



## Management Discussion and Analysis

For the year ended 31 December 2021

## Executive Summary

Unit: THB000	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021	Year 2021	Year 2020			Year 2021	Year 2020	
	("4Q21")	("3Q21")	("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	%FY
Revenue from sales	111,422	103,556	104,971	7.6%	6.1%	422,342	455,644	(7.3%)
Gross profit	40,034	31,694	35,332	26.3%	13.3%	144,369	143,628	0.5%
EBITDA	13,611	16,593	16,268	(18.0%)	(16.3%)	70,056	73,197	(4.3%)
Net profit	4,002	6,322	6,362	(36.7%)	(37.1%)	29,691	31,084	(4.5%)
<b>Normalised net profit<sup>(1)</sup></b>	<b>7,582</b>	<b>6,322</b>	<b>6,362</b>	<b>19.9%</b>	<b>19.2%</b>	<b>33,271</b>	<b>31,084</b>	<b>7.0%</b>
Gross profit margin	35.9%	30.6%	33.7%	5.3%	2.3%	34.2%	31.5%	2.7%
EBITDA margin	12.2%	16.0%	15.5%	(3.8%)	(3.3%)	16.6%	16.1%	0.5%
Net profit margin	3.6%	5.9%	6.0%	(2.3%)	(2.5%)	6.9%	6.7%	0.2%
<b>Normalised profit margin<sup>(1)</sup></b>	<b>6.7%</b>	<b>5.9%</b>	<b>6.0%</b>	<b>0.9%</b>	<b>0.7%</b>	<b>7.8%</b>	<b>6.7%</b>	<b>1.1%</b>

Source: Financial statements FY21 (Audited) and management information

Note: (1) Non-operating expenses was mainly comprised share issuance costs in relation to Initial Public Offering ("IPO")

## QoQ (4Q21 vs 3Q21)

- In 4Q21, JSP Pharmaceutical Manufacturing (Thailand) PCL. (the "Company" or "JP") had higher revenue from sales than 3Q21 by 7.6%. This was mainly derived from continuous increased in revenue from conventional medicine and her product to OEM customers.
- The Company's gross profit margin for 4Q21 was higher than 3Q21 by 5.3% since the Company had improvement in monitoring staff costs.
- The Company's normalised profit was increasing because of revenue base expansion, controlling of expenses and reduction of finance costs from financial institutions.

## YoY (4Q21 vs 4Q20)

- The Company's revenue from sales for 4Q21 increased from 4Q20 amounting to Baht 6.5 million, or 6.1%. This was because revenue from dietary supplements and conventional medicine had still increased for OEM customers.
- Due to product value added and efficient cost controlled, the Company's gross profit increased accordingly. Hence, the Company reported gross profit margin at 35.9% for 4Q21.
- Apart from monitoring of expenses, the Company used cash received from IPO to repay loans from financial institutions. As a result, normalised profit margin increased from 6.0% in 4Q20 to 6.7% in 4Q21.

## FY (FY21 vs FY20)

- Revenue from sales for FY21 decreased from FY20 by 7.3%. This was primarily because consumers had alternatives to prevent COVID-19 infection and that revenue from cleaning alcohols decreased. However, consumers had more awareness on healthcare so that revenue from dietary supplements and conventional medicine rose up.
- Due to improvement of production efficiency, gross profit margin for FY21 increased by 2.7% with respect to FY20.
- EBITDA for FY21 decreased from FY20 by Baht 3.1 million since the Company had share issuance costs related to IPO in FY21.
- The Company's normalised profit margin was still increase and that FY21 presented at 7.8%. This was because expenses monitoring and product development to satisfy customer's demand.

## Financial ratios FY (FY21 vs FY20)

- Due to fundraising through IPO, the Company had lower return on assets and equity in FY21. However, debt-to-equity was better-off because the Company used cash received from IPO to repay loans to financial institutions.

	FY21	FY20
Return on assets	2.4%	6.4%
Return on equity	3.1%	15.9%
Debt-to-equity ratio (Times)	0.30	1.47



Significant events during 4Q21



Listing of shares in mai market

On 21, 25 and 26 October 2021, the Company issued new shares 115.0 million shares through IPO at the issued price of Baht 7.0 per share (par value of Baht 0.5 per share). The Company registered newly issued shares to the Ministry of Commerce on 28 October 2021. In addition, the Company's ordinary shares have been traded in mai market on 2 November 2021.

Expansion of production facility at Lamphun province

On 11 November 2021, the Board of Director approved the Company to a project about investment in production facility expansion at Lamphun province, which had project value totalled Baht 160.0 million. This production facility was for producing soft gel product, cannabis and hemp-related product and Plant-based protein product.



Launching of Plant-based protein product

As the increase of healthcare trend, the Company performed research and development in relation to plant-based protein in form of dietary supplements and performed press release. The Company aimed to offer Own Brand and OEM products to customers and believed that there will be good acceptance from customers.



Entering memorandum of understanding for cannabis and hemp developments

The Company had progress in co-developing extract from cannabis and hemp. The Company entered into memorandum of understanding with K T D M Co., Ltd. ("KTDM") and World Medical Tourism Alliance Co., Ltd. ("WMTA"). Whereby, the Company and WMTA will jointly research and development prototype from cannabis e.g. conventional medicine, dietary supplements and herbal products. While, KTDM will provide raw materials to produce extract of such research.



Repayment of loans to financial institutions

After the Company had received fund from IPO, the Company used such fund partially to repay loans from financial institutions. Then the Company had lower loans from financial institutions by 50.5% from Baht 166.7 million to Baht 82.5 million as of 31 December 2020 and 31 December 2021, respectively. In addition, finance costs from loans to financial institutions for FY21 was lower than FY20 by Baht 1.6 million, or 18.1%.

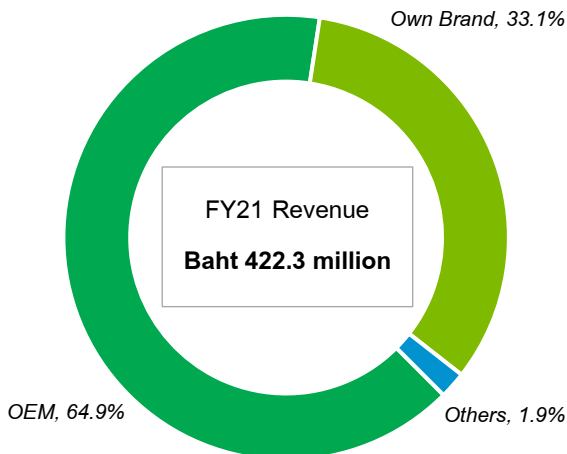


## Operating results

	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021	Year 2021	Year 2020	%QoQ	%YoY	(“FY21”)	(“FY20”)	%FY
<i>Unit: THB000</i>	(“4Q21”)	(“3Q21”)	(“4Q20”)					
Revenue from sales	111,422	103,556	104,971	7.6%	6.1%	422,342	455,644	(7.3%)
Cost of sales	(71,388)	(71,862)	(69,639)	(0.7%)	2.5%	(277,973)	(312,016)	(10.9%)
<b>Gross profit</b>	<b>40,034</b>	<b>31,694</b>	<b>35,332</b>	<b>26.3%</b>	<b>13.3%</b>	<b>144,369</b>	<b>143,628</b>	<b>0.5%</b>
Other income	928	3,682	665	(74.8%)	39.5%	6,785	7,099	(4.4%)
Distribution costs	(13,191)	(11,364)	(14,697)	16.1%	(10.2%)	(46,412)	(48,123)	(3.6%)
Administrative expenses	(19,346)	(13,122)	(11,446)	47.4%	69.0%	(56,444)	(49,364)	14.3%
<b>Operating profit</b>	<b>8,425</b>	<b>10,890</b>	<b>9,854</b>	<b>(22.6%)</b>	<b>(14.5%)</b>	<b>48,298</b>	<b>53,240</b>	<b>(9.3%)</b>
Finance costs	(2,678)	(2,947)	(2,804)	(9.1%)	(4.5%)	(10,401)	(11,441)	(9.1%)
Impairment loss in accordance with TFRS9	(496)	94	910	(627.7%)	(154.5%)	(467)	(2,123)	(78.0%)
<b>Profit before taxes</b>	<b>5,251</b>	<b>8,037</b>	<b>7,960</b>	<b>(34.7%)</b>	<b>(34.0%)</b>	<b>37,430</b>	<b>39,676</b>	<b>(5.7%)</b>
Income taxes	(1,249)	(1,715)	(1,598)	(27.2%)	(21.8%)	(7,739)	(8,593)	(9.9%)
<b>Net profit</b>	<b>4,002</b>	<b>6,322</b>	<b>6,362</b>	<b>(36.7%)</b>	<b>(37.1%)</b>	<b>29,691</b>	<b>31,083</b>	<b>(4.5%)</b>
<b>Normalised net profit</b>	<b>7,582</b>	<b>6,322</b>	<b>6,362</b>	<b>19.9%</b>	<b>19.2%</b>	<b>33,271</b>	<b>31,084</b>	<b>7.0%</b>

Source: Financial statements for FY21 (Audited) and management information

## 1. Revenue from sales structure



## Products under customer's brand (OEM)

- The Company had variety of product to support customer's demand.
- The Company's revenue principally derived from OEM customers.

## Products under the Company's brand (Own Brand)

- The Company's brand consisted of COX™, JSP™, Suphap Osot™, EVITON™, which covered many channels of distribution
- The Company's had product development and marketing plans to expand revenue from Own Brand segment.

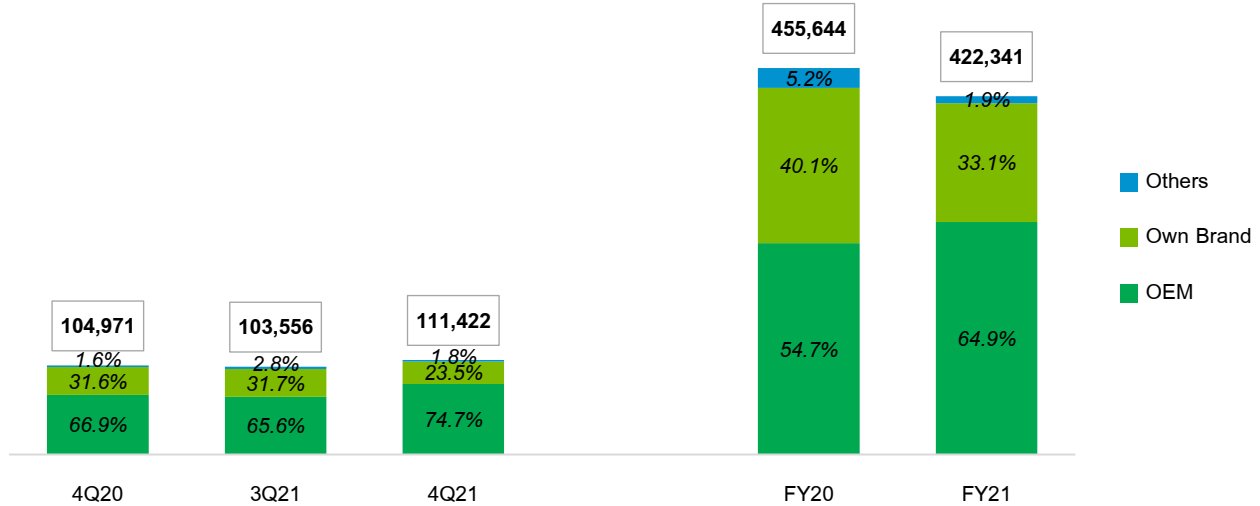
## Other products (Others)

- The Company traded certain products such as COVID-19 test kits, drug test kits.



Unit: THB000	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021	Year 2021	Year 2020	%QoQ	("FY21")	("FY20")	%FY	%FY
	("4Q21")	("3Q21")	("4Q20")					
OEM	83,276	67,890	70,179	22.7%	18.7%	274,197	249,294	10.0%
Own Brand	26,170	32,784	33,128	(20.2%)	(21.0%)	139,952	182,770	(23.4%)
Others	1,976	2,882	1,664	(31.4%)	18.8%	8,192	23,580	(65.3%)
<b>Total</b>	<b>111,422</b>	<b>103,556</b>	<b>104,971</b>	<b>7.6%</b>	<b>6.1%</b>	<b>422,341</b>	<b>455,644</b>	<b>(7.3%)</b>

Source: Financial statements for FY21 (Audited) and management information



**QoQ (4Q21 vs 3Q21)** 4Q21's revenue from sales increased from 3Q21 by 7.6% was mainly because

- **OEM products:** The Company had higher revenue from customer's orders for conventional medicine and herbal product.
- **Own Brand products:** Because some relieves to COVID-19 measures have been announced in 4Q21, the Company then could sell less of cleaning alcohol to customers.

**YoY (4Q21 vs 4Q20)** Revenue for 4Q21 increased from 4Q20 by 6.1% since

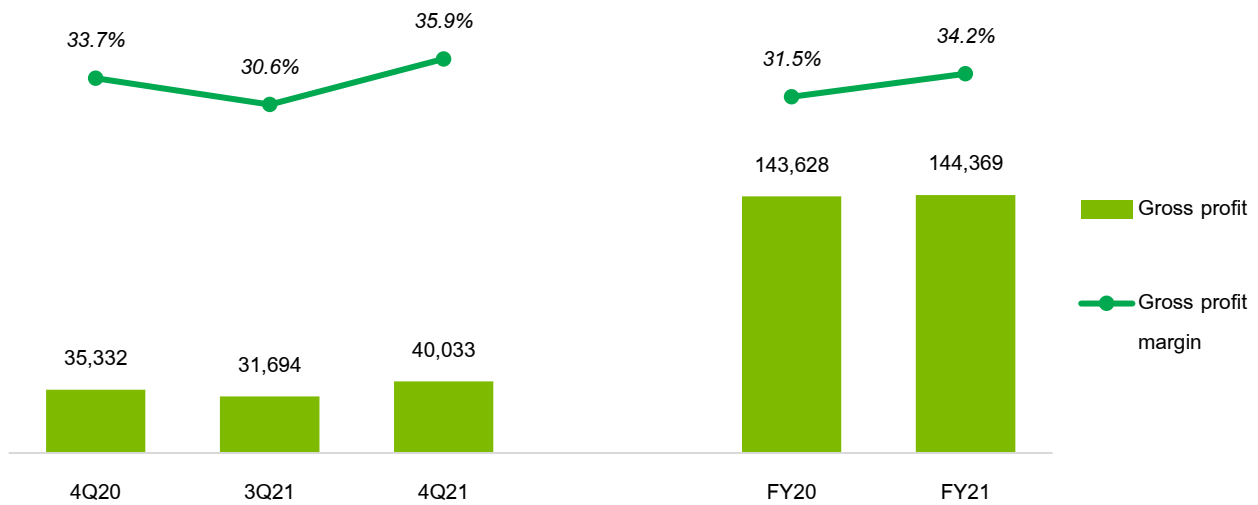
- **OEM products:** Comparing with 4Q21, COVID-19 pandemic in 4Q21 was more tremendous. The Company then had higher revenue from her products, especially Andrographis extract which have properties to cure of infection.
- **ผลิตภัณฑ์ Own Brand:** Since COVID-19 pandemic took longer than 1 year, the overall economics had negative impact. Therefore, customers had less demand of food supplements, which was key revenue of this category.

**FY (FY21 vs FY20)** The Company had revenue for FY21 lower than FY20 by 7.3% because

- **OEM products:** The Company had higher revenue from OEM products since more of customers' orders received for conventional medicine and herbal products.
- **Own Brand products:** Although the Company's had less revenue from cleaning alcohol products, the Company offered new products for healthcare purposes to customers in order to expand revenue baseline.
- **Other products:** Due to current economic situation, customers made careful on spending. The revenue from this segment decreased, especially cosmetic product.



## 2. Gross profit and gross profit margin



### QoQ (4Q21 vs 3Q21)

- The Company had gross profit margin for 4Q21 higher than 3Q21 amounting to Baht 8.3 million because higher revenue earned. In addition, gross profit margin increased since the Company improved production efficiency, especially staff costs.

### YoY (4Q21 vs 4Q20)

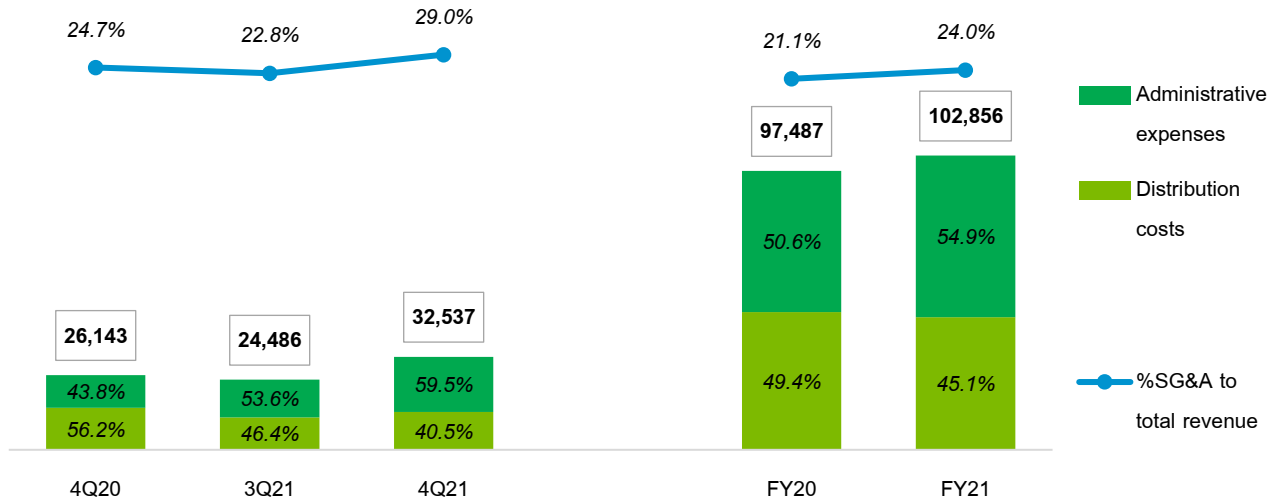
- Because higher revenue earned, gross profit and gross profit margin in 4Q21 increased by Baht 4.7 million and 2.2%, respectively.

### FY (FY21 vs FY20)

- Since revenue from sales in FY21 was lower than FY20, gross profit for FY21 was lower than FY20 amounting to Baht 1.3 million. However, the Company had better gross profit margin in FY21 than FY20 by 2.7%. This was because changes in sales mix by reducing sales of cleaning alcohols, but had higher sales of conventional medicine, which had higher gross profit margin.



## 3. Distribution costs and administrative expenses

**QoQ (4Q21 vs 3Q21)**

- **Distribution costs:** The Company's distribution costs for 4Q21 and 3Q21 were Baht 13.2 million and Baht 11.4 million, respectively. There was more advertising made to promote Own Brand products so that distribution costs for 4Q21 was higher.
- **Administrative expenses:** The Company had administrative expenses for 4Q21 and 3Q21 amounting to Baht 19.3 million and Baht 13.1 million, respectively. The increase in this expense derived from share issuance expenses under IPO and fees arose from on loan repayments prior to maturity.

**YoY (4Q21 vs 4Q20)**

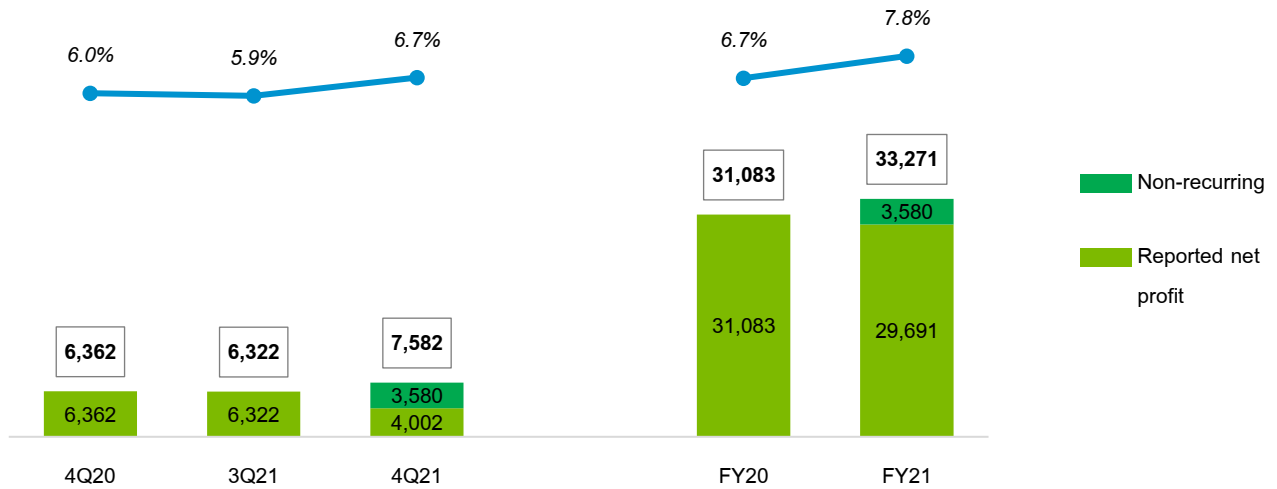
- **Distribution costs:** Distribution costs for 4Q21 decreased by 10.2% comparing with 4Q20. This was because there was research and development costs on plant-base protein during 4Q20.
- **Administrative expenses:** Administrative expenses for 4Q21 was higher than 4Q20 by 30.1% due to staff costs, share issuance expenses in relation to IPO and prepayment fees on loan payments prior to maturity.

**FY (FY21 vs FY20)**

- **Distribution costs:** Since demand of cleaning alcohols decreased, distribution costs for FY21 were lower than FY20 amounting to Baht 1.7 million by lower of transportation out.
- **Administrative expenses:** Administrative expenses for FY21 was 14.3% higher than FY20 because of share issuance costs in relation IPO and higher staff costs.
- **Distribution costs and administrative expenses to total revenue:** The Company had this ratio for FY21 at 24.0%; which higher than FY20, because there was lower revenue and share issuance costs for IPO.



#### 4. Normalised profit



	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021	Year 2021	Year 2020			Year 2021	Year 2020	
	("4Q21")	("3Q21")	("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	
Net profit	4,002	6,322	6,362	(36.7%)	(37.1%)	29,691	31,084	(4.5%)
Net profit margin	3.6%	5.9%	6.0%	(2.3%)	(2.5%)	6.9%	6.7%	0.2%
Normalised net profit <sup>(1)</sup>	7,582	6,322	6,362	19.9%	19.2%	33,271	31,084	7.0%
Normalised net profit margin <sup>(1)</sup>	6.7%	5.9%	6.0%	0.9%	0.7%	7.8%	6.7%	1.1%

Source: Financial statements FY21 (Audited) and management information

Note: (1) Non-operating expenses was mainly comprised share issuance costs in relation to Initial Public Offering ("IPO")

##### QoQ (4Q21 vs 3Q21)

- Due to controlling of expenses and decreasing of finance cost from repayment of loans to financial institutions, normalised net profit for 4Q21 increased from 3Q21 by 19.9%.

##### YoY (4Q21 vs 4Q20)

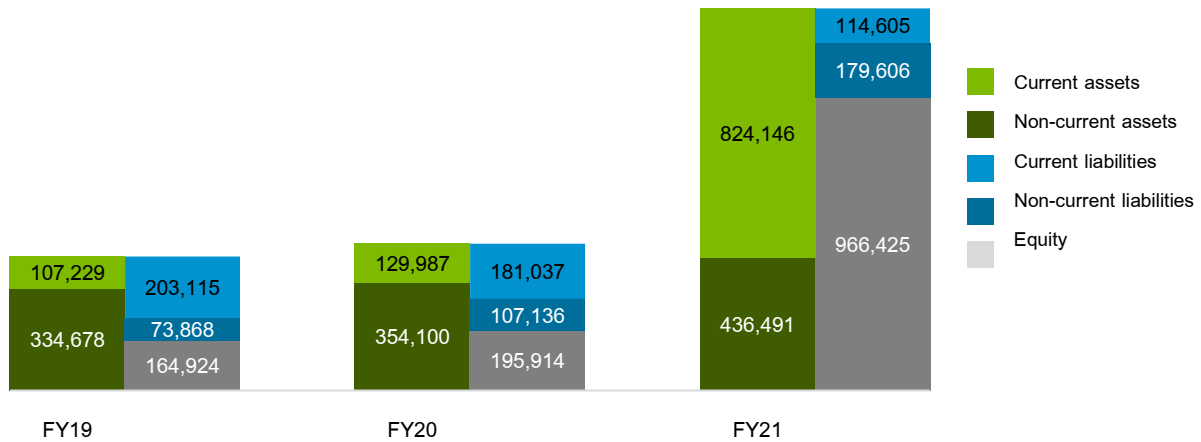
- In 4Q21, the Company had higher normalised profit and normalised net profit margin from 4Q20 amounting to Baht 3.5 million and 0.7%, respectively. These were because higher net profit margin and repayment of loans to financial institutions.

##### FY (FY21 vs FY20)

- Normalised profit margin for the Company was still rose up, which had 7.8%. This reason was primarily because of expense controlling, especially cost of production and product development to support customer's demand.



## Financial position



### Assets

- **Current assets:** As of FY21, current assets principally comprised cash and cash equivalents and inventories, accounted for 89.0 of total current assets. Cash and cash equivalents as of FY21 increased from FY20 increased because the Company received cash from IPO during the fourth quarter of 2021. In addition, inventories balance increased because the Company has plans to promote more of Own Brand products. Therefore, the Company needed to store more of inventories.
- **Non-current assets:** During FY21, the Company had property, plant and equipment accounted for 31.5% of total assets. The higher value of property, plant and equipment as of FY21 was higher than FY20 because the Company reclassified investment properties in FY20 to FY21 for future product development purposes. In addition, the Company revised value of right-of-use assets due to entering into new lease agreements and amendments of lease terms during FY21.

### Liabilities

- **Current liabilities:** Current liabilities of the Company as of FY21 was lower than FY20 by Baht 66.4 million. This was because then Company repaid short-term loans from financial institutions wholly. But, the Company had more of trade payables and contract liabilities resulted from higher production activities and advances received from customer for future delivery, respectively
- **Non-current liabilities:** Since the Company entered into new and amended lease agreements during FY21, non-current liabilities increased. Moreover, the Company entered into new loan agreements with financial institutions to during FY21 to support liquidity

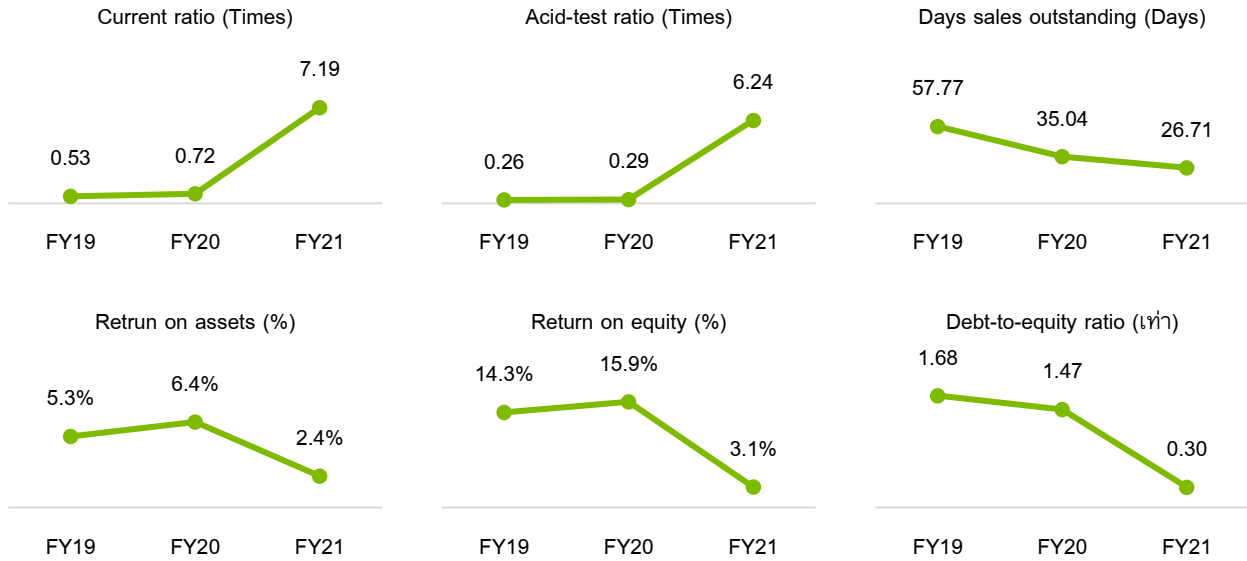
### Equity

- As of FY21, contributed capital which primarily comprised share capital and share premium increased by Baht 768.9 million, resulted from IPO. For the Company's retained profit, it increased from net profit earned. While, the Company declared and paid dividend totalled Bhat 28.0 million during FY21.





## Key financial ratios



- Due to IPO during 4Q21, the Company had better liquidity. Therefore, there were significant increase in current and acid-test ratios.
- However, return on assets, return on equity and debt-to-equity tended to decreased because IPO made higher values of assets and equity.
- Even though the Company faced of COVID-19 pandemic, the Company had rigorous controlled on sales and receivables process. Hence, days sales outstanding was 26.71 days in FY21.