

February 20, 2023

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2022 which has been audited by the auditor. The financial statement of the Company, as shown by equity method, records changes in the operating results from the previous year. The Company would like to clarify such significant changes as below,

Summary of the business

In 2022, As Covid 19 situation, although the situation began to resolve but the company was affected by the price increase of raw material and other expenses such as wheat flour, energy cost, oil price etc. The company need to increase product's price to support some costs. Therefore, the company 's performance in 2022 had net profit Baht 1,706.97 million or 22.55% of total revenue.

1. Performance of the Company

(Unit : Million Baht)

	2022		2021		Increase(Decrease)	
	Amount	%	Amount	%	Amount	%
Sales	7,528.86	99.44	7,159.94	99.34	368.92	5.15
Total revenues	7,570.97	100	7,207.61	100	363.36	5.04
Cost of sales	4,048.93	53.78	3,773.53	52.70	275.40	7.30
Gross Profit	3,479.93	46.22	3,386.41	47.30	93.52	2.76
Selling and Administrative expenses	1,635.25	21.60	1,580.98	21.93	54.27	3.43
Profit for the year	1,706.97	22.55	1,687.67	23.42	19.30	1.14
Earnings per share (Baht)	3.79		3.75		0.04	1.07

Remark : Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

Sales

The company recorded sales of Baht 7,528.86 million in 2022, increasing by Baht 368.92 million or by 5.15% from the previous year due to increase in product prices following the increase in the cost of main raw materials.

Cost of sales

The cost of sales of the Company in 2022 stood at Baht 4,048.93 million, or increasing by 7.30% from the previous year. The cost of sales to total sales ratio to be at 53.78% increasing from 52.70% in the previous year from raw material prices and energy cost increased. As a result, the gross profit margin decreased to 46.22% from 47.30% in the previous year

Selling and Administrative Expenses

Selling and Administrative Expenses in 2022 amounted to Baht 1,635.25 million, accounting for 21.60% of total income, increasing by 3.43% from 2021, mainly due to increasing fuel cost for transportation , advertising and sales promotion costs.

Profit for the year

The Company recorded the profit for the year 2022 of Baht 1,706.97 million, or increasing by 1.14% from the previous year. The Company maintained the net profit ratio at 22.55% of total income. Moreover, the Company has recognized the share of profit from investment in joint venture for the year 2022 in the amount of Baht 6.78 million.

2. Financial Position of the Company

(Unit : Million Baht)

	2022		2021		Increase(Decrease)	
	Amount	%	Amount	%	%	%
Total Assets	12,200.98	100	11,234.21	100	966.77	8.61
Total Liabilities	1,267.00	10.38	1,093.73	9.74	173.27	15.84
Shareholders' Equity	10,933.98	89.62	10,140.47	90.26	793.51	7.83
Total Liabilities and Shareholders' Equity	12,200.98	100	11,234.21	100	966.77	8.61

Total Assets

The total assets of the Company as of December 31, 2022 amounted to Baht 12,200.98 million, increasing by Baht 966.77 million from December 31, 2021. Main assets of the Company comprised of current assets by 54.07% of total assets and non current assets by 45.93% of total assets. List of changes as follows

1. Cash and cash equivalents amounted to Baht 648.94 million, increasing by Baht 259.17 million due to result of operation.
2. Trade and other receivables amounted to Baht 1,003.36 million accounting for 8.22% of total assets, increasing by Baht 132.07 million due to the increase in sales revenue. An average collection period of 44 days.
3. Inventories amounted to Baht 208.90 million, increasing by Baht 19.24 million due to the increase in raw material cost.
4. Other current financial assets amounted to Baht 4,719.33 million, increasing by Baht 503.14. A result from the transfer from other non-current financial assets with a maturity within 1 year.
5. Other non-current financial assets amounted to Baht 2,186.54 million, increasing from the company made payment for Hydrogen REIT amounting to Baht 180 million and Invested in ordinary shares of King Square Development Co., Ltd. of Baht 35 million.
6. Property, plant and equipment amounted to Baht 3,334.26 million, decreasing from the mainly due to the recognition of depreciation.

Total Liabilities

The Liabilities of the Company as of December 31, 2022 totaled to Baht 1,267 million, accounting for 10.38% of total liabilities and shareholders' equity and increasing by 15.84% from December 31, 2021, due to the trade and other payables amounted to Baht 782.50 million increased by Baht 143.95 million from December 31, 2021, increasing from higher raw material prices, oil prices and transport vehicles. An average payment period of 70 days. And the debt to equity ratio of the Company was at 0.12.

Shareholders' Equity

The shareholders' equity of the Company as of December 31, 2022 stood at Baht 10,933.98 million, accounting for 89.62% of the total of Liabilities and Shareholders' Equity. The Shareholders' Equity increased by Baht 793.51 million from December 31, 2021, resulting from the operating profit. The Company had dividend payments Baht 864 million. As a result, the book value of the Company stood at 24.30 Baht per share, increasing from 22.53 Baht per share in 2021.

3. Liquidity Position

(Unit : Million Baht)

	2022	2021
Net cash from operating activities	1,972.33	1,959.54
Net cash used in investing activities	837.07	1,126.61
Net cash used in financing activities	876.08	811.51
Net increase in cash and cash equivalents	259.17	21.42
Cash and cash equivalents at beginning of year	389.77	368.35
Cash and cash equivalents at end of year	648.94	389.77

As at 31 December 2022, the Company recoded cash and cash equivalents of Baht 648.94 million, increasing by Baht 259.17 million or by 66.49% from 31 December 2021.

Net cash from operating activities amounted to Baht 1,972.33 million, increasing by Baht 12.79 million due to the sales revenue.

Net cash used in investing activities amounted to Baht 837.07 million, decreasing by Baht 289.54 million due to the cash paid for other financial assets and increasing from cash received from sales of other financial assets, interest received and dividend income.

Net cash used in financing activities amounted to Baht 876.08 million, increasing by Baht 64.57 million due to the dividend payment at Baht 864 million.

And the Company maintained the current ratio at 5.77. In addition, the average day sales at 1 day, the average collection period at 44 days and the average payment period at 70 days, as a result, the cash cycle of the Company was at 25 days.

4. Suitability of the Capital Structure

The Company's total debt to equity ratio was 0.12 times as of 31 December 2022, which was always low. It has an interest coverage ratio of 2,191.06 times, demonstrating the suitability of the Company's capital structure and its ability to pay debt.

5. ESG Performance

Improving Fuel Efficiency in Transportation Sector and Uplifting the Logistics System

The Company has controlled fuel consumption at its maximum efficiency in the transportation sector to minimize the impact on the environment as much as possible while still being able to reduce the Company's energy costs by using diesel B10 fuel and increasing the performance of the vehicles by installing a GPS to control the speed which making the fuel consumption rate (km/liter) meet the target. From 2020 to 2022, the Company has been able to continuously and efficiently reduce the use of fuel oil consumption over the 3 years by 1,364,361.53 liters and also reduced the total amount of greenhouse gas emissions by 3,739.16 tonCo₂eq.

In 2022, Certified by the Green Industry Standard Level 2, Green Activity.

The Company was certified by Green Industry Standard Level 2, Green Activity, by the Ministry of Industry. It gives importance and commitment to various activities to reduce the impact on the environment, use energy efficiently, and conduct internal communication appropriately and continuously.

Besides, the company determines to apply for the green industry standard certification at level 3 (Green System) within year 2024 about have an environmental management system and consistent evolvement.

In 2022, The Company obtained a factory certificate to support the implementation of eco-industrial town development.

The Company has supported the development of industrial ecology in industrial estates. The Company was certified at the level of Eco-Excellence.

In 2022, The Company declared the energy conservation network intention of "Energy Beyond Standards."

The Company together with the Department of Alternative Energy Development and Efficiency under the Ministry of Energy and 70 leading organizations declared their intention to become an energy conservation network called "Energy Beyond Standards" to awaken the trend of energy conservation into concrete results, create a model organization that uses energy efficiently, and show commitment to energy conservation within the organization. They will also help Thailand's climate change policy achieve its carbon neutrality target.

To be informed accordingly,

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(Miss Petcharat Anantawichai)

Director and Senior Management Accounting Department

and Finance Department Manager

Company Secretary