

Management Discussion and Analysis

For the year ended December 31, 2022

Overall Financial Performance

Statement of profit or loss	December 31, 2022		December 31, 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and rendering service	1,238.5	100.0%	1,027.7	100.0%	210.8	20.5%
Gross Profit	701.0	56.6%	562.7	54.8%	138.3	24.6%
Selling expenses	312.2	25.2%	278.2	27.1%	34.0	12.2%
Administrative expenses	219.3	17.7%	203.5	19.8%	15.8	7.8%
Earnings before finance costs and tax expense	172.9	14.0%	88.9	8.7%	84.0	94.4%
Finance costs	28.3	2.3%	28.4	2.8%	(0.1)	(0.4%)
Tax expense	14.9	1.2%	9.4	0.9%	5.5	58.5%
Net profit	129.7	10.5%	51.1	5.0%	78.6	153.8%

Remark : Financial data for 2021 and 2022 has been reclassified by the Company to align with the same basis as the financial statements of 1Q2023 for comparability, but it has not yet been audited.

Revenue from operation

Revenue from sales and rendering services in FY2022 was 1,238.5 million baht which significantly increased by 210.8 million baht or 20.5% from prior year since (1) COVID-19 situation have improved continually, and the Government's relief measures of COVID-19 allowed drugstores and beauty clinics to reopen their business as usual. Accordingly, the Group increased in revenue from most product categories. (2) The Group has adapted market strategies including sales promotions and exhibition booth set up to advertise and raise brand awareness which also led the growth of sales quantity and consequently the Groups' revenue.

Revenue by products	December 31, 2022		December 31, 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Generic drugs and new generic drugs	922.2	74.5%	752.8	73.3%	169.4	22.5%
Cosmetics	159.5	12.9%	144.8	14.1%	14.7	10.2%
Herbal medicines	91.3	7.4%	68.5	6.7%	22.8	33.3%
Food supplements	33.5	2.7%	28.0	2.7%	5.5	19.6%
Animal medicines	18.3	1.5%	19.7	1.9%	(1.4)	(7.1%)
Others	13.7	1.1%	13.9	1.4%	(0.2)	(1.4%)
Total revenue	1,238.5	100.0%	1,027.7	100.0%	210.8	20.5%

Revenue by types of products

In FY2022, the COVID-19 pandemic improved, and the Government's relaxation of COVID-19 measures caused the increase in revenue of most product categories. Revenue from generic drugs and new generic drugs increased by 169.4 million baht or 22.5% from FY2021. Furthermore, health and wellness trend in Thai herbal products became more popular that led to the growth of revenue from Herbal medicines by 22.8 million baht or 33.3% compared to FY2021. Besides, revenue from cosmetics rose by 14.7 million baht or 10.2% thanks to the constant recovery of tourism in Thailand which caused the increase in demand of cosmetic products from tourists. On the other hand, animal products were negatively affected by not only the decrease in number of pigs from African swine fever or other porcine epidemics in FY2021, but also number of chickens from lower supplies owing to higher feed costs in FY2022. Thus, revenue from animal products declined by 1.4 million baht or 7.1%.

Gross profit margin

Gross profit margin of FY2022 and FY2021 were 56.6% and 54.8%, respectively. The improvement in gross profit margin was driven by economies of scale that led to unit cost reduction. In addition, there was product portfolio management. The Group focused on sales of high profit margin products instead of low profit margin products. Moreover, the Group efficiently managed inventories which caused the reduction of allowances for inventories devaluation and led to the improvement in gross profit margin from the previous year as well.

Selling and administrative expenses

In FY2022, selling expenses raised by 34.0 million baht or 12.2% from FY2021 in-line with the growth of revenue from sales and rendering services during the year. Administrative expenses increased by 15.8 million baht or 7.8% from the previous year mainly by reasons of the rise of employee benefits due to bonus payment based on the Group's financial performance whereas bonus was not paid during the covid-19 outbreak in FY2021.

Net profit

The Group's net profit in FY2022 was 129.7 million baht and net profit margin was 10.5%. The improvement was mainly from cost management and efficient expense control together with maintaining financial costs. Furthermore, tax benefits from the Board of Investment of Thailand (BOI) were the cause of partial corporate income tax exemption. Tax benefits already expired since August 2022.

Statement of financial position

Statement of financial position	December 31, 2022		December 31, 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	1,212.6	100.0%	1,078.8	100.0%	133.9	12.4%
Total liabilities	931.1	76.8%	871.9	80.8%	59.2	6.8%
Total shareholders' equity	281.5	23.2%	206.9	19.2%	74.7	36.1%

Assets

As at December 31, 2022, total assets of the Group were 1,212.6 million baht which increased by 133.9 million baht compared to December 31, 2021 which mainly resulted in current assets as follows:

- **Cash and cash equivalents** increased by 15.7 million baht compared to prior year because of cash inflow from operations and cash received from raising capital during the year.
- **Accounts receivable** was 302.0 million baht as at the end of FY2022, which rose from FY2021 by 57.1 million baht in-line with the growth of revenue after the COVID-19 pandemic situation improved. Moreover, the Group has implemented stricter measures and more frequent follow-ups including commissions rewarded to sales staff who collected debts on time.
- **Inventories** was 400.5 million baht as at December 31, 2022 which raised from the previous year by 56.8 million baht. The reason was mainly from the improvement of COVID-19 situation that led to the increment in customers' demand. The Group increasingly manufactured goods to support sales orders in the near future, therefore finished goods and work in process reasonably increased.

Liabilities

Total liabilities of the Group were 931.1 million baht as at the end of FY2022 which surged by 59.2 million baht compared to FY2021. The reasons were mainly from current liabilities as follows:

- **Trade and other payables** increased by 47.1 million baht and 34.0 million baht, respectively, due to the increase in raw materials purchased that were consistent with sales orders. Besides, the Group's other payables increased mostly from accrued dividends by 37.5 million baht.
- **Bank overdraft and borrowings from financial institutions** reduced by 26.4 million baht from repayments during the year.

Shareholders' equity

Total shareholders' equity increased by 74.7 million baht from the issuance of shares of 40.0 million baht and total comprehensive income for the year of 128.7 million baht. Finally, the deduction of equity was from dividend payment of 94.0 million baht during the year.