

## Management Discussion and Analysis

For the 3-month period ended March 31, 2023

### Overall Financial performance

Statement of profit or loss	March 31, 2023		March 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and rendering service	337.0	100.0%	280.8	100.0%	56.2	20.0%
Gross Profit	191.7	56.9%	160.4	57.1%	31.3	19.5%
Selling expenses	82.5	24.5%	72.5	25.8%	10.0	13.8%
Administrative expenses	63.3	18.8%	50.3	17.9%	13.0	25.8%
Earnings before finance costs and tax expense	46.5	13.8%	39.0	13.9%	7.5	19.2%
Finance costs	8.3	2.5%	6.6	2.4%	1.7	25.8%
Tax expense	7.9	2.3%	4.3	1.5%	3.6	83.7%
Net profit	30.3	9.0%	28.1	10.0%	2.2	7.8%

### Revenue from operation

Overall revenue from sales and rendering services in Q1'2023 was 337.0 million baht which increased by 56.2 million baht or 20.0% compared to Q1'2022. The rise in sales was driven by continual implementation of aggressive marketing strategy since FY2022 including sales promotions and exhibition booth set up to advertise and raise brand awareness which also led the growth of sales quantity and the Groups' revenue.

Revenue by products	March 31, 2023		March 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Generic drugs and new generic drugs	256.5	76.1%	203.3	72.4%	53.2	26.2%
Cosmetics	39.1	11.6%	36.0	12.8%	3.1	8.6%
Herbal medicines	24.8	7.4%	20.1	7.2%	4.7	23.4%
Food supplements	7.9	2.3%	7.1	2.5%	0.8	11.3%
Animal medicines	1.3	0.4%	9.7	3.5%	(8.4)	(86.6%)
Others	7.4	2.2%	4.6	1.6%	2.8	60.9%
<b>Total revenue</b>	<b>337.0</b>	<b>100.0%</b>	<b>280.8</b>	<b>100.0%</b>	<b>56.2</b>	<b>20.0%</b>

### Revenue by types of products

In Q1'2023, thanks to aggressive marketing strategy in FY2022 onwards, revenue of almost all product categories has increased. Nonetheless, animal products were still negatively affected by the decline in number of Livestock animals.

### Gross profit margin

Gross profit margin of Q1'2023 was 56.9% which slightly decreased compared to Q1'2022 at 57.1% resulting from the increase in employee expenses in cost of goods sold. However, the Group has continually gained benefits from economies of scale that led to unit cost reduction, coupling with product portfolio management to focus on sales of high profit margin products instead of low profit margin products.

### Selling and administrative expenses

In Q1'2023, selling expenses rose by 10.0 million baht or 13.8% in-line with the growth of revenue during the year. The Group pursued aggressive advertising and participation in several exhibitions to enhance brand awareness and expand customer base. Furthermore, as the Group has entered into the agreement with Zuellig Pharma in January 2023, there was an increase in service fee paid to Zuellig Pharma in relation to logistics and payment collection from hospitals. Lastly, employee expenses also increased because of the increment of salary adjustments based on the Group's policy and bonus expenses thanks to improved operational performance.

Administrative expenses increased by 13.0 million baht or 25.8% from Q1'2022 in consequence of the increase in bonus expenses due to developed financial performance and the rise of fees for consultancy services related to initial public offering (IPO).

### Net profit

The Group's net profit in Q1'2023 was 30.3 million baht and net profit margin was 9.0%. The slight fall compared to prior year was a result of 1) an increase in administrative expenses in relation to process of initial public offering (IPO), 2) higher employee costs, 3) the addition of financial costs owing to the adjustment of interest rates announced by the Bank of Thailand, and 4) the expiration of tax exemptions from the Board of Investment of Thailand (BOI) in August 2022 which caused higher effective tax rates than the previous year.

### Statement of financial position

Statement of financial position	March 31, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	1,257.6	100.0%	1,212.6	100.0%	45.0	3.7%
Total liabilities	973.6	77.4%	931.1	76.8%	42.5	4.6%
Total shareholders' equity	284.0	22.6%	281.5	23.2%	2.5	0.9%

## Assets

As at March 31, 2023, total assets of the Group were 1,257.6 million baht which increased by 45.0 million baht compared to December 31, 2022 which mainly resulted from an increase in current assets by 26.1 million baht and non-current assets by 18.9 million baht as the following items:

- **Cash and cash equivalents** decreased by 18.7 million baht compared to prior year because of cash paid to acquire land and office building in Bangkok and invest in plant construction at Ratchaburi factory. Additionally, the Group repaid borrowings to financial institutions during the current period.
- **Accounts receivable** equals to 332.3 million baht as at March 31, 2023 which rose by 30.3 million baht in-line with the growth of revenue in this year.
- **Inventories** was 412.8 million baht as at the end of March 2023 which increased from the previous year by 12.4 million baht from the increment in purchase of raw materials. Besides, the Group increasingly produced goods to support sales orders and revenue growth expectation in the current year as well.
- **Property, plant and equipment** was to 309.9 million baht which increased from December 31, 2022 in the amount of 8.9 million baht due to the acquisition of land and office building in Bangkok and plant construction at Ratchaburi factory.
- **Right-of-use assets** increased by 10.3 million baht from the end of last year due to new machinery lease agreements and renewal of sales office space lease agreements.

## Liabilities

Total liabilities of the Group were 973.6 million baht at the end of March 2023 which rose by 42.5 million baht compared to FY2022. The reasons were mainly from an increase in current liabilities by 34.0 million baht and non-current liabilities by 8.5 million baht as follows:

- **Trade and other payables** increased by 6.2 million baht and 32.5 million baht, respectively, due to the increase in raw materials purchased that were consistent with sales orders. Besides, the Group's other payables also increased mostly from accrued dividends by 24.0 million baht.
- **Bank overdraft and borrowings from financial institutions** lowered by 17.3 million baht from repayments during the year.
- **Provision for employee benefits** increased by 7.3 million baht from prior year due to actuarial assumptions related to discount rate based on interest rates announced by the Bank of Thailand.

## Shareholders' equity

Total shareholders' equity increased by 2.5 million baht resulting from total comprehensive income for the period by 26.5 million baht, offset by dividend announcement by 24.0 million baht during the year.