



Management Discussion and Analysis

For the Three-Month Period Ended 31 March 2023

Executive Summary

Consolidated financial statements <i>Unit: THB000</i>	Quarter 1	Quarter 4	Quarter 1	Change	
	Year 2023 ("1Q23")	Year 2022 ("4Q22")	Year 2022 ("1Q22")	%QoQ	%YoY
Revenue from sales	119,950	141,288	83,403	(15.1%)	43.8%
Gross profit	34,401	47,856	23,297	(28.1%)	47.7%
EBITDA	13,134	23,847	(7,688)	(44.9%)	270.8%
Net profit (loss)	1,859	10,661	(11,582)	(82.6%)	116.1%
<i>Gross profit margin</i>	28.7%	33.9%	27.9%	(5.2%)	0.7%
<i>EBITDA margin</i>	10.7%	16.4%	(8.9%)	(5.7%)	19.6%
<i>Net profit (loss) margin</i>	1.5%	7.4%	(13.4%)	(5.8%)	14.9%

Source: Interim financial information 3m23 (Reviewed), financial statements FY22 (Audited) and management information

The First Quarter QoQ (1Q23 vs 4Q22)

- In 1Q23, the Group had lower revenue from sales than 4Q22 by 15.1%. This was mainly derived from lower customer's orders on conventional medicine under OEM.
- The Group's gross profit margin for 1Q23 was lower than 4Q22 by 5.2% since the Group had less sales of OEM and Own Brand products.
- In 1Q23, the Group had EBITDA and net profit lower than 4Q22 by THB 10.7 million and THB 8.8 million, respectively, because lower gross profit earned.

The First Quarter YoY (1Q23 vs 1Q22)

- The Group's revenue from sales for 1Q23 increased from 1Q22 amounting to Baht 36.5 million, or 43.8%. This was mainly because the increase of dietary supplements under Own Brand, according to a collaboration with a customer to perform mass advertising.
- However, gross profit margin for 1Q23 rose up from 1Q22 by 0.7%. The Group had higher production costs, especially depreciation of completed production factory amounting to THB 2.9 million and electricity expense amounting to THB 1.6 million.
- The Group had net profit in 1Q23 since higher revenue earned from dietary supplements and conventional medicine. However, the Group had higher staff costs and professional fees.

3-Month Period Financial Ratios YoY (3m23 vs FY22)

- The Group had net profit in 3m23; therefore, return on assets and equity for 3m23 became positive figures.
- Debt-to-equity for 3m23 slightly increased because the Group received additional loan from financial institution amounting THB 20.0 million.

	3m23	FY22
<i>Return on assets</i>	0.6%	(1.4%)
<i>Return on equity</i>	0.7%	(1.9%)
Debt-to-equity ratio (Times)	0.31	0.30

Significant events during 1Q23

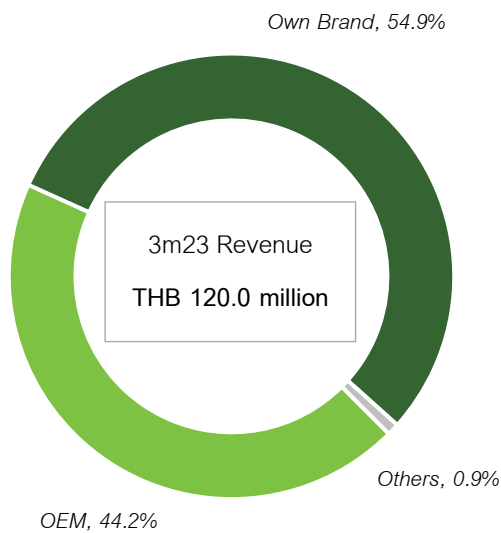
Approval of acquisition in CDIP (Thailand) Public Co., Ltd.

On 28 February 2023, the Board of Directors had a resolution to approve the Company to invest in ordinary shares of CDIP (Thailand) Public Co., Ltd. ("CDIP") in the amount not exceed than 156.0 million shares, accounted for 65.0% of registered and paid-up capital with consideration not exceed than THB 200.00 million from connected persons.

CDIP engages in product research and development, especially dietary supplements and cosmetics, and training and seminar services. In addition, CDIP had an investment in 44.0% of Medis Corporation Co., Ltd., which engages in vending machine. The Company believed that investing in CDIP will support the Company to gain knowledge in new products and expand the Company's channel of distribution.

Operating results

1. Revenue from sales structure



Products under customer's brand (OEM)

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

Products under the Group's brand (Own Brand)

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

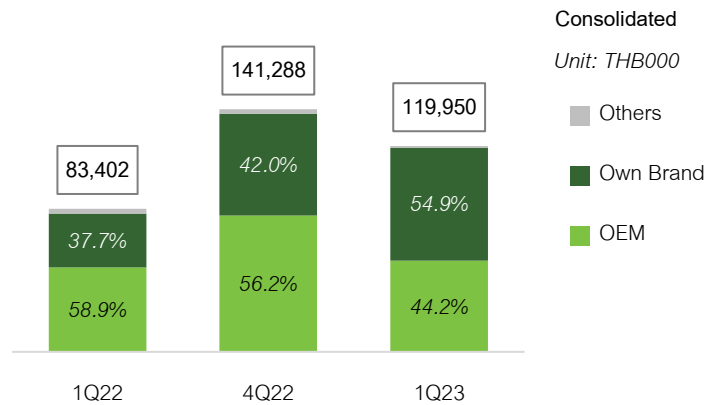
Other products (Others)

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

1.1 Revenue by product type

Consolidated financial statements	Quarter 1	Quarter 4	Quarter 1	Change	
	Year 2023	Year 2022	Year 2022	%QoQ	%YoY
Unit: THB000	("1Q23")	("4Q22")	("1Q22")		
OEM	53,067	79,406	49,139	(33.2%)	8.0%
Own Brand	65,845	59,292	31,440	11.1%	109.4%
Others	1,038	2,590	2,823	(59.9%)	(63.2%)
Total	119,950	141,288	83,402	(15.1%)	43.8%

Source: Interim financial information 3m23 (Reviewed), financial statements FY22 (Audited) and management information



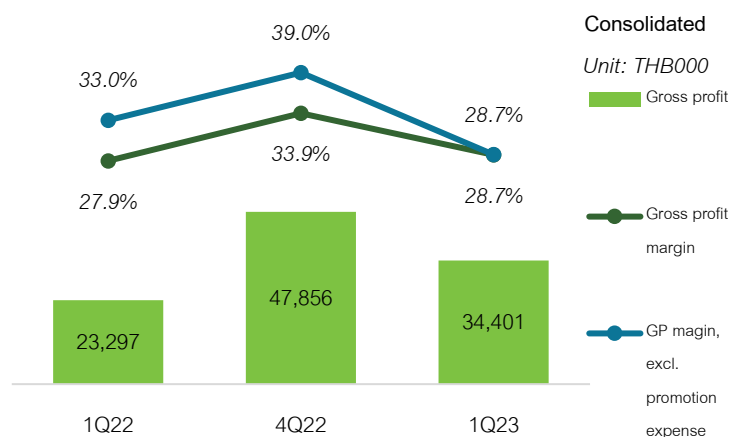
The First Quarter QoQ (1Q23 vs 4Q22) 1Q23's revenue from sales increased from 4Q22 by 15.1% mainly because

- **OEM products:** The Group had lower revenue from OEM products because customer's order for conventional medicine decreased.
- **Own Brand products:** According to the collaboration with a customer for sales promotion became effective, revenue from dietary supplements under Own Brand increased significantly.

The First Quarter YoY (1Q23 vs 1Q22) Revenue from sales for 1Q23 increased from 1Q22 by 43.8% since

- **OEM products:** Because of uncertainties in economics and politics since 1Q22, customers had stringent in spending. However, the Group performed several actions to stimulate customer's demand. The Group then had revenue from dietary supplements for 1Q23 higher than 1Q22 totalled THB 3.9 million.
- **Own Brand products:** Revenue from this product type increased by 109.4% and that it took proportion at 54.9% of total revenue in 1Q23. Dietary supplements revenue rose up principally because the Group expanded channel of distribution to various TV Home Shopping.

2. Gross profit and gross profit margin



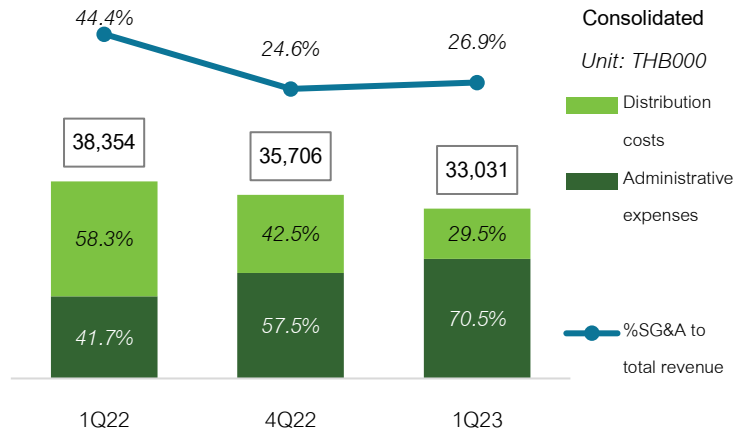
The First Quarter QoQ (1Q23 vs 4Q22)

- Gross profit for 1Q23 was lower than 4Q22 amounting to THB 13.5 million because the Group had more cost of production from electricity and depreciation of fixed assets.

The First Quarter YoY (1Q23 vs 1Q22)

- In 1Q23, the Group had THB 34.4 million of gross profit, which higher than 1Q22 by THB 11.1 million. The change mainly derived from Own Brand's gross profit increased. However, gross profit margin for 1Q23 after excluding the effect of marketing expense was lower than 1Q22 by 4.3% because of higher electricity and depreciation expenses.

3. Distribution costs and administrative expenses



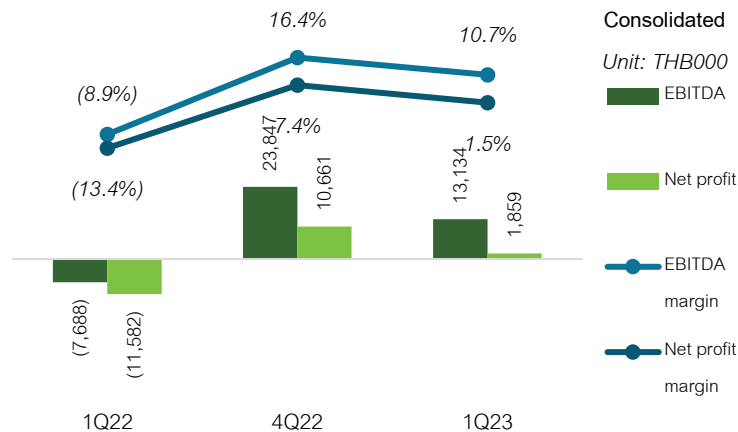
The First Quarter QoQ (1Q23 vs 4Q22)

- Distribution costs:** The Group's distribution costs for 1Q23 and 4Q22 were THB 9.8 million and THB 15.2 million, respectively. The decrease in expenses for 1Q23 was mainly because the Group had less agent fees for selling goods.
- Administrative expenses:** The Group had administrative expenses for 1Q23 and 4Q22 amounting to THB 23.3 million and THB 20.5 million, respectively. The increase of expenses resulted from staff costs and professional service fees.

The First Quarter YoY (1Q23 vs 1Q22)

- Distribution costs:** Distribution costs for 1Q23 decreased by 56.4%, comparing with 1Q22. This was because advertising expenses decreased.
- Administrative expenses:** Administrative expenses for 1Q23 was higher than 1Q22 by 45.6% due to staff costs and professional service fees in relation to merger and acquisition.

4. EBITDA and net profit



The First Quarter QoQ (1Q23 vs 4Q22)

- In 1Q23, the Group's EBITDA and net profit were THB 13.1 million and THB 1.9 million, respectively, which resulted from increase of electricity and depreciation pressured gross profit.

The First Quarter YoY (1Q23 vs 1Q22)

- In 1Q23, the Group had higher profit than 1Q22 amounting to THB 13.4 million. These were because higher revenue while lower of distribution costs.

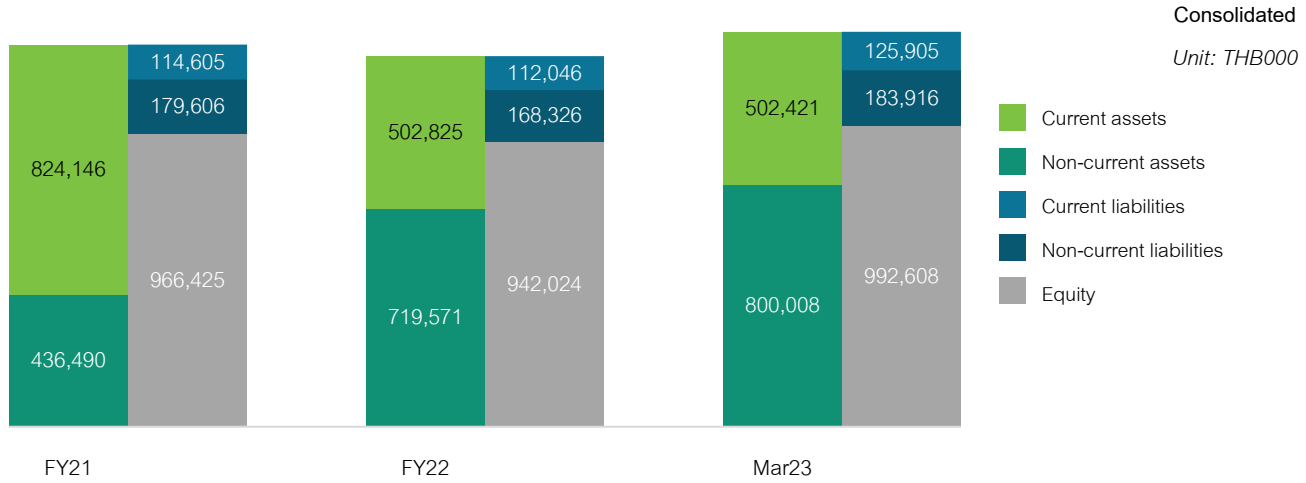


Consolidated income statement

Consolidated financial statements	Quarter 1	Quarter 4	Quarter 1	Change	
	Year 2023	Year 2022	Year 2022	%QoQ	%YoY
<i>Unit: THB000</i>	("1Q23")	("4Q22")	("1Q22")		
Revenue from sales	119,950	141,288	83,403	(15.1%)	43.8%
Cost of sales	(85,549)	(93,432)	(60,106)	(8.4%)	42.3%
Gross profit	34,401	47,856	23,297	(28.1%)	47.7%
Other income	2,689	3,755	2,068	(28.4%)	30.0%
Distribution costs	(9,756)	(15,190)	(22,373)	(35.8%)	(56.4%)
Administrative expenses	(23,275)	(20,516)	(15,981)	13.4%	45.6%
Operating profit (loss)	4,059	15,905	(12,989)	(74.5%)	(131.2%)
Finance costs	(1,921)	(1,864)	(1,791)	3.1%	7.3%
Gain on measurement of financial assets	(6)	(777)	357	(99.2%)	(101.7%)
Reversal of impairment loss in accordance with TFRS9	74	(105)	509	(170.5%)	(85.5%)
Profit (Loss) before taxes	2,206	13,159	(13,914)	(83.2%)	(115.9%)
Income taxes	(347)	(2,498)	2,332	(86.1%)	(114.9%)
Net profit (loss)	1,859	10,661	(11,582)	(82.6%)	(116.1%)
Earnings per share (Baht)					
Basic	0.004	0.02	(0.03)		
Diluted	0.003	0.02	(0.03)		

Source: Interim financial information 3m23 (Reviewed), financial statements FY22 (Audited) and management information

Financial position



Assets

- **Current assets:** As of 31 March 2023 ("Mar23"), current assets primarily comprised cash and cash equivalents, short-term investments and inventories, accounted for 80.6% of total current assets.
- **Non-current assets:** As of Mar23, the Group's property, plant and equipment increased by THB 27.3 million. The higher value of property, plant and equipment was because acquisition of land and construction of new warehouse at Bangkok, construction of new plant at Lamphun province and constructing new production facility at Pathumthani province.

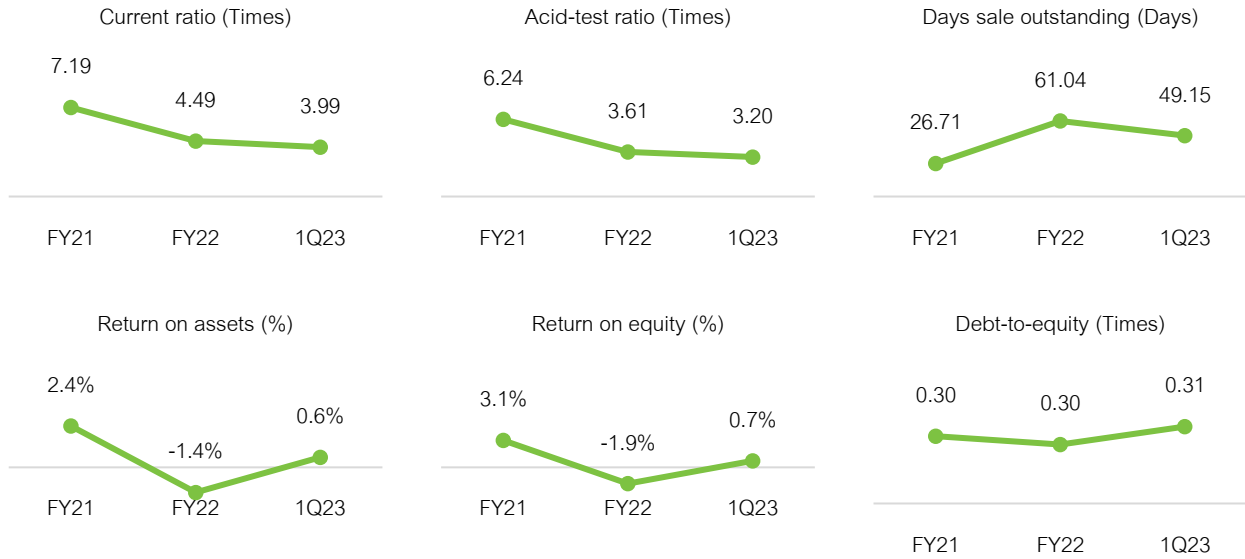
Liabilities

- **Current liabilities:** Current liabilities of the Group as of Mar23 was lower than FY22 by Baht 13.9 million. This was because the Group had higher advances received from customers for production of goods totalled THB 11.8 million.
- **Non-current liabilities:** Non-current liabilities as of Mar23 increased from FY21 by 9.3% because the Group borrowed a long-term loan from financial institutions amounting to THB 20.0 million.

Equity

- During 1Q23, the Group's equity increased amounting to Baht 48.7 million resulted from share subscriptions received in advance in relation to the exercise of warrant JSP-W1. The Company registered such additional shares to the Ministry of Commerce on 12 April 2023.

Significant financial ratios



- In 1Q23, the Group's liquidity decreased because the investment of fixed assets for business expansion purposes. However, the Group had lower days sale outstanding.
- Return on assets and return on equity turned to positive figures because of profit in 1Q23.
- Although the Group had more borrowing from financial institution, the Group's debt-to-equity ratio increased by 0.01 times.