

Q4/23 quarterly performance continues to grow slightly, compared to the same period of last year, but nevertheless maintains operating performance from the prior quarter.

## Revenue

Salee Colour Public Company Limited (“COLOR”) achieved 316 Million THB, an increase from the same period of last year 2022, with sales amount of 305 Million THB, but still below expectations. This was attributable to a decrease in purchasing demand in the Masterbatch business. Customers have reduced manufacturing of items for export. However, the alternative energy business expanded because of the government’s policy of increase electricity rates and a result, total revenue remained consistent from the previous year.

## Gross Profit and Margin

Q4’23 gross profit margin was 53 Million THB, which was nearly similar compared to the same period of last year, which was 52 Million THB. The company’s gross profit margin in the fourth quarter of 2023 was 16.77%, decrease from the same period of year 2022, margin of which was 17.05% due to exchange rate fluctuations.

## Operating profit

Q4’23 operating profit recorded at 13 Million THB, which was decrease of 3% compared to the same period of last year of 2022, This was due to consistency of the Company operating performance, lessening our operation in all major business groups. The renewable energy business group is compensating the lower sales volume and administrative expenses which is still insufficient, amounting to 18 Million THB, from the same period last year.

## Stock Information

Share price (28/02/2024)	THB 1.37
No. of shares:	THB 647,861,080
Par value:	THB 1.00
Market Cap.	Million THB 939.40

## Business Overview

Salee Colour Public Company Limited was established on 13<sup>th</sup> of August 2003 the Company’s objective is to operate the business in manufacturing and distributing colored plastic resin and high concentration color or masterbatch, including colored plastic resin and instant additive, compounds, and dry colorants to entrepreneurs of plastics processing products, namely: plastic bags, consumer and cosmetics packages, and other plastic components like furniture or electrical goods, etc.

For more than two decades, the company has steadily increased its production capacity and establish new businesses with that emphasized in innovation, as well as to promote ESG concepts, such as innovations to aid the agricultural sector THE BUBBLES company was formed to operate an alternative energy business, and SUBTERRA company was formed to produce and distribute underground sewer equipment. Power and communication cables are installed underground.

## Net profit and margin

Q4’23 net profit was 8 Million THB, decrease 38% from the same period of last year, due to the impact of the increase in gross profit and tax expenses. The company’s net profit margin was 2.52% decrease from the same period of last year which was 4.19%

## Cash flow and ND/E

Due to tight inventory controls, and capital efficiency gains, Q4'23 cash flow from operating activities has positive impact in come as operating assets and liabilities were lower than the same period of last year. Due to strid control inventory management and optimizing Net Working Capital, the Company's net debt to equity ratio in the fourth quarter of 2023 was 0.74 times.

## Financial Statements Analysis:

Unit: THB mn	Q4/23	Q4/22	QoQ	2023	2022	YoY
Sales	316	305	4%	1,178	1,242	-5%
COGS	(263)	(253)	4%	(964)	(1,006)	-4%
GP	53	52	2%	214	236	-9%
Other income	1	5	-80%	7	15	-53%
SG&A	(41)	(39)	5%	(171)	(178)	-4%
EBIT	13	18	-3%	50	72	-31%
Finance cost	(4)	(3)	33%	(12)	(8)	50%
EBT	9	15	-40%	38	64	-41%
Tax	(1)	(2)	-50%	(7)	(4)	75%
Net income	8	13	-38%	31	59	-47%
EPS	0.0128	0.0222		0.0521	0.1011	
GPM	16.77%	17.05%		18.16%	19.00%	
%SG&A/Sales	12.97%	12.79%		14.52%	14.33%	
NPM	2.52%	4.19%		2.65%	4.74%	

## Sales

Sale in Q4'23 the company reported sales of 1.2 Billion THB, which is 5% decrease on the same period of last year. Alternative sales business increased on the same period of last year.

- **Masterbatch Business** sales in 2023 were 1.01 Million THB, decrease to 16% compared to the same period of last year 2022, was which 1.2 Billion THB, this was due to a drop in commodity demands, notably for contract manufacturing products. Exports has been constrained by dwindling demand in international markets.
- **Alternative Business** sales in 2023 totalled 164 Million THB, increased compared to the same period

of last year which was 465% at 29 Million THB, due to likely to minimize energy costs, which impacted rising electricity rates.

## Gross profit and gross profit margin (GPM)

In 2023, gross profit was 214 Million THB, which decrease to 9% from the same period of last year 2022 at 236 Million THB, GPM decrease to 18.16% vs. 19.00% in 2023, mainly from the following Details:

- **Masterbatch Business** GMP for 2023 was 19.82% from the same period of last year 2022 which was 19.62% due to lower raw material prices in the Resin group the adjustments have fluctuated, in the broader context of the business to keep product and costs stable, control able manufacturing expenses integrating cost control into the manufacturing process.
- **Alternative Business** GMP was at 8% which increase from the same period of last year due to high volume of orders signed and executed nearly 100% for all the projects.

## Selling and Administrative Expenses

In 2023, SG&A expenses decrease by 7 Million THB, or 4% comparing to the same period of last year 2022. This is from the policy-compliant management of selling and administrative expenses and the most efficient in terms of overall sales.

## Financial Position Analysis:

As of December 31, 2023, the total assets were at 1.42 billion THB, increase by 0.57% from 1.41 billion THB, at the end of the year. This was mostly due to the drop in net inventories from contract manufacturing sales and an increase in contract assets. As a result, raw materials for the production of finished goods in sales decrease.

Total liabilities increased by 3.77% amount to 605 Million THB in 2023, from 583 Million THB at the end of 2022, due to an increased in bank overdrafts and short-term loans from financial institutions as well as leasing liabilities. This was compensated in part by dropping in long-term loans from creditors, other creditors, and liabilities arising from contracts.

Total shareholders' equity is 818 Million THB, decrease to 1.56% from 831 Million THB, at the end of 2022, due to dividend payments to shareholders.

### Cash Flow analysis:

In 2023, net cash provided by operational activities was 151 Million THB, the cash flow before change in operating assets and liabilities which was more than 129 Million THB in 2023, owing mostly to rise in net working capital. However, in 2023, the free cash flow improved dramatically as a result of strict inventory management control and networking capital efficiency methods.

Net cash used in investing operations amount to 95 Million THB, decrease from 124 Million THB in the same period of the last year 2022, due to lower investment in buildings and equipment.

In 2023, the Company recorded net cash used from financing activities of 17 Million THB, an increase of 18 Million THB from the same period of the last year, the cash received net due to short-term loans amount to 48 Million THB and cash repayments for long-term loans from financial institutions amount to 5 Million THB were received.

Cash and cash equivalents increased by net sum of 39 Million THB in 2023, resulting in cash and cash equivalents of 55 Million THB, at the end of 2023.

### Financial ratio highlights:

	2023	2022
Gross Profit Margin (%)	18.16	19.00
Net Profit Margin (%)	2.65	4.74
D/E	0.74	0.70
current ratio	1.06	1.29
ROA	2.22	4.26
ROE	3.81	7.29
EPS	0.0521	0.1011

In 2023, Profitability ratios dropped YoY, with GP at 18.16% (vs.19.00% in 2022), NPM at 2.65% (vs.4.74% in 2022), ROA at 2.22% (vs.4.26% in 2022), ROE at 3.81% (vs.7.29% in 2022), and EPS at 0.0521 (vs.0.1011 in 2022) This is due to reduction in production volume caused by a slowdown demands for the masterbatch industry. However, the renewable energy industry is rewarded by government regulations which promote clean energy.

The debt-to-equity ratio in 2023 was 0.74 times, a slight increase from 0.70 times from the same period of last year 2022 and the working capital ratio in 2023 was 1.06 times, a slight decrease from 1.29 times from the same period of last year. The company has liquidity and financial stability within the criteria.

### Sustainability

The Company is dedicated integrating with ESG concepts into its business operations. A connection from this policy is available. Yearly business operations and strategy, the information continuously disclosed transparently. In 2023 the company received a SET ESG Rating A. A sustainability assessment evaluation and has modified its business plan to align with its objectives. Including the will to advance the environmental aspect. The virtue of the organization's adherence to the 4C environmental strategy The business has received certification as an eco-industrial, or ECO

FACTORY. This is the outcome of ongoing efforts to develop ESG.

## **Environmental management using the 4C approach.**

### **C1 – Clean Energy**

Committed to sustainable energy and effective energy administration.

### **C2 – Create Green**

Committed to making investments in ecologically friendly and clean enterprises that provide a healthy environment for the community and society.

### **C3 – Circular Economy and Waste Management**

Waste management according to the circular economy theory.

### **C4 – Carbon Offsetting**

Develop projects or activities to further reduce greenhouse gas emissions.

## **Key risk factors**

1. Economic downturn as a result, domestic demand from consumer goods is expected to decrease, as well which influenced the company's products demand.
2. The primary raw material, price trend has been rising. Concurrently, there has been an increase in the level of price competitiveness, still, the business has assessed and continues to adhere to create new of strategy.