



Selic Corp Public Company Limited

Management Discussion & Analysis FY2022



Executive Summary

2022 started the year with many external factors affecting business operations and alive of consumers, beginning with the conflict between Russia-Ukraine, continue with the energy crisis, and including high inflation rate. These factors directly affect the oil price and raw material cost of many industries. In addition, they also directly affect to purchasing power of consumers. In the 2nd half of the year after terminating the rules for entering the country of tourists causing the recovery of domestic economy especially in the tourism and service sectors. Consequently, domestic demand continues to improve while an export demand tends to slow down which is reflected in the same picture of manufacturing sector GDP and export GDP in Q4 2022. In addition, the high inflation index of export countries also put pressure on the economy and purchasing power of export countries as well. For raw material cost, although oil price have leveled down to 80 – 90 USD/bbl in Q4 2022 but with fluctuation of exchange rate in the second half of the year, it affects export sales and profit.

However, Selic does not stop focusing on expanding its business into new sectors that in line with the company vision of “Bonding Innovation for Better Living” therefore we expand business into healthcare sector by acquiring brands and trademarks under the name “Neoplast” and “Neobun” including the acquisition of shares in Devakam Apothecary Hall Co., Ltd. and began consolidating financial performance of healthcare business segment in September 2022.

Sales growth through the expansion of business in Consumer Healthcare

In the year 2022, Adhesive and self-adhesive label business are able to maintain sales revenue at a good level compared to 2021. In addition, Selic began to recognize revenue in the healthcare business segment in September 2022 therefore 2022 Selic sales revenue did grow 11.3% compared to 2021. Moreover, in 2023 sales revenue from healthcare business segment will increase significantly as a result of full year consolidation and additional sales revenue from its subsidiary which will begin to realize within Q1 2023.

Maintain gross profit in the situation of uncontrolled factors which impact to product cost

Selic can maintain gross profit level close to 2021 where GP% slightly decrease, although there are many uncontrolled factors that keep impact to gross profit such as oil price at high level, exchange rate fluctuation, and high inflation index in Thailand and export countries.

EBITDA and net profit

In 2022, EBITDA and net profit decreased by 25.1% and 51.3% respectively compared to 2021 as a result of lower GP%, higher operating expense per revenue, and loss on exchange rate.

Q4/2022 Financial Summary

- Total revenue was at 440.30 million baht increased 8.5% from the previous quarter and 17.3% from the same period last year where performance of healthcare business segment was consolidated into Selic group for full quarter.
- Gross profit was at 91.41 million baht decreased 5.5% QoQ as a result of lower GP% from both adhesive and self-adhesive label business but did grow 27.2% from the same quarter last year.
- Net profit was 3.79 million baht decreased 73.1% from the previous quarter as a result of lower GP% and higher operating expense per revenue by spending setting up operations to



Selic Corp Public Company Limited

Management Discussion & Analysis FY2022



start production at subsidiary company of healthcare business segment which will begin to realize revenue within Q1 2023.

FY2022 Financial Summary

- Total revenue of 1,624.70 million baht increased 10.8% from 2021. The growth came from both adhesive and self-adhesive label business together with recognize revenue in the healthcare business segment in September 2022.
- Gross profit 356.19 million baht slightly increased 1.2% from 2021 mainly consolidating performance of healthcare business segment in September 2022.
- EBITDA 135.63 million baht decreased 25.1% and net profit 39.70 million baht decreased 51.3% from 2021. Not only high cost of raw material and packaging during the year but also higher selling expenses from business characteristic of healthcare business, higher administrative expenses in preparation for business expansion into the manufacture and distribution of pharmaceuticals and intention to list the subsidiary in the stock exchange. Including loss on exchange rate.

Unit: Million Baht	Quarter					12 Months		
	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Total Revenue	440.30	405.65	375.32	8.5%	17.3%	1,624.70	1,466.03	10.8%
Total Sales & Services	437.26	405.18	370.42	7.9%	18.0%	1,619.05	1,454.64	11.3%
Gross Profit (excluding others)	91.41	96.70	71.86	(5.5%)	27.2%	356.19	352.02	1.2%
EBITDA	32.73	37.95	34.38	(13.8%)	(4.8%)	135.63	180.98	(25.1%)
Net Profit	3.79	14.12	11.35	(73.1%)	(66.6%)	39.70	81.53	(51.3%)

Financial Performance

Revenue

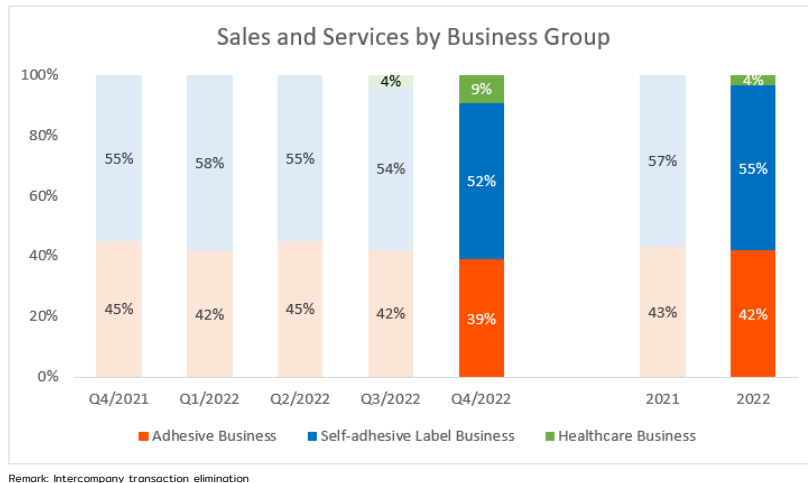
In 2022, revenue from sales and services 1,619.05 million baht with growth of 11.3% from 2021 due to growth of adhesive and self-adhesive label business including the start of the performance consolidation of Devakam Apothecary Hall Co., Ltd., a subsidiary in September 2022.

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 42% adhesive, 55% self-adhesive label, and 4% healthcare as of 2022. In 2023, proportion of healthcare will increase as a result of full year consolidation plus additional sales revenue from its subsidiary which will begin to realize within Q1 2023.

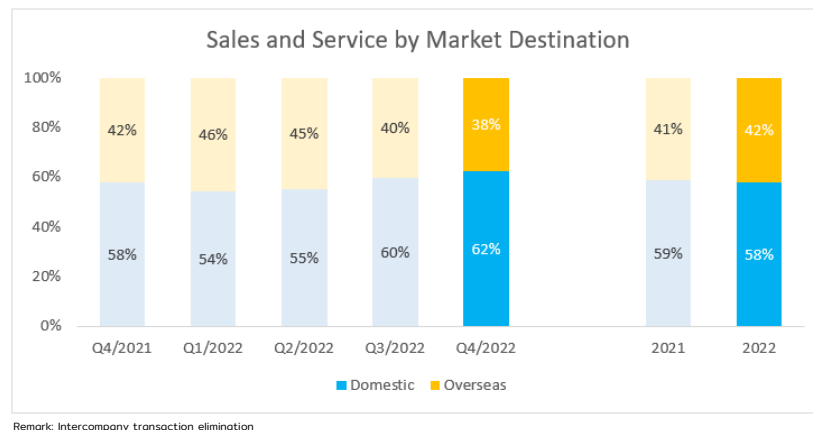
Selic Corp Public Company Limited Management Discussion & Analysis FY2022



Sales and services by destination has proportion of 58% domestic and 42% export market as of 2022. In 2023, domestic proportion will increase as a result of full year consolidation plus additional sales revenue from its subsidiary which will begin to realize within Q1 2023.

Unit: Million Baht	Quarter					12 Months		
Sales & Services by Market Destination	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Domestic	272.02	241.60	213.82	12.6%	27.2%	938.86	856.35	9.6%
Overseas	165.25	163.59	156.60	1.0%	5.5%	680.19	598.29	13.7%
Total	437.26	405.18	370.42	7.9%	18.0%	1,619.05	1,454.64	11.3%

Remark: Intercompany transaction elimination



Cost of goods sold and Gross Profit

In 2022, cost of sales was 1,262.86 million baht increased 14.5% from 2021 while sales growth rate was lower therefore gross profit was 356.19 million baht slightly increased 1.2% from 2021. The pass-through of rising sharply raw material cost in 2022 to selling price was conducted as much as possible however still have gap as require to reserve minimum stock level.

Operational expenditure

Total operating expenses in 2022 was at 280.52 million baht increased 18.0% from 2021, divided into selling expenses of 94.86 million baht and administrative expenses of 185.65 million baht. The selling expense to sales increased because ratio of healthcare is higher than another two businesses as difference business model. In the meanwhile the administrative expense to sales significantly increased from setting up operations to start production at subsidiary company of healthcare business segment which will begin to realize revenue within Q1 2023.



Selic Corp Public Company Limited

Management Discussion & Analysis FY2022



EBITDA and net profit

In 2022, EBITDA and net profit were 135.63 million baht and 39.70 million baht, decreased 25.1% and 51.3% respectively from 2021 due to lower GP%, higher operating expense per revenue, and loss on exchange rate.

Consolidated Financial Statement FY2022

Unit: Million Baht	Quarter					12 Months		
Consolidated Financial Statement	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Sales of goods and services	437.26	405.18	370.42	7.9%	18.0%	1,619.05	1,454.64	11.3%
Gain on exchange rate	0.00	0.00	1.49	--	(100.0%)	0.00	5.11	(100.0%)
Other income	3.03	0.47	3.41	542.8%	(11.1%)	5.65	6.28	(10.0%)
Total Revenue	440.30	405.65	375.32	8.5%	17.3%	1,624.70	1,466.03	10.8%
Cost of sales	345.85	308.49	298.56	12.1%	15.8%	1,262.86	1,102.62	14.5%
Gross Profit (excluding others)	91.41	96.70	71.86	(5.5%)	27.2%	356.19	352.02	1.2%
Loss on exchange rate	1.93	4.37	0.00	(55.9%)	--	5.99	0.00	--
Selling expenses	25.83	24.94	21.82	3.6%	18.4%	94.86	83.18	14.0%
Administrative expenses	52.72	44.52	34.47	18.4%	53.0%	185.65	154.63	20.1%
Share of profit/ (loss) of JV	(0.01)	0.00	0.00	--	--	(0.01)	0.00	--
EBITDA	32.73	37.95	34.38	(13.8%)	(4.8%)	135.63	180.98	(25.1%)
Depreciation	18.77	14.62	13.91	28.3%	34.9%	60.30	55.37	8.9%
EBIT	13.96	23.33	20.47	(40.2%)	(31.8%)	75.33	125.61	(40.0%)
Financial cost	9.13	5.32	5.08	71.5%	79.7%	24.02	21.29	12.8%
EBT	4.83	18.01	15.39	(73.2%)	(68.6%)	51.31	104.31	(50.8%)
Income tax	1.03	3.89	4.04	(73.5%)	(74.5%)	11.61	22.79	(49.0%)
Net Profit	3.79	14.12	11.35	(73.1%)	(66.6%)	39.70	81.53	(51.3%)

Remark: reclassified reporting between selling expenses and administrative expenses to align with accounting standards and definitions of the department of business development

Segment Reporting

Adhesive Business

Adhesive business recorded total sales and service in 2022 of 716.18 million baht. This is mainly due to customers change their purchase behavior during the high cost of energy therefore they slowdown their purchase orders and order only to exactly match to their need as they would like to keep an eye on price movement before making decision. However adhesive business still has continuous demand and expect it will be better in 2023.

Adhesive business: Sales and services revenue by product group

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Group	Q4/2022	Q3/ 2022	Q4/2021	%QoQ	%YoY	12M 2022	12M 2021	% YoY
Solvent	84.00	77.43	80.02	8.5%	5.0%	312.25	278.86	12.0%
Hot Melt	69.57	70.48	68.71	(1.3%)	1.3%	275.19	278.67	(1.2%)
Water based	12.79	18.13	24.29	(29.5%)	(47.3%)	111.11	159.31	(30.3%)
Others	4.32	4.71	5.82	(8.3%)	(25.7%)	17.64	15.84	11.3%
Total Sales and Services	170.69	170.75	178.83	(0.0%)	(4.6%)	716.18	732.68	(2.3%)

Remark: Intercompany transaction included

Solvent Product: 2022 sales was 312.25 million baht increased 12.0% from 2021 with growth from both domestic and oversea market.

Hot Melt Product: 2022 sales was 275.19 million baht slightly decreased 1.2% from 2021. Growth in domestic market but slightly decreased from oversea market.

Water Based Product: 2022 sales was 111.11 million decreased 30.3% from 2021 due to the change in selling policy to subsidiary company but still have growth from oversea market.



Selic Corp Public Company Limited

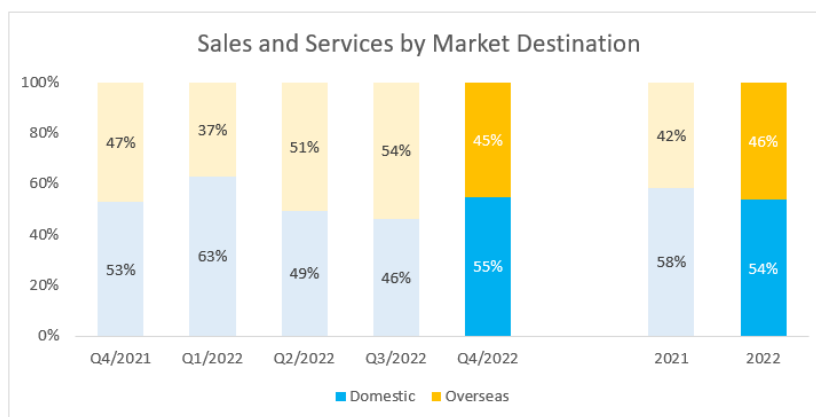
Management Discussion & Analysis FY2022



Adhesive business: Sales and services revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Destination	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Domestic	93.51	79.06	94.29	18.3%	(0.8%)	384.81	427.41	(10.0%)
Overseas	77.17	91.69	84.53	(15.8%)	(8.7%)	331.38	305.28	8.6%
Total Sales and Services	170.69	170.75	178.83	(0.0%)	(4.6%)	716.18	732.68	(2.3%)

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: 2022 sales was 384.81 million baht, a decrease of 10.0% from 2021 due to a slowdown in orders from domestic market as higher raw materials cost.

Oversea Market: 2022 sales was 331.38 million baht, a growth of 8.6% from 2021 from higher sales of Solvent and Water Based product.

Breaking down by market for adhesive as of 2022, domestic sales was 46% whereas overseas sales was 54%

Adhesive business had gross profit in 2022 was 168.70 million baht, decreased 5.6% from 2021 as GP% was impacted from high raw material cost level as a result of Russia-Ukraine conflict.

However, GP% is considered at a level that Selic can manage well with slightly lower than previous year compared to the high growth rate of oil price and raw materials cost in 2022.

Unit: Million Baht	Q4/2022					12 Months		
	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Revenue from goods and services	170.69	170.75	178.83	(0.0%)	(4.6%)	716.18	732.68	(2.3%)
Cost of Sales	131.27	127.60	139.32	2.9%	(5.8%)	547.48	554.04	(1.2%)
Gross Profit (excluding others)	39.41	43.16	39.50	(8.7%)	(0.2%)	168.70	178.64	(5.6%)
Gross Profit %	23.1%	25.3%	22.1%	(8.6%)	4.5%	23.6%	24.4%	(3.4%)

Remark: Intercompany transaction included



Self-adhesive Label Business

2022 self-adhesive label business recorded total sales and services of 874.30 million baht, an increase of 4.8% from 2021 with growth of both paper and film product.

Self-adhesive label business: sales revenue by product groups

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Group	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Paper	156.67	144.58	137.28	8.4%	14.1%	602.87	571.94	5.4%
Film	65.29	68.09	62.74	(4.1%)	4.1%	262.66	251.15	4.6%
Others	1.12	3.10	3.92	(63.9%)	(71.5%)	8.77	11.33	(22.6%)
Total Sales	223.08	215.77	203.94	3.4%	9.4%	874.30	834.42	4.8%

Remark: Intercompany transaction included

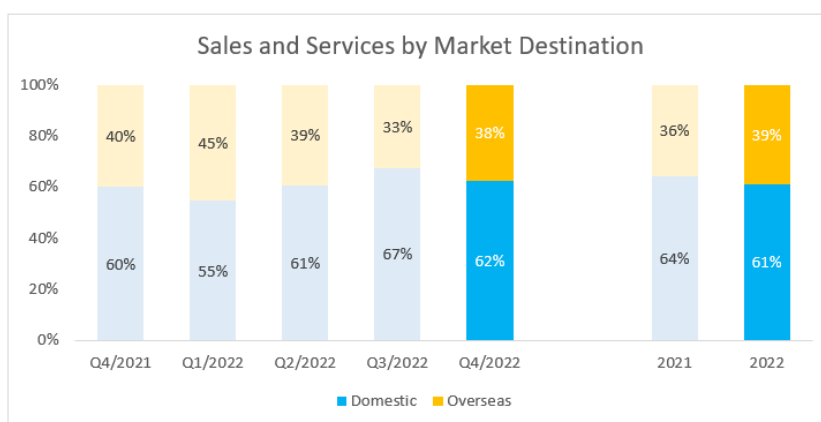
Paper Label: 2022 sales was 602.87 million baht, increased 5.4% from 2021 with growth from oversea market but slightly lower demand in domestic market.

Film Label: 2022 sales was 262.66 million baht, increased 4.6% from 2021 with growth from both domestic and oversea market.

Self-adhesive label business: sales revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Destination	Q4/2022	Q3/ 2022	Q4/2021	% QoQ	% YoY	12M 2022	12M 2021	% YoY
Domestic	139.06	145.64	122.27	(4.5%)	13.7%	535.36	536.58	(0.2%)
Overseas	84.03	70.14	81.66	19.8%	2.9%	338.94	297.83	13.8%
Total Sales	223.08	215.77	203.94	3.4%	9.4%	874.30	834.42	4.8%

Remark: Intercompany transaction included



Remark: Intercompany transaction included

Domestic Market: 2022 sales was 535.36 million baht with the same level of 2021. Growth in film product while lower demand in paper.

Oversea Market: 2022 sales was 338.94 million baht, increased 13.8% from 2021 with growth from both film and paper product.

Breaking down by market for self-adhesive label as of 2022, domestic sales was 61% whereas overseas sales was 39%.



Selic Corp Public Company Limited Management Discussion & Analysis FY2022

Healthcare Business

Healthcare products were currently grouped into Liniment and Cream where proportion of sales during September – December 2022 was at 84% liniment and 16% cream. Total sales report at 57.54 million baht during September – December 2022.

Breaking down by market for Healthcare during September – December 2022, domestic sales was 99% whereas overseas sales was 1%

2023 Business Outlook

According to the outlook of the Ministry of Finance that 2023 Thai economy will grow by 3.8%, Selic should have a positive benefit from domestic demand. In the meanwhile it is expected that demand in most export countries will continue to slow down at the same level as 2022 from several factors such as inflation in many countries, exchange rate fluctuation that impact to Thai baht. Selic has the growth strategies by taking into account of those factors and economic trends, we will continue grow in adhesive business, self-adhesive label business, and drive “Neoplast” and “Neobun” brands to operate and realize sales to in line with the company’s growth strategies.

Continuous Growth on Revenue

Selic continues to focus on revenue growth from adhesive, self-adhesive label, and healthcare business according to the plan strategy and expect to see the results from the healthcare business investment which should be clearly 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.

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

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.



Selic Corp Public Company Limited

Management Discussion & Analysis FY2022



Contact us:

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

Disclaimer: Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements