

Management Discussion and Analysis

For Year ended 31 December 2022

Summary of Performance	Q4/21	Q3/22	Q4/22	Change		Y/21	Y/22	Change
				+/-				
Unit: Million Baht				%YoY	%QoQ			%YoY
Total Income	244.1	382.2	241.7	(1.0%)	(36.8%)	1,009.5	1,457.4	44.4%
Gross Profit	64.4	117.0	58.4	(9.3%)	(50.1%)	274.3	425.9	55.3%
EBITDA	42.4	78.5	50.2	18.4%	(36.1%)	152.7	307.5	101.4%
Net Profit	24.9	53.0	30.5	22.5%	(42.5%)	85.6	207.6	142.5%
Gross Profit Rate (%)	26.8%	31.1%	25.1%	(6.3%)	(19.3%)	27.3%	29.8%	9.2%
EBITDA Rate (%)	17.4%	20.5%	20.8%	19.5%	1.5%	15.1%	21.1%	39.7%
Net Profit Rate (%)	10.2%	13.9%	12.6%	23.5%	(9.4%)	8.5%	14.2%	67.1%

Q4/2022 vs Q4/2021

Royal Plus Public Company Limited or PLUS (the “Company”) earned total revenue in Quarter 4th, 2022, of 241.7 million Baht which decreased from Quarter 4th, 2021, by 2.4 million Baht or 1.0% as the Chinese customers encountered the lock-down under the Zero COVID Measure resulting in the customers’ inability to order the products and the sales are not completed as planned.

- Gross profit was 58.4 million baht, a decrease of 6.0 million baht or 9.3% compared to the fourth quarter of 2021, and this is consistent with the decrease sales volume.
- Gross profit margin was 25.1%, a decrease of 6.3% or 26.8% compared to the fourth quarter of 2021
- Net profit was 30.5 million baht, an increase of 5.6 million baht or 22.5% compared to the third quarter of 2021 based on sales growth and effective cost and expense control.
- Net profit margin was 12.6%, an increase of 23.5% or 10.2% compared to the fourth quarter of 2021

Q4/2022 vs Q3/2022

Royal Plus Public Company Limited or PLUS (the “Company”) earned total revenue in Quarter 4th, 2022, of 241.7 million Baht which decreased from Quarter 3rd, 2022, for 140.5 million Baht or 36.8% as the Chinese customers encountered the lock-down under the Zero COVID Measure resulting in the customers’ inability to order the products and the sales are not completed as planned.

- Gross profit was 58.4 million baht, a decrease of 58.6 million baht or 50.1% compared to the third quarter of 2022, in line with lower sales.
- Gross profit margin was 25.1%, a decrease of 19.3% or 31.1% compared to the third quarter of 2022
- Net profit was 30.5 million baht, a decrease of 22.5 million baht or 42.5% compared to the third quarter of 2022 based on sales and effective cost and expense control.
- Net profit margin was 12.6%, decreased by 9.4% or 13.9% compared to the third quarter of 2022

Y/2022 vs Y/2021

Royal Plus Public Company Limited or PLUS (the “Company”) earned a total revenue in 2022 of 1,457.4 million Baht which was increased from that of the same period of the previous year by 447.9 million Baht or 44.4%. The Company’s performance had continually grown. The customers had placed the prior orders and the products and the delivery had been completed as planned even if, after considering the sales in the Asia group, the Company’s major customers were affected by the COVID pandemic, transportation issues, and lock-down measures resulting in the inconsistency between the sales and estimation but the PLUS’s products had remained to be popular and increasingly required by the customers in America. Therefore, the sales had been continually increased.

- Gross profit was 425.9 million baht, an increase of 151.6 million baht or 55.3% compared to the same period of 2021, in line with increased sales.
- Gross profit margin was 29.8 %, an increase of 9.2% compared to the same period of 2021 in proportion to sales.
- Net profit was 207.6 million baht, an increase of 122.0 million baht or 142.5% compared to the same period of 2021, The improvement was in line with sales revenue ratio as well as effective cost management and cost control and lower finance costs.
- Net profit margin was 14.2%, an increase of 67.1% or 8.5% compared to the same period of 2021

Business Overview

The overview of the growth of total revenue in 2022 indicated a growth of 44.4% compared with that of 2021. The gross profit of 2022 was 29.8% of the total revenue which increased from that of 2021 by 55.3% and the net profit of 2022 was 14.2% of the total revenue which increased from that of 2021 by 142.5%.

For the operations, 2022 was deemed as a challenging year in which PLUS remained to be affected by COVID-19 in the early year and the freight increased from 2021 including the Chinese customers being affected by Zero COVID Measure throughout 2022. However, PLUS remained to implement the strategy to focus on high-margin products and major customers capable of driving sales. Although the sales in China were lower than the target, there were positive factors resulting in PLUS’s growth in 2022 such as the reduction of freight of the ships to America during the second half of the year and Baht currency depreciation, etc.

For the investment in 2022, PLUS installed a solar rooftop with 1 MW capacity in Quarter 4th of 2022 and it was expected that the solar electricity would be consumed in Quarter 1st of 2023. Additionally, PLUS entered into the agreement for the purchase of a PET aseptic machine in Quarter 3rd of 2022 to support its growth due to the increase of the PET production line and it was expected that the import and installation would be completed in Quarter 2nd or 2023.

PLUS remained to place importance on the factory's cost management, particularly the energy cost, which emphasized more biomass applications such as using palm kernel shells instead of fuel oil including the management of the packaging costs of which the price and quantity were agreed with the major manufacturers for the better cost management and control while the main raw materials such as coconut juice and meat were stable rendering the cost control in 2022 was possible.

For PLUS's overview of operations in 2022, the Company had continually grown where the gross and net profits, upon comparing with those of 2021, were new high since the Company was founded. There were domestic and international factors to be continually monitored and to affect in the near future such as the increase in interest rate, inflation rate, economic regression, Russia-Ukraine war, China's relief of Zero COVID Measure, fluctuation of exchange rates, etc. In this regard, the management remained to place importance to monitor such factors and would adjust the management strategies to be suitable for the circumstances to enable PLUS's fulfillment of its goals.

The Company's Performance

Performance	Q4/21	Q3/22	Q4/22	Change +/-		Y/21	Y/22	Change +/-
Unit: million Baht				%YoY	%QoQ			%YoY
Income from Sales	240.7	375.9	232.9	(3.2%)	(38.0%)	1,003.2	1,428.2	42.4%
Sales Cost	176.3	258.9	174.5	(1.0%)	(32.6%)	728.9	1,002.3	37.5%
Gross Profit	64.4	117.0	58.4	(9.3%)	(50.1%)	274.3	425.9	55.3%
% of Gross Profit	26.8%	31.1%	25.1%			27.3%	29.8%	
Other income	3.4	6.3	8.8	158.8%	39.7%	6.3	29.2	363.5%
Total revenues	244.1	382.2	241.7	(1.0%)	(36.8%)	1,009.5	1,457.4	44.4%
Distribution expense	14.1	24.4	15.1	7.1%	(38.1%)	65.6	98.0	49.4%
Administrative expense	21.0	32.9	14.3	(31.9%)	(56.5%)	99.4	97.0	(2.4%)
Profit from Operations	32.8	65.9	37.8	15.2%	(42.6%)	115.5	260.1	125.2%
Financial cost	1.6	-	-	(100.0%)	N/A	8.7	1.5	(82.8%)
Income tax	6.2	12.9	7.3	17.7%	(43.4%)	21.2	51.0	140.6%
Net Profit	24.9	53.0	30.5	22.5%	(42.5%)	85.6	207.6	142.5%
% of Net Profit	10.2%	13.9%	12.6%			8.5%	14.2%	

Company results, overview of operating results for the fourth quarter of 2022

The Company's sales revenue was 1,428.2 million baht, an increase of 42.4% compared to the same period of the previous year. The Company's performance has grown steadily for both the Americas and Asia customers.

The Company's total cost of sales was 1,002.3 million baht, an increase of 37.5% compared to the same period of the previous year in accordance with the ratio of sales growth. However, the Company continued to control production costs and cost of sales to be efficient in accordance with the gross profit margin target.

The Company's gross profit was 425.9 million baht or 29.8%, an increase of 55.3% compared to the same period of the previous year. This corresponds to the increased revenue from the sale of products and the effective control of sales costs and production costs.

The Company's distribution expenses were 98.0 million baht, an increase of 49.4% compared to the same period of the previous year. This is due to the increase in export expenses and transportation costs, in line with the increasing sales proportion.

The Company had administrative expenses equal to 97.0 million baht, decreased by 2.4% compared to the same period of the previous year. This is because the Company is able to reduce costs related to its employees more efficiently.

The Company's operating profit is 260.1 million baht, increased by 125.2% compared to the same period of the previous year. This is mainly due to the management of production costs, cost of sales, and more efficient cost control.

The Company's financial cost was 1.5 million baht, a decrease of 82.8% compared to the same period of the previous year, a decrease due to early loan repayment during the past 2 quarters. In addition, the Company has better liquidity from operations, resulting in reduced use of short-term credit lines and no interest burden on such loans.

The Company's net profit for the year of 2022 was 207.6 million baht, the net profit ratio was 14.2%, an increase of 122.0 million baht or 142.5% compared to the same period of the previous year, which has a net profit of 85.6 million baht and a net profit margin of 8.5%

The Company's Statement of Financial Position

(Unit : million Baht)	31 December 2022	31 December 2021	% Change
Total current asset	821.4	231.3	255.1%
Total non-current asset	630.8	495.2	27.4%
Total Asset	1,452.2	726.5	99.9%
Total current liability	186.7	299.6	(37.7%)
Total non-current liability	11.9	65.7	(81.8%)
Total Liability	198.7	365.3	(45.6%)
Capital	1,008.7	262.5	284.3%
Accumulated profit	244.9	98.7	148.1%
Total shareholders' equity	1,253.6	361.2	247.1%

Assets

As of December 31st, 2022, the Company had a total asset of 1,452.2 million Baht which increased from that of the end of 2021 by 99.9%, a total current asset of 821.4 million Baht which increased by 255.1% from the cash and cash equivalents. The trade receivables were consistent with the increased revenue from product sales and the advance security deposits of packaging to support manufacturing in the following quarters. Other current assets increased by the value-added benefits were to be refunded. The Company had non-current assets of 630.8 million baht which increased by 27.4% by purchases of lands, buildings, and equipment including the security deposits from the investments in machine assets according to the Company's manufacturing capacity expansion to support the extension of continually growing market expansion.

Liabilities

As of December 31st, 2022, the Company had a total liability of 198.7 million Baht which decreased from that of 2021 by 45.6%, a total current liability of 186.7 million Baht which decreased by 37.7% as the Company had liquidity from the capital increase, therefore, its short-term loans were settled including the settlements of outstanding expenses and other creditors, accrued transportation fees, the liabilities then reduced but the Company had liabilities from operations in relation to the trade payables, procurements of raw materials, and accrued corporate income tax from the continually better sales and net profit. The Company also had a total non-current liability of 11.9 million Baht which decreased by 81.8% due to the early settlements of long-term loans and the balance originated from the estimation of the employees' benefits

Shareholders' equity

As of December 31st, 2022, the Company had a total shareholders' equity of 1,253.6 million Baht which increased from that of the end of 2021 by 247.1% as the Company increased its capital to offer its stock in the Stock Exchange of Thailand on May 20th, 2022 for 746.2 million Baht. The dividend for 2021 of 60 million Baht was paid and the profit from the operations of the year was 207.6 million Baht.

Significant Financial Ratios

อัตราส่วนทางการเงิน	Q4/2022	Q4/2021	Y/2022	Y2021
Gross profit ratios (%)	25.09	26.76	29.82	27.34
Net profit ratio (%)	12.64	10.22	14.25	8.48
Earnings per Share (Baht)	0.05	0.05	0.34	0.17
Return on Asset (%)	19.06	12.72	19.06	12.72
Return on Equity (%)	25.72	27.99	25.72	27.99
Liquidity ratio (time)	4.40	0.58	4.40	0.58
Debt to Equity ratio (time)	0.16	0.96	0.16	0.96
Book Value per Share (Baht)	1.87	0.67	1.87	0.67

Liquidity and Capital Resources

Statement of Cash Flow (million Baht)	31 December 2022	31 December 2021	% Change
Cash flow from work activities			
Net cash from (spent in) work activities	172.3	138.6	24.4%
Cash flow from investment activities			
Net cash from (spent in) investment activities	(180.6)	(36.1)	400.3%
Cash flow from fundraising activities			
Net cash from (spent in) fundraising activities	548.6	(73.3)	(848.8%)
Net increase of cash and cash equivalent	540.3	29.2	1,749.0%
Cash and cash equivalent at the beginning	37.9	8.7	336.8%
Cash and cash equivalent at the end	578.2	37.9	1,425.7%

As of December 31st, 2022, the Company had a balance of cash and cash equivalents of 578.2 million Baht and a net cash flow obtained from its operations of 172.3 million Baht. The net cash flow applied to investment activities was 180.6 million Baht. The costs of machine, equipment, and software were 181.7 million Baht and the interest received from the banks was 1.1 million Baht. The net cash flow obtained from fundraising activities was 548.6 million Baht. The cash received from capital increased to be applied as the Company's current capital was 765.0 million Baht. The expense from the ordinary share offer was 23.5 million Baht. The dividend of 60 million Baht was paid and the settlement of long-term loans and their interests was 132.9 million Baht.