

Part 3

Finance Position and Operating Performance

13. Key Finance Information

13.1 Summary of the audit report.

Audit statements : Consolidated and Separate Financial Statements For year 2018 accounting period ended 31 December 2018

Auditor : Mr. Paiboon Tunkoon, Certified Public Accountant No. 4298 from Pricewaterhouse Coopers ABAS Company Limited (an auditor approved by SEC)

Opinion by the auditor : The auditor's report provides an unqualified opinion that: Consolidated financial statements of the Company and its subsidiaries (Business Group) and the separate financial statements of the company shows the consolidated financial status of the group and the separate financial position of the company as of 31 December 2018 and the consolidated and separate results, total cash flow and separate cash flow for the year ended the same day in essence, according to the Financial Reporting Standards.

Audit statements : Consolidated and separate financial statements for year 2019 accounting period ended 31 December 2019.

Auditor : Mr. Paiboon Tunkoon, Certified Public Accountant No. 4298 from PricewaterhouseCoopers ABAS Company Limited (an auditor approved by SEC)

Opinion by the auditor : The auditor's report provides an unqualified opinion that: Consolidated financial statements of the Company and its subsidiaries (Business Group) and the separate financial statements of the company shows the consolidated financial status of the group and the separate financial position of the company as of 31 December 2019 and the consolidated and separate results, total cash flow and separate cash flow for the year ended the same day in essence, according to the Financial Reporting Standards.

| | | |
|------------------------|---|---|
| Audit statements | : | Consolidated and separate financial statements for year 2019 accounting period ended 31 December 2020. |
| Auditor | : | Mr. Paiboon Tunkoon, Certified Public Accountant No. 4298 from PricewaterhouseCoopers ABAS Company Limited (an auditor approved by SEC) |
| Opinion by the auditor | : | The auditor's report provides an unqualified opinion that: Consolidated financial statements of the Company and its subsidiaries (Business Group) and the separate financial statements of the company shows the consolidated financial status of the group and the separate financial position of the company as of 31 December 2020 and the consolidated and separate results, total cash flow and separate cash flow for the year ended the same day in essence, according to the Financial Reporting Standards. |

13.2 Summary of consolidated financial statements.

(1) Statement of financial position

| Statement of financial position | Consolidated financial statements (audited version) | | | | | |
|---|---|---------|------------------------------|---------|------------------------------|---------|
| | Ended on 31 December 2018 | | Ended on 31 December 2019 | | Ended on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 249.42 | 7.23 % | 1,234.41 | 27.98 % | 613.65 | 12.57 % |
| Short term investment | 13.19 | 0.38 % | 6.09 | 0.14 % | - | - |
| Account receivable and other receivables | 636.12 | 18.45 % | 726.92 | 16.47 % | 841.66 | 17.24 % |
| Financial assets (Fixed deposit) measured by the amortized cost method. | - | - | - | - | 400.10 | 8.19 % |
| Inventory | 746.04 | 21.64 % | 682.51 | 15.47 % | 756.99 | 15.50 % |

| Statement of financial position | Consolidated financial statements (audited version) | | | | | |
|--|---|-----------------|------------------------------|-----------------|------------------------------|-----------------|
| | Ended on 31 December 2018 | | Ended on 31 December 2019 | | Ended on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Other current assets | 3.39 | 0.11 % | 9.24 | 0.21 % | 15.18 | 0.31 % |
| Total current assets | 1,648.16 | 47.81 % | 2,659.17 | 60.27 % | 2,627.58 | 53.81 % |
| Non-current assets | | | | | | |
| Bank deposits with withdrawal restrictions | 9.16 | 0.27 % | 3.16 | 0.07 % | 3.16 | 0.06 % |
| Investment property | - | - | 67.13 | 1.52 % | 67.13 | 1.37 % |
| Land, building and equipment | 1,721.62 | 49.94 % | 1,622.61 | 36.77 % | 1,377.78 | 28.21 % |
| Rights of use assets | - | - | - | - | 751.40 | 15.39 % |
| Intangible assets | 23.70 | 0.69 % | 11.31 | 0.26 % | 4.47 | 0.09 % |
| Deferred income tax assets | 30.40 | 0.88 % | 32.87 | 0.74 % | 34.38 | 0.70 % |
| Other non-current assets | 14.62 | 0.42 % | 16.06 | 0.36 % | 17.50 | 0.36 % |
| Total non-current assets | 1,799.50 | 52.19 % | 1,753.14 | 39.73 % | 2,255.82 | 46.19 % |
| Total assets | 3,447.66 | 100.00 % | 4,412.31 | 100.00 % | 4,883.40 | 100.00 % |
| Liabilities and owner's equity | | | | | | |
| The funding asset turnover | | | | | | |
| Short-term loans from financial institutions | 225.00 | 6.53 % | - | - | - | - |
| Account payables and other payables | 338.26 | 9.81 % | 311.77 | 7.07 % | 366.00 | 7.49 % |
| Liabilities under lease agreements due within one year | 0.77 | 0.02 % | 0.07 | 0.00 % | 10.89 | 0.22 % |
| Long-term loans ratio from financial institutions due within one year | 27.79 | 0.81 % | 13.76 | 0.31 % | - | - |
| Long-term loan ratio from the individuals or Related parties due within one year | 34.35 | 1.00 % | 12.49 | 0.28 % | - | - |
| Short-term loans from related parties | - | - | - | - | - | - |

| Statement of financial position | Consolidated financial statements (audited version) | | | | | |
|--|---|----------------|---------------------|---------------|---------------------|---------------|
| | Ended | | Ended | | Ended | |
| | on 31 December 2018 | | on 31 December 2019 | | on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Income tax payable | 35.36 | 1.03 % | 26.14 | 0.59 % | 50.25 | 1.03 % |
| Other current liabilities | 8.52 | 0.25 % | 10.91 | 0.25 % | 9.50 | 0.19 % |
| Total current liabilities | 670.05 | 19.44 % | 375.14 | 8.50 % | 436.64 | 8.94 % |
| Non-current liabilities | | | | | | |
| Long-term loans from financial institutions | 74.27 | 2.15 % | 40.33 | 0.91 % | - | - |
| Lease liabilities | 34.67 | 1.01 % | 35.08 | 0.80 % | 296.12 | 6.06 % |
| Long-term loans from related parties | 538.43 | 15.62 % | 37.51 | 0.85 % | - | - |
| Employee benefit obligations | 38.48 | 1.12% | 54.38 | 1.23% | 61.83 | 1.27% |
| Total non-current liabilities | 685.85 | 19.89% | 167.30 | 3.79% | 357.95 | 7.33% |
| Total liabilities | 1,355.90 | 39.33% | 542.44 | 12.29% | 794.59 | 16.27% |
| Owner 's equity | | | | | | |
| Share capital | | | | | | |
| Registered capital | 2,000.00 | 58.01% | 2,000.00 | 45.33% | 2,000.00 | 40.96% |
| Issued and paid-up capital | 1,480.00 | 42.93% | 2,000.00 | 45.33% | 2,000.00 | 40.96% |
| Premium on share capital | 93.66 | 2.72% | 1,248.94 | 28.31% | 1,248.94 | 25.58% |
| Surplus from business combination under common control | 94.71 | 2.75% | 94.71 | 2.15% | 94.71 | 1.94% |
| Retained earnings | | | | | | |
| Allocated | | | | | | |
| Legal reserve | 77.00 | 2.23% | 110.35 | 2.50% | 130.65 | 2.68% |
| Unallocated | 350.50 | 10.17% | 423.93 | 9.61% | 619.52 | 12.69% |
| Other components of owner's equity | (3.05) | -0.08% | (7.67) | -0.17% | (2.89) | -0.06% |
| Including the ownership of the company. | 2,092.83 | 60.70% | 3,870.26 | 87.72% | 4,090.93 | 83.77% |

| Statement of financial position | Consolidated financial statements (audited version) | | | | | |
|---|---|----------------|------------------------------|----------------|------------------------------|----------------|
| | Ended on 31 December 2018 | | Ended on 31 December 2019 | | Ended on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Non-controlling interests | (1.07) | -0.03% | (0.39) | -0.01% | (2.12) | -0.04% |
| Total ownership | 2,091.75 | 60.67% | 3,869.87 | 87.71% | 4,088.81 | 83.73% |
| Total liabilities and owner's equity | 3,447.66 | 100.00% | 4,412.31 | 100.00% | 4,883.40 | 100.00% |

(2) Statement of comprehensive income

| Statement of comprehensive income | Consolidated financial statements (audited version) | | | | | |
|-----------------------------------|---|----------------|------------------------------|----------------|------------------------------|----------------|
| | Ended on 31 December 2018 | | Ended on 31 December 2019 | | Ended on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Income | | | | | | |
| Sales income | 2,632.52 | 96.14% | 2,776.38 | 96.92% | 3,116.38 | 98.24% |
| Income from hotel business | 105.73 | 3.86% | 88.28 | 3.08% | 55.70 | 1.76% |
| Total income | 2,738.25 | 100.00% | 2,864.66 | 100.00% | 3,172.08 | 100.00% |
| Cost from sales | (1,627.68) | 59.44% | (1,668.38) | 58.24% | (1,809.29) | 57.04% |
| Cost from hotel business | (116.49) | 4.25% | (105.66) | 3.69% | (79.19) | 2.49% |
| Total cost | (1,744.17) | 63.70% | (1,774.04) | 61.93% | (1,888.48) | 59.53% |
| Gross earnings | 994.08 | 36.30% | 1,090.62 | 38.07% | 1,283.60 | 40.47% |
| Other income ^{/1} | 11.34 | 0.41% | 17.34 | 0.61% | 15.19 | 0.48% |
| Sale expenses | (191.18) | 6.98% | (182.01) | 6.35% | (191.66) | 6.04% |
| Administrative expenses | (386.17) | 14.10% | (457.10) | 15.96% | (440.47) | 13.89% |
| Expected credit losses | - | - | - | - | (19.74) | 0.62% |

| Statement of comprehensive income | Consolidated financial statements (audited version) | | | | | |
|---|---|---------------|------------------------------|---------------|------------------------------|---------------|
| | Ended on 31 December 2018 | | Ended on 31 December 2019 | | Ended on 31 December 2020 | |
| | Million Baht | Ratio | Million Baht | Ratio | Million Baht | Ratio |
| Financial cost | (20.71) | 0.75% | (25.95) | 0.91% | (14.57) | 0.46% |
| Earnings before income tax | 407.36 | 14.88% | 442.90 | 15.46% | 632.35 | 19.93% |
| Income tax expenses | (86.25) | 3.15% | (89.36) | 3.12% | (115.04) | 3.63% |
| Net earnings for the period | 321.11 | 11.73% | 353.54 | 12.34% | 517.31 | 16.31% |
| Earnings dividing | | | | | | |
| Equity belonging to the owner of the parent company | 323.75 | 11.82% | 352.78 | 12.31% | 519.02 | 16.36% |
| Other shareholders' equity from a business combination under common control | - | - | - | - | - | - |
| Non-controlling interests | (2.64) | 0.10% | 0.76 | 0.03% | (1.71) | 0.05% |
| Profit for the period | 321.11 | 11.73% | 353.54 | 12.34% | 517.31 | 16.31% |
| Earnings per share | | | | | | |
| Earnings per share of ownership of the parent company (Baht / share) (calculated from the par value of 100 Baht per share) | 25.87 | | 22.29 | | 25.95 | |
| Earnings per share of ownership of the parent company (Baht / share) (calculated from the par value of 1 Baht per share) ^{/2} | 0.26 | | 0.22 | | 0.26 | |

Remark: /1 Other income consist of earnings and loss from foreign exchange, interest income, transportation income and service, commissions and more.

/2 The Extraordinary General Meeting of Shareholders No. 2/2561, on 29 August 2018, resolved to change the par value of the shares at 100 Baht per share 1 Baht, calculation of earnings per share for the years 2016- 2018 and for the period of first 6 months. Of year 2018 ended 30 June 2018 from the number of common shares adjusted to the value of 1 Baht per share for the benefit of comparing the current earnings per share.

(3) Statement of cash flows

| Cash flow statement | Consolidated financial statements (audited version) | | |
|---|---|------------------------------|------------------------------|
| | Ended on 31 December 2018 | Ended on 31 December 2019 | Ended on 31 December 2020 |
| | Million Baht | Million Baht | Million Baht |
| Cash flows from operating activities | | | |
| Earnings before income tax expenses | 407.36 | 442.90 | 632.35 |
| Adjustment list | | | |
| Depreciation of buildings and equipment | 172.22 | 166.84 | 139.07 |
| Depreciation of rights-of-use assets | - | - | 48.93 |
| (Reversal) Depreciation of assets, use rights from reducing rent | - | - | (1.13) |
| Amortization | 15.04 | 14.15 | 8.85 |
| Loss on impairment of assets | - | 11.57 | - |
| Expected credit losses | - | - | 19.74 |
| (Reversal) allowance for doubtful accounts | (5.28) | (11.25) | - |
| Amortization of bad debts | 0.04 | 0.01 | - |
| (Reversal) Allowance for diminution in value of goods | (2.02) | (2.04) | 0.88 |
| (Reversal) allowance for obsolete goods | 17.15 | (1.79) | (5.13) |
| The destruction of inventories | 0.63 | - | 0.08 |
| (Earnings) Loss from the sale of equipment | (0.22) | 0.40 | (0.20) |
| Amortization of equipment | 0.51 | 1.08 | 0.16 |
| Employee benefit expenses | 3.46 | 16.11 | 4.76 |
| Expenses from investment property | - | 0.46 | 0.46 |
| Difference from rental reduction | - | - | 1.43 |
| Interest income | (2.28) | (1.48) | (4.00) |
| Financial cost | 20.71 | 25.95 | 14.57 |
| (Earnings) Unrealized foreign exchange loss | (4.56) | (0.46) | 2.14 |
| Unrealized short-term investment capital gains | - | - | - |

| Cash flow statement | Consolidated financial statements (audited version) | | |
|--|---|------------------------------|------------------------------|
| | Ended on 31 December 2018 | Ended on 31 December 2019 | Ended on 31 December 2020 |
| | Million Baht | Million Baht | Million Baht |
| Earnings from the sale of short-term investments | (0.02) | - | - |
| Changes in operating assets and liabilities | | | |
| Account receivable and other receivables | (6.51) | (81.67) | (132.51) |
| Inventory | (113.82) | 67.36 | (70.30) |
| Other current assets | 1.66 | (5.85) | (5.94) |
| Other non-current assets | (5.14) | (1.44) | (2.68) |
| Account payables and other payables | (41.20) | (29.22) | 67.97 |
| Other current liabilities | (0.90) | 2.38 | (1.41) |
| Cash from operations | 456.82 | 614.01 | 718.09 |
| <u>Less employee benefits</u> | (0.23) | (0.21) | (0.12) |
| <u>Less interest expense</u> | (19.57) | (27.17) | (16.59) |
| <u>Less income tax</u> | (99.94) | (101.06) | (91.66) |
| <u>Net cash provided by (used in) financing activities of a natural operation.</u> | 337.08 | 485.57 | 609.72 |
| <u>Cash flows from investing activities</u> | | | |
| <u>Cash paid for short-term investments</u> | (0.30) | (6.02) | - |
| <u>Cash received from disposal of short-term investments</u> | 30.66 | 13.11 | - |
| <u>Cash paid for the purchase of financial assets (Fixed deposit) measured by the amortized cost method.</u> | - | - | (500.01) |
| <u>Proceeds from the sale of financial assets (Fixed deposits) measured using the amortized cost method.</u> | - | - | 106.00 |
| <u>Bank deposits with withdrawal restrictions</u> | (0.50) | 6.00 | - |
| <u>Cash paid from investment properties</u> | - | (0.46) | (0.44) |
| <u>Cash paid for buying land, buildings and equipment</u> | (322.36) | (145.34) | (421.93) |

| Cash flow statement | Consolidated financial statements (audited version) | | |
|---|---|------------------------------|------------------------------|
| | Ended on 31 December 2018 | Ended on 31 December 2019 | Ended on 31 December 2020 |
| | Million Baht | Million Baht | Million Baht |
| <u>Proceeds from the sale of land, buildings and equipment</u> | 1.39 | 0.04 | 1.03 |
| <u>Cash paid for rights of use assets</u> | - | - | (2.01) |
| <u>Cash paid to purchase intangible assets</u> | (3.43) | (1.78) | (2.01) |
| <u>Interest income</u> | 2.26 | 1.49 | 2.14 |
| <u>Net cash provided by (used in) investing activities</u> | (292.28) | (132.96) | (817.23) |
| <u>Cash flows from financing activities</u> | | | |
| <u>Cash received from the issuance of common shares</u> | 842.00 | 1,716.00 | - |
| <u>Cash paid for the costs of issuing common stocks</u> | | (40.72) | - |
| <u>Cash received from long-term loans from financial institutions</u> | 37.90 | - | - |
| <u>Cash repayment of long-term loans from financial institutions</u> | (65.32) | (47.97) | (54.09) |
| <u>Cash received from promissory notes</u> | 240.00 | 519.40 | - |
| <u>Cash reimbursement of cash from promissory notes</u> | (106.89) | (744.40) | - |
| <u>Cash received from short-term loans from related parties</u> | 842.00 | - | - |
| <u>Cash received from long-term loans from related parties</u> | 558.00 | - | - |
| <u>Wen Sod repays short-term loans from related parties.</u> | (852.00) | - | - |
| <u>Cash repayment of long-term loans from related parties</u> | (75.62) | (522.78) | (50.00) |
| <u>Cash repayment of principal of finance lease</u> | (0.15) | - | (10.44) |
| <u>Cash received for payment of shares of subsidiaries from non-controlling interests</u> | 0.24 | - | - |
| <u>Dividends paid</u> | (1,436.20) | (246.00) | (300.00) |

| Cash flow statement | Consolidated financial statements (audited version) | | |
|--|---|------------------------------|------------------------------|
| | Ended on 31 December 2018 | Ended on 31 December 2019 | Ended on 31 December 2020 |
| | Million Baht | Million Baht | Million Baht |
| Net cash provided by (used in) financing activities for money. | (16.04) | 633.53 | (414.53) |
| Cash and cash equivalents (decrease) net increase | 28.76 | 986.14 | (622.04) |
| Cash and cash equivalents at the beginning of the period | 219.87 | 249.42 | 1,234.42 |
| Bank overdraft, beginning date | - | - | - |
| Earnings (loss) on the exchange rate of cash and cash equivalents | 0.78 | (1.14) | 1.27 |
| Cash and cash equivalents at the end of the period | 249.42 | 1,234.42 | 613.65 |
| Cash and cash equivalents at the end of the period | 249.42 | 1,234.42 | 613.65 |
| Bank overdraft, period end date | - | - | - |
| Cash and cash equivalents at the end of the period | 249.42 | 1,234.42 | 613.65 |
| Non-cash items | | | |
| Increase (decrease) in creditors to purchase property, plant and equipment | 6.04 | 2.70 | (7.61) |
| Decrease in creditors Buy intangible assets | 0.01 | (0.01) | - |
| Acquisition of the right to use assets under a lease | - | - | 25.34 |
| Lease Changes and Lease Liability Assessment | - | - | (0.08) |
| Termination of the lease | - | - | (0.12) |
| Transfer from land to investment property | - | 67.13 | - |
| Purchasing land, building and equipment from financial leases. | 35.35 | - | - |

13.3 Important financial ratios.

| Financial ratios | Checked | | |
|--|-----------|-----------|-----------|
| | Year 2018 | Year 2019 | Year 2020 |
| Liquidity ratio (times) | 2.46 | 7.09 | 6.02 |
| Quick turnover ratio (times) | 1.34 | 5.27 | 4.28 |
| Cash flow liquidity ratio (times) | 0.52 | 0.93 | 1.50 |
| Accounts receivable turnover ratio (times) | 4.35 | 4.32 | 4.20 |
| Average collection period (days) | 82.67 | 83.25 | 85.74 |
| Inventory turnover ratio (times) | 4.56 | 4.46 | 5.08 |
| Average product sales period (days) | 78.98 | 80.63 | 70.91 |
| Payable turnover ratio (times) | 7.37 | 8.44 | 8.72 |
| Payment period (days) | 48.86 | 42.68 | 41.29 |
| CASH CYCLE (days) | 112.80 | 121.20 | 115.37 |
| Gross earnings margin (%) | 36.30% | 38.07% | 40.47% |
| Business of production and distribution | 38.17% | 39.91% | 41.94% |
| Hotel business | -10.18% | -19.69% | -42.17% |
| Operating earnings margin (%) | 15.63% | 16.37% | 21.02% |
| Other margin (%) | 0.41% | 0.60% | 0.48% |
| Cash-to-Profit Ratio (%) | 78.75% | 103.47% | 91.46% |
| Net earnings margin (%) | 11.68% | 12.27% | 16.23% |
| Return on equity (%) | 14.39% | 11.86% | 13.00% |
| Return on assets (%) | 9.73% | 9.00% | 11.13% |
| Fixed Asset Return (%) | 30.70% | 30.80% | 43.52% |
| Asset turnover (times) | 83.35% | 73.33% | 68.57% |
| The ratio of the (so far). | 0.65 | 0.14 | 0.19 |
| Interest coverage ratio (times) | 21.45 | 23.14 | 50.74 |
| Obligation capacity ratio | 0.12 | 0.28 | 0.79 |

| Financial ratios | Checked | | |
|------------------------------------|-----------|-----------|-----------|
| | Year 2018 | Year 2019 | Year 2020 |
| (Cash Basis) (times) | | | |
| Dividend payout rate / 1 (%) | 131.27%/2 | 85.33%/3 | 77.81%/4 |
| Debt Service Coverage Ratio (DSCR) | 9.42 | 7.38 | 19.47 |

Remark: / 1 The dividend ratio is calculated from the annual dividend that divided by the net earnings according to the separate

financial statements after deducting various types of reserves as required by law

/ 2 Ordinary Meeting of Shareholders for the year 2019 on 8 May 2019 resolved to approve the payment of dividends for the operating results of the year 2018 for 1,480,000,000 of ordinary shares at a total of 246.00 million Baht.

/ 3 Ordinary Meeting of Shareholders of the Company on 21 February 2020, resolved to approve the payment of dividends for the operating results of the year 2019 for 2,000,000,000 of ordinary shares at a total of 300.00 million Baht.

/ 4 Ordinary Meeting of Shareholders of the Company on 25 February 2021, resolved to approve the payment of dividends for the operating results of the year 2020 for 2,000,000,000 of ordinary shares at a total of 300.00 million Baht.

14. Management discussion and analysis

R&B Food Supply Public Company Limited and its subsidiaries would like to notify the operating results stated in consolidated financial statements for the year 2020 with the following details:

Revenues Structure

1. The revenues of manufacturing and distributing of Food Ingredients that are classified into 6 categories as follows:
 - 1.1. Flavour, Fragrance & Color
 - 1.2. Food Coating
 - 1.3. Dry
 - 1.4. Frozen
 - 1.5. Packaging (Plastic)
 - 1.6. Trading Goods
2. The revenues of hotel business invested by RBF's subsidiaries which contain 2 hotels:
 - 2.1. Ibis Styles Chiangmai Hotel invested by Premium Foods Co., Ltd.
 - 2.2. Novotel Chumporn Beach & Golf invested by Thai Flavour and Fragrance Co., Ltd.

Impact of Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 continuing to the present has adverse effects on operating results of the hotel properties.

The global COVID-19 outbreak initiated government-imposed travelling restrictions and controls as well as upended the normal way of living and economic activities. As a result, revenues of hotel business group significantly dropped by 36.90% compared to 2019. This is due to temporary operational closures from April to June 2020 and resulted in 24% hotel booking cancellation in 2020, a high season for hotel properties as well as previously suspended and currently diminished domestic and international travels. In response, the management has registered the government's tourism stimulus campaign known as Rao Tiew Duay Kan (We Travel Together) attract customers. The management is now paying close attention to the development of the COVID-19 situation, evaluating its impact on the operation while strategizing effective solutions.

In 2020, the Company and its subsidiaries chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 as an indication of the impairment of assets in the cash-generating units of the hotel properties, which, in consequence, may have negative affected to the hotel's future financial position and financial performance. However, the management will continuously monitor the impact of COVID-19 and will take appropriate and timely measures to minimize the negative impact of the COVID-19 pandemic on the hotel's future operations.

Analysis of Operating Results

| Consolidated Statement of Comprehensive Income (In Million Baht) | For the year (January - December) | | Change | |
|--|--------------------------------------|-----------------|---------------|---------------|
| | 2020 | 2019 | MB | % |
| Revenues from sales and rendering services | 3,116.38 | 2,776.38 | 340.00 | 12.25% |
| Revenues from hotel operations | 55.70 | 88.28 | -32.58 | -36.90% |
| Total Revenue from operations | 3,172.08 | 2,864.66 | 307.42 | 10.73% |
| Cost of goods sold and rendering services | 1,809.29 | 1,668.38 | 140.91 | 8.45% |
| Cost of rendering hotel services | 79.19 | 105.66 | -26.47 | -25.05% |
| Total cost from operations | 1,888.48 | 1,774.04 | 114.44 | 6.45% |
| Gross profit | 1,283.60 | 1,090.62 | 192.98 | 17.69% |
| Other income | 15.19 | 17.34 | -2.15 | -12.41% |
| Selling expenses | 191.66 | 182.01 | 9.65 | 5.30% |
| Administrative expenses | 440.47 | 457.10 | -16.63 | -3.64% |
| Net impairment losses on financial assets | 19.74 | - | 19.74 | 100.00% |
| Finance costs | 14.57 | 25.95 | -11.38 | -43.85% |
| Profit before income tax | 632.35 | 442.90 | 189.45 | 42.77% |
| Income tax expense | 115.04 | 89.36 | 25.68 | 28.73% |
| Profit for the year | 517.31 | 353.54 | 163.77 | 46.32% |
| Profit attributable to : | | | | |
| Non-controlling interests | -1.71 | 0.76 | -2.47 | -325.25% |
| Owners of the company | 519.02 | 352.78 | 166.24 | 47.12% |

The Revenue from Operations for the year 2020

In 2020, the revenues from operations of the Company and its subsidiaries were THB 3,172.08 million, which increased by THB 307.42 million or 10.73% compared to the year 2019, which the revenues from operations was THB 2,864.66 million.

The significant changes of each type of the revenues can be explained as follows:

1. REVENUES FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2020, the revenues from sales were THB 3,116.38 million, equaled to 98.24% of the total revenues from operations, and increased by THB 340.00 million (YoY 12.25%) compared to the year 2019, which the revenues from sales was THB 2,776.38 million, equaled to 96.92% of the total revenue from operations.

The increase in sales of THB 340.00 million comprised of 2 main segments as follows:

- Increase in domestic sales of THB 352.36 million.
- Decrease in oversea sales of THB 12.36 million.

Consideration of 6 product categories, the main increase came from: Flavour, Fragrance & Color category increased by 146.67 million, Food Coating category increased by THB 121.65 million, and Trading Goods category increased by THB 93.45 million.

2. REVENUES FROM HOTEL OPERATIONS

In 2020, the revenue from hotel operations of the Company and its subsidiaries was THB 55.70 million, equaled to 1.76% of the total revenue from operations. The revenue from hotel operations decreased by THB 32.58 million (YoY -36.90%), mainly due to the outbreak of Coronavirus Disease 2019 ("COVID-19 Pandemic"), resulting in cancellation of hotel booking in a high season and the temporary operational closures of 2 hotels from April to June 2020 as mentioned above.

Gross Profit for the year 2020

In 2020, the gross profit was THB 1,283.60 million or 40.47% of the total revenue from operations, which increased by THB 192.98 million (YoY 17.69%) compared to the year 2019 which gross profit was THB 1,090.62 million or 38.07% of total revenue from operations.

The significant changes of the gross profit can be explained as follows:

1. GROSS PROFIT FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2020, the gross profit of Food Ingredient business was THB 1,307.09 million or 41.94% of the total revenue from operations, which increased by THB 199.09 million (YoY 17.97%) compared to the year 2019, which the gross profit was THB 1,108.00 million or 39.91% of the total revenue from operations. The increase in sales of manufacturing and trading goods, resulting in the increase in gross profit.

The main increase came from the increased gross profit of Flavor & Fragrance and Color category for THB 108.57 million, Food Coating category for THB 56.80 million, and Trading goods category for THB 34.36 million.

2. GROSS PROFIT FROM HOTEL OPERATIONS

In 2020, the negative gross margin of hotel operations was THB 23.49 million or -42.17% of the total revenue from hotel business. The hotel operations had the negative gross margin increased by THB 6.11 million, compared to the year 2019 which the negative gross margin was THB 17.38 million or -19.69% of the total revenue from hotel business. This is mainly due to the effect of COVID-19 pandemic.

Selling and Administrative Expenses for the year 2020

In 2020, selling and administrative expenses were THB 632.13 million, equaled to 19.93% of the total revenue from operations. Selling and administrative expenses of the Company and its subsidiaries decreased by THB 6.98 million (YoY -1.09%) compared to the year 2019, which selling and administrative expenses were THB 639.11 million or 22.31% of the total revenue from operations.

The significant changes of the selling and administrative expenses can be explained as follows:

- Decrease in finance advisor fees and press conferences to investors of THB 15.04 million which were recorded in 2019;
- Decrease in provision for employee retirement benefit expense of THB 11.35 million due to record of past service cost from increasing the rate of benefit of employees who have served more than 20 years or more from 300 days to 400 days according to the new Labor Protection Act which was recorded in 2019;
- Decrease in allowance for impairment loss on hotel assets of THB 11.56 million which was recorded in 2019;
- Net of increase in salary expenses of THB 9.75 million;
- Increase in commission and sales promotion expenses of THB 4.83 million;
- Increase in expenses relating to marketing survey and planning for business and related expenses in Singapore of THB 10.67 million.

Net impairment losses on financial assets

In 2020, the net impairment losses on financial assets of THB 19.74 million derived from the expected credit loss on trade and other account receivables according to adoption of TFRSs - financial instruments.

Profit for year 2020

In 2020, the profit for the year was THB 517.31 million, equaled to 16.31% of the total revenue from operations, and increased by THB 163.77 million (YoY 46.32%) compared to the year 2019, which profit for the year was THB 353.54 million or 12.34% of the total revenue from operations.

Profit for the year attributable to owners of the Company for the year 2020

In 2020, the profit for the year attributable to owners of the Company was THB 519.02 million, equaled to 16.36% of the total revenue from operations, and increased by THB 166.24 million (YoY 47.12%) from the year 2019 which profit for the year attributable to owners of the Company was THB 352.78 million or 12.31% of the total revenue from operations.

Statement of Financial Position**Assets**

As at 31 December 2020, the Company and its subsidiaries had the total assets of THB 4,883.40 million, increased by THB 471.08 million (YoY 10.68%) compared to 31 December 2019, which the total assets were THB 4,412.31 million.

The significant changes in assets comprised of:

- Decrease in cash and cash equivalents of THB 620.76 million. Mainly causing from
 - ☐ Net cash flows used in investment activities for payments of plant construction and purchase of machinery and equipment of THB 421.93 million;
 - ☐ Net investment in fixed deposits at financial institutions of THB 394 million;
 - ☐ Dividend payment of THB 300 million;
 - ☐ Repayment of borrowings from financial institution and related parties of THB 104.09 million;
 - ☐ Net of cash inflow from operating activities of THB 609.72 million.
- Increase in trade and other receivables of THB 114.74 million, due to the increase in sales and advances for import goods and machinery. The Company has average collection period for manufacturing and trading goods business in 2020 longer than 2019 for 2 days.
- Increase in financial assets of THB 400.10 million from investment in fixed deposit at financial institution.
- Increase in inventories of THB 74.47 million, due to support the increase in future sale orders, resulting from increased in raw materials of THB 75.93 million, packing materials and overhead supply of THB 15.53 million, net of decreased in finished goods of THB 19.56 million.

- Decrease in property, plant, and equipment for THB 244.83 million, mainly due to reclassification of property, plant and equipment to right-of-use assets in accordance with TFRS 16 of THB 519.09 million and decrease in depreciation for the year for THB 139.07 million, net of increase in property, plant, and equipment of THB 415.08 million.
- Increase in right-of-use assets (ROU) for THB 751.40 million according to adoption of TFRS 16 Leases.

Liabilities

As at 31 December 2020, the Company and its subsidiaries had the total liabilities of THB 794.58 million, which was 16.27% of the total assets, increased by THB 252.14 million (YoY 46.48%) compared to 31 December 2019 which the total liabilities were THB 542.44 million, equaled to 12.29% of the total assets.

The significant changes in liabilities comprised of:

- Increase in trade and other payables of THB 54.23 million resulting from increased in raw materials and finished goods of THB 46.88 million to support increase in sale volume and increased in payments for property, plant, and equipment of THB 8.93 million.
- Decrease in long-term borrowings from financial institution and related parties of THB 104.09 million from debt repayments.
- Increase in lease liability of THB 271.86 million according to adoption of TFRS 16 Leases, Leases for existing and new leases increased.
- Increase in income tax payable of THB 24.12 million from tax expense for year 2020.

Equity

As at 31 December 2020, the Company and its subsidiaries had the total equity attributable to owners of the Company of THB 4,090.93 million, or 83.77% of the total assets. The increase in the total equity attributable to owners of the Company was THB 220.67 million or 5.70% compared to 31 December, 2019, which the total equity attributable to owners of the Company was THB 3,870.27 million, equaled to 87.72% of the total assets. The significant changes in Equity were mainly due to the increase in profit for the year attributable to owners of the Company of THB 519.02 million, net of dividend payment of THB 300 million, retrospective adjustments of beginning retained earnings from adoption of TFRS 9 of THB 0.88 million and the increasing from the Other components of equity of THB 4.78 million.

Statement of Cash flows

The statement of cash flows for the year ended 31 December 2020 are as follows:

- Net cash flows generated from operating activities of THB 609.72 million.
- Net cash flows used in investing activities of THB 817.23 million, mainly for cash payments for property, plant, and equipment of THB 421.93 million, for net investment in fixed deposits at financial institutions of THB 394 million.
- Net cash flows used in financing activities of THB 414.53 million, mainly for the repayment of long-term borrowings of THB 104.09 million, for dividend paid of THB 300 million, and for the repayment of lease liability of THB 10.44 million.
- Cash and cash equivalents at 31 December, 2019 were THB 1,234.42 million and at 31 December 2020 were THB 613.66 million.