

**Management Discuss and Analysis Year 2022 Ending 31 December 2022**

Summary of operating performance	2021	2022	Change +/-
Unit: Million Baht			%YoY
Total Revenue	1,040.4	1,058.3	1.7%
Gross Profit	235.2	235.8	0.3%
Profit from operating activities	126.6	103.1	-18.6%
Net Profit	98.8	77.1	-22%
Gross Profit Margin (%)	22.7%	22.3%	-0.3%
Operating Profit Margin (%)	12.2%	9.7%	-2.4%
Net Profit Margin (%)	9.5%	7.3%	-2.2%

**2022 vs 2021**

Nutrition SC Public Company Limited or “NTSC” and its subsidiaries (“NTSC group”), had total revenue in 2022 of 1,058.3 million baht. Increase of 17.9 million baht or 1.7% from 2021, with the growing steadily. This was primarily due to the food additives - Bulking Agent, Flavor and Powder for customers in beverage producer business.

- Profit from operating was 103.1 million baht, decreased by 23.5 million baht or 18.6% compared to 2021 and operating profit margin of 9.7%, decreased by 2.4% due to the increasing of depreciation and amortization of ROU and service expense.
- Net profit equal to 77.1 million baht, decreased by 27.1 million baht or 22% compared to 2021 and net profit margin of 7.3%, decreased by 2.2%. This was due to the increasing of service expense and depreciation of ROU.

**Business Overview**

NTSC group main business is to import, manufacture and sell food ingredients to be used as raw materials or ingredients for customer cooking. The business can be classified into 2 segments: 1) Food additives for human and 2) Food additives for animals.

NTSC group 's customers are domestic customers, which can be divided into distributors in the food and feed industry, averaging about 90%-95% of sales revenue and ODM and OEM customers averaging about 5%-10% of sales revenue during 2019 - 2022.

**Operating performance**

Operating performance	2021	2022	Change (+/-)
Unit: Million Baht			%YoY
Revenue from sales and services	1,037.9	1,056.8	1.8%
Total Cost of sales and services	(802.7)	(821.0)	2.3%
<b>Gross Profit</b>	<b>235.2</b>	<b>235.8</b>	<b>0.3%</b>
<b>% Gross Profit Margin</b>	<b>22.7%</b>	<b>22.3%</b>	
Other income	2.6	1.4	-44.5%
Total revenue	1,040.4	1,058.3	1.7%
Distribution costs	(36.5)	(41.6)	13.9%
Administrative expenses	(70.8)	(91.7)	29.6%
Other profit	(3.9)	(0.9)	-77.8%
<b>Profit from operating activities</b>	<b>126.6</b>	<b>103.1</b>	<b>-18.6%</b>
Finance costs	(1.9)	(6.5)	244.3%
Tax expense	(25.9)	(19.5)	25.2%
<b>Net Profit</b>	<b>98.8</b>	<b>77.1</b>	<b>-22%</b>
<b>% Net Profit Margin</b>	<b>9.5%</b>	<b>7.3%</b>	

**2022's Operating results**

Sales revenues for 2021 and 2022 amounted to 1,037.90million baht and 1,056.8 million baht, respectively. Revenue growth in the 2022 around 1.8% by came from the food additives - Bulking Agent, Flavor and Powder for customers in beverage producer business.

Gross profit for 2021 and 2022 amounted to 235.2 million baht and 235.8 million baht, respectively, decreased by 0.3% of the gross margin as NTSC group due to the increasing of cost of goods and freight charges.

Sales expenses for 2021 and 2022 amounted to 36.5 million baht and 41.6 million baht, respectively. The proportion of resale expenses to sales revenue was 3.5% and 3.9%, respectively. The main items were salesperson expenses, freight charges, and travel expenses such as tolls, fuel, etc.

Administrative expenses for 2021 and 2022 amounted to Baht 70.8 million and Baht 91.7 million, respectively. In the 2022, administrative expenses increased from last year by 20.9 million baht, or 29.6%, primarily due to an increase in depreciation and amortization from rights of use 5.2 million baht, an increase in allowance for doubtful debt by 2.7 million baht, an increase in service 1.6 million baht (mainly from IT service fees), and increase in supplies 1.3 million baht, which most of them were pallet purchase items for use in new warehouses in 2022 range. Moreover, the expense for IPO and employee expense.

Net profit for 2021 and 2022 amounted to 98.8 million baht and 77.1 million baht, respectively. Net profit margins of 9.5% and 7.3%, respectively. Net profit for 2022 decreased from the same period last year by 21.7 million baht due to the increasing of administrative expenses.

### Financial Position

Total Financial Position (Million Baht)	31 December 2021	31 December 2022	% Change
Total current assets	571.8	717.6	25.5%
Total non-current assets	314.1	358.5	14.2%
<b>Total assets</b>	<b>885.8</b>	<b>1,076.1</b>	<b>21.5%</b>
Total current liabilities	160.8	708.5	340.6%
Total non-current liabilities	112.0	120.2	7.3%
<b>Total Liabilities</b>	<b>272.8</b>	<b>828.7</b>	<b>203.8%</b>
Share capital	21.0	37.5	78.6%
Share premium from share swap	135.9	135.9	-
Retained earnings	456.1	74.0	-83.8%
Non-controlling interests	0.0	0.0	1.3%
<b>Total shareholders' equity</b>	<b>613.0</b>	<b>247.4</b>	<b>- 59.6%</b>

### Assets

As of 31 December 2022, NTSC group had total assets of 1,076.1 million baht. The main items were inventories, trade receivables and other receivables, bank deposits with collateral obligations, and right of use, with total assets increasing from the end of 2021 to 190.3 million baht. The main item was an increase in inventories 34.1 million baht, Cash and cash equivalents 116.5 million baht, building renovating 47.0 million baht. Net with a decrease in trade receivable and other receivable 7.1 million and decrease in baht and bank deposits with collateral obligations 10.0 million baht.

### Liabilities

As of 31 December 2022, NTSC group had total liabilities of 828.7 million baht. The main items were trust receipt, trade payables and other payables, short-term borrowings from financial institutions and lease liabilities. Total liabilities increased from 31 December 2021 to 555.9 million baht. This was primarily due to an increase in trust receipt 145.3 million baht, short-term borrowings from financial institutions 400.0 million baht and other current liabilities 39.3 million baht. Net with a decrease in bank overdrafts 20.9 million and account payables and other payables of 12.9 million baht.

### Shareholders' Equity

As of 31 December 2022, Equity amounted to 247.4 million baht. The change in the equity of the owners is primarily due to the annual operating profit and dividend paid. In 2021, an annual General Meeting of Shareholders approved the dividend payment at the rate of 285.72 baht per share, totaling 60.0 million baht, and the interim dividend in 2022 payment at the rate of 9.5241 baht per share, totaling 400.0 million baht, totaling dividend payment in 2022 in the amount of 460.0 million baht.

### Significant financial ratios

Financial Ratios	2021	2022
Gross Profit Margin (%)	22.7%	22.3%
Net Profit Margin (%)	9.5%	7.3%
Earnings per share (THB)	1.3	1.0
Return on Assets (%)	12.9%	7.6%
Return on Equity (%)	16.1%	31.2%
Current ratio (Times)	3.6	1.0
Debt to Equity ratio (Times)	0.4	3.3
Book value per share (THB)	14.6	3.3

### Liquidity and Capital Resources

Statement of Cash Flows (Million Baht)	2021	2022	% Change
<b>Cash flows from Operating Activities</b>			
Net cash provided by operating activities	103.5	88.9	-14.1%
<b>Cash flows from Investing Activities</b>			
Net cash used in (received) investing activities	8.2	(50.6)	-714.5%
<b>Cash flows from Financing Activities</b>			
Net cash used (received) in financing activities	5.1	78.5	1438.0%
<b>Net increase in cash and cash equivalents</b>	<b>116.9</b>	<b>116.8</b>	<b>0.0%</b>
Cash and cash equivalents at beginning of the period	19.9	136.9	588.8%
Gains and Losses on Exchange Rate	0.2	(0.3)	-260.5%
<b>Cash and cash equivalents at end of the period</b>	<b>136.9</b>	<b>253.5</b>	<b>85.1%</b>

As of 31 December 2022, NTSC group had cash from operations in the amount of 88.9 million baht. This was primarily due to profit before tax of 96.5 million baht. This was adjusted for changes in non-cash transactions and non-operating activities totaling 28.9 million baht. Impact of changes in operating assets and liabilities totaling (36.5) million baht It's all Adjustments for non-cash and non-operating activities were primarily driven by depreciation and amortization of 15.4 million baht, losses on inventories allowance of 2.7 million baht, losses from changes in fair value of derivative assets 3.1 million baht and finance cost 6.5 million baht. For the changes in assets and liabilities operating,

this was primarily due to an increase in inventories 34.4 million baht, and increase other current liabilities 39.3 million baht. A decreased of trade receivables and other receivables of 4.2 million baht and decrease trade payables and other payables of 8.5 million baht.

Cash from investing activities amounted to (50.6) million baht. This was mainly due to the payment of the construction of the building in the amount of 59.2 million baht and proceeds from restricted bank deposits 10.3 million baht.

Cash from financing activities amounting to Baht 78.5 million. This was primarily due to proceeds from trust receipt 145.3 million baht, short-term borrowings from financial institution 400 million baht, issue of ordinary shares 16.5 million and dividend paid 460 million baht.