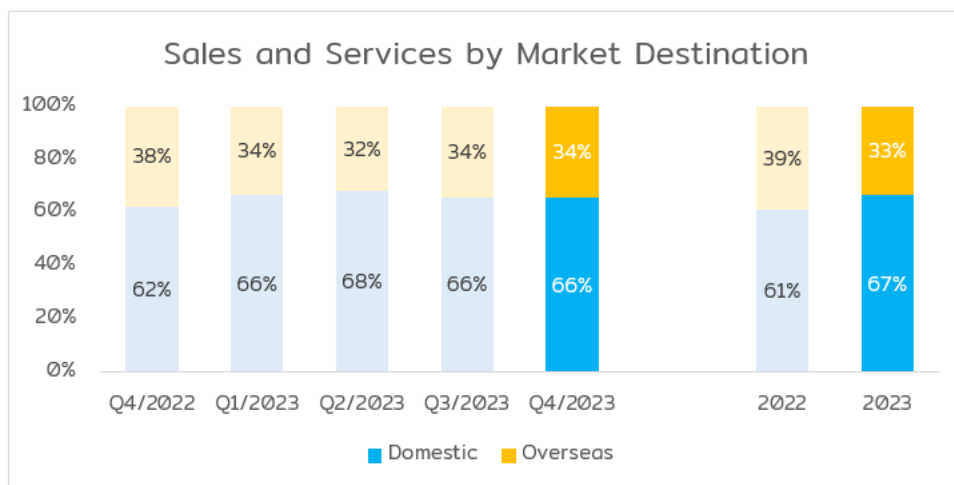
Paper Label: sales was 535.18 million baht decreased 11.2% from 2022. Domestic sales remain the same as 2022 level while export sales decreased.

Film Label: sales was 283.76 million baht increased 8.0% from 2022 which done well in both domestic and export sales.

Self-adhesive label business: sales revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Destination	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Domestic	130.72	134.88	139.06	(3.1%)	(6.0%)	548.43	535.36	2.4%
Overseas	68.64	69.87	84.03	(1.8%)	(18.3%)	276.27	338.94	(18.5%)
Total Sales	199.36	204.75	223.08	(2.6%)	(10.6%)	824.70	874.30	(5.7%)

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: sales was 548.43 million baht increased 2.4% from 2022 which mainly contributed from film product.

Oversea Market: sales was 276.27 million baht decreased 18.5% from 2022 which sales drop on paper product.

Breaking down by market for self-adhesive label as of 2023, domestic sales was 67% whereas overseas sales was 33%



Healthcare Business

Healthcare business recorded total sales and service in 2023 at 487.62 million baht increased 162.9% from 2022. It was able to produce and sell products under the name “Neoplast” and “Neobun” of DVK healthcare Co., Ltd. per scheduled timeline.

Healthcare business: sales revenue by product groups

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Group	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Pain Relief	118.86	114.29	40.23	4.0%	195.5%	399.98	185.45	115.7%
First Aid Dressing	35.63	27.48	0.00	29.7%	--	87.64	0.00	--
Total Sales	154.49	141.77	40.23	9.0%	284.0%	487.62	185.45	162.9%

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

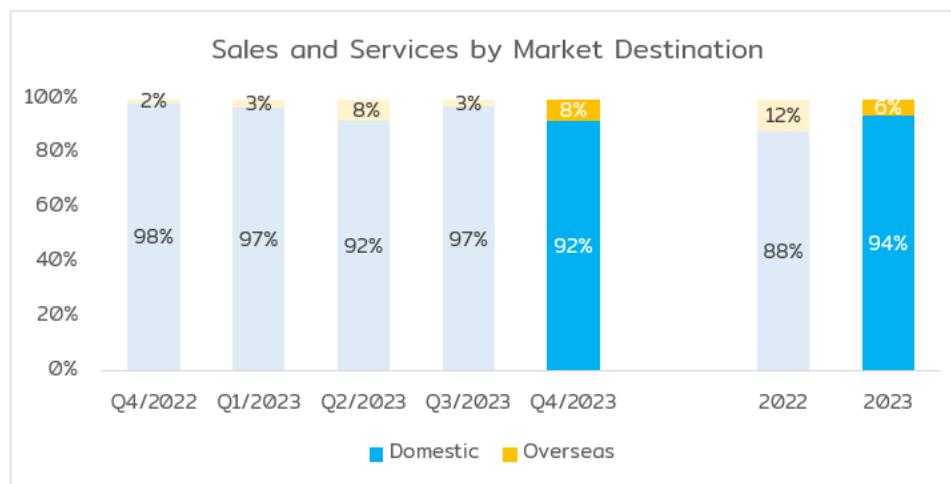
Pain Relief: sales was 399.98 million baht increased 115.7% from 2022 due to sales more variety of products.

First Aid Dressing: sales was 87.64 million baht which start to produce and sales in 2023.

Healthcare business: sales revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Destination	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY	12M 2023	12M 2022	% YoY
Domestic	141.98	137.65	39.59	3.1%	258.6%	458.80	162.83	181.8%
Overseas	12.51	4.12	0.64	203.7%	1,869.3%	28.82	22.63	27.4%
Total Sales	154.49	141.77	40.23	9.0%	284.0%	487.62	185.45	162.9%

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: sales was 458.80 million baht increased 181.8% from 2022.

Oversea Market: sales was 28.82 million baht increased 27.4% from 2022.

Breaking down by market for healthcare business as of 2023, domestic sales was 94% whereas overseas sales was 6%.



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2024 Business Outlook

Ministry of Finance forecasted that 2024 GDP will grow at 2.8% which export will recover from 2023. Selic received a positive sign on export in Q4/2023 then expect that export sales of adhesive and sticker business shall gradually recover in 2024. Meanwhile, healthcare business strategy to gain more market share of targeted customer segment from both domestic and oversea market.

Continuous Growth on Revenue

Selic focus on revenue growth from all business group. Adhesive and sticker business aim to expand market shares into growth industry sectors and also expand to countries still have good economic growth with high purchasing power while healthcare will continue launching new products and expanding sales channels to cover and reach the customers both in domestic and oversea market.

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.

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

Selic will continuously our journey on sustainability policies and strategies. 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, 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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