

15 May 2023

Subject Management discussion and analysis for the three month period ended 31 March 2023

To President
The Stock Exchange of Thailand

Premier Quality Starch Public Company Limited and its subsidiaries (hereinafter reference to as “Company”) would like to clarify the operation results of the Company for the three month period ended 31 March 2023, details are as follows:

Income Statement	2022		2023		% YoY	
	THB mn	%	THB mn	%		
Revenues from sale of goods	727.71	96.19%	832.88	95.20%	105.17	14.45%
Revenues from sale of electricity	8.66	1.14%	13.20	1.51%	4.54	52.42%
Other income	20.20	2.67%	28.80	3.29%	8.60	42.57%
Total revenues	756.57	100.00%	874.88	100.00%	118.31	15.64%
Cost of sale of goods	513.38	68.86%	725.71	82.95%	212.33	41.36%
Cost of sale of electricity	4.39	0.58%	5.68	0.65%	1.29	29.38%
Selling expenses	58.54	7.74%	57.44	6.57%	(1.10)	-1.88%
Administrative expenses	21.33	2.82%	24.82	2.84%	3.49	16.36%
Loss from fair value measurement of derivatives - net	3.33	0.44%	5.39	0.62%	2.06	61.86%
Loss on foreign exchange rate - net	(4.73)	-0.63%	(8.42)	-0.96%	(3.69)	78.01%
Total expenses	596.24	78.81%	810.62	92.65%	214.38	35.96%
Profit from operations	160.33	21.19%	64.26	7.35%	(96.07)	-59.92%
Finance costs	(3.39)	-0.45%	(5.58)	-0.64%	2.19	64.60%
Income tax expense	(10.82)	-1.43%	(1.63)	-0.19%	(9.19)	-84.94%
Profit for the years	146.12	19.31%	57.05	6.52%	(89.07)	-60.96%

Sales revenue

For 2023, the Company's revenue from selling native tapioca starch was 832.88 THB mn, an increase of 14.45% compared to 2022. The revenue from domestic sales amounted to 274.92 THB mn. This accounted for 33% of total sales revenue in 2023 and 557.96 THB mn, from export sales, accounted for 67% of total sales revenue in 2023. The increase in revenue was driven by an increase in the average selling price which is in line with the trend of the market price of starch prices that have been steadily increasing since the end of 2022 due to the high stable price of cassava (the main raw materials). Meanwhile, the sales volume decreased compared to the previous year.

Electricity sales revenue

For 2023, the Company's revenue from the sale of electricity from biogas was 13.20 THB mn. The increase was 4.54 THB mn or 52.42% compared to 2022 due to an increase in electricity sales volume.

Other income

For 1st quarter of 2023 the other income was 28.80 THB mn. Increased by 8.60 THB mn or 42.57% YoY due to a Increase in revenue from the sale of scrap materials to third parties from the cost of raw materials.

Cost of sales

For 1st quarter of 2023, the Company had a cost of sales 725.71 THB mn, or a ratio of cost of goods sold equivalent to 87.13%, resulting in a price rise of cassava (the main raw materials). The Company had a cost of electricity sales equal to 5.69 THB mn, or a ratio of cost of electricity sales to revenue of 43.03 %.

Distribution cost

For 1st quarter of 2023, the Company's sales expenses decreased compared to 2022, the decrease amount 1.09 THB mn, or 1.86% due to the sales volumes.

Administrative expenses

For 1st quarter of 2023, the Company's administrative expenses increased by 4.49 THB mn or 16.36% compared to the same period in he2022, due to the increase in the staff cost, the annual salary increase, as well as the cost of preparing to IPO.

Finance Cost

For 1st quarter of 2023, the company had a financial cost increased 2.19 THB mn or 64.60% from the same period in 2022. This is due to prior to acquiring fund from IPO , the Company still had higher short-term loans than the same period last year.

Net profit

For 1st quarter of 2023, the company's gross profit was 114.69 THB mn, the decreased 103.91 THB mn or 47.53%, net profit decreased 89.07 THB mn, or 60.96% compared to 2022, with a decrease in net profit margin from 19.31% to 6.52%, mainly because the rate of increase in raw material costs is higher than the rate of increase in the market price of starch.

Financial Position

Financial Position (Unit : THB mn)	31 December 2565	31 March 2566	Amount	%
Total Assets	1,784.40	2,381.02	596.62	33.44
Total Liabilities	777.94	325.52	(452.29)	-58.14
Total Equity	1,006.46	2,055.37	1,048.91	104.22
D/E Ratio) : Times	0.77	0.16	(0.61)	-79.50

Assets

As at 31 March 2023, the Company had a total asset value of 2,381.02 THB mn, increased from 31 December 2022 amounting to 596.62 THB mn or 33.44%. The mainly increased from cash and cash equivalents received from IPO funding and from investment in construction of tapioca starch production plant in new province to expand production capacity according to the objectives announced by the Company in the IPO fundraising.

Liabilities

As at 31March 2023, the Company had total debts of 325.52 THB mn or an decrease of 452.29 THB mn, or 58.14% from 31 December 2022. The mainly decreased from repayment all short-term loans to manage liquidity and partially repaying long-term loans after receiving funds from the IPO.

Total Equity

As of 31 March 2023, the Company had equity of 2,052.07 THB mn, increased from 31 December 2022, 1,045.61 THB mn. Due to the Company initial publicly offered its common stock at offering price of Baht 6.00 per share during 7-9 February 2023. As a result, the Company's issued and

paid-up capital increased to Baht 670 million and the premium on share increased 821.86 THB mn. The Company's stocks were traded on the Stock Exchange of Thailand since 15 February 2023, onwards.

Financial Ratio

As at 31 March 2023, the Company's debt-to-equity ratio decreased sharply from 31 December 2022 due to the total shareholders' equity increased by Baht 1,048.91 million or an increase of 104.22%, while liabilities decreased by Baht 452.29 million or 58.14% after the Company received funds from the IPO and repaid all short-term loans.

Regards,

(Aphirat Thawatchutikorn)
Chief Finance Officer
Premier Quality Starch Public Company Limited