

February 19, 2024

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2023 which has been audited by the auditor. The financial statement of the Company, as shown by Consolidated financial statements, records changes in the operating results from the previous year. The Company would like to clarify such significant changes as below,

Performance of the Company

(Unit: Million Baht)

	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Sales	7,540.44	99.25	7,528.86	99.44	11.58	0.15
Total revenues	7,597.68	100	7,570.97	100	26.71	0.35
Cost of Sales	4,033.11	53.49	4,048.93	53.78	(15.82)	(0.39)
Gross Profit	3,507.33	46.51	3,479.93	46.22	27.40	0.79
Selling and Administrative expenses	1,698.30	22.35	1,635.25	21.60	63.05	3.86
Profit for the period	1,707.77	22.48	1,706.97	22.55	0.80	0.05
Earnings per share (Baht)	3.80		3.79		0.01	0.26

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

1. Operating Results

1.1 Sale Revenue

The Company recorded total sales revenue of Baht 7,540.44 million and Baht 7,528.86 million in 2023 and 2022 respectively, increasing by Baht 11.58 million or by 0.15% from the previous year.

1.2 Cost of Sales

The cost of sales of the Company in 2023 stood at Baht 4,033.11 million, or increasing by 0.39% from the previous year. The cost of sales to total sales ratio to be at 53.49% decreasing from 53.78% in the previous year from raw material prices decreased. As a result, the gross profit margin increased to 46.51% from 46.22% in the previous year.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in 2023 amounted to Baht 1,698.30 million, accounting for 22.35% of total income, increasing by 3.86% from the previous year, This was mainly due to depreciation of 97 newly purchased transportation vehicles to replace the old ones that had a long service life, and the increase in promotional advertising costs to stimulate sales including expenses related to employees that increased according to salary and wage adjustments.

1.4 Profit for the year

The Company recorded the net profit of Baht 1,707.77 million, or increasing by 0.05% from the previous year. The Company maintained the net profit ratio at 22.48% of total income. Moreover, the Company has recognized the share of profit from investment in joint venture for the year ended 31 December 2023 in the amount of Baht 6.71 million.

Financial Position of the Company

(Unit: million Baht)

	December 31, 2023		December 31, 2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Total Assets	12,916.41	100	12,200.98	100	715.43	5.86
Total Liabilities	1,174.73	9.09	1,267.00	10.38	(92.27)	(7.28)
Shareholders' Equity	11,741.68	90.91	10,933.98	89.62	807.70	7.39
Total Liabilities and Shareholders' Equity	12,916.41	100	12,200.98	100	715.43	5.86

2. Financial Position

2.1 Assets

The total assets of the Company as of December 31, 2023 amounted to Baht 12,916.41 million, increasing by Baht 715.43 million from December 31, 2022. Main asset of the Company comprised of current assets by Baht 7,201.70 million, representing 55.76% of total assets and non-current assets by Baht 5,714.71 million, representing 44.24% of total assets. The increase in other current financial assets resulted from purchase of land for construction distribution centers and vehicle for transporting goods.

The trade and other receivables of the Company accounted to Baht 1,030.03 million, accounting for 7.97% of total assets, increasing by 2.66% from December 31, 2022, resulted from increased sales at the end of the year and payments not yet due. As a results, in an average debt collection period of 48 days.

2.2 Liabilities

The liabilities of the Company as of December 31, 2023 totaled to Baht 1,174.73 million, accounting for 9.09% of total Liabilities and Shareholders' Equity and decreasing by 7.28% from December 31, 2022, the average days of debt repayment was at 72 days. As a result the debt to equity ratio of the Company was at 0.10 times.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of December 31, 2023 stood at Baht 11,741.68 million, accounting for 90.91% of the total of Liabilities and Shareholders' Equity. The shareholders' equity increased by Baht 807.70 million from December 31, 2022, resulting from the operating profits. As a result, the book value of the Company stood at 26.09 Baht per share, increasing from 24.30 Baht per share in 2022.

3. Liquidity Position

The net cash from operating activities of the Company in 2023 amounted to Baht 1,863.89 million, resulted from operating profits.

The net cash used in investing activities totaled to Baht 1,028.86 million, resulting from investments in other financial assets. Purchase land for construction of 4 distribution centers, 97 transport vehicles and pay a deposit for machinery and equipment to produce products.

The net cash used in financing activities was a Baht 914.82 million, due to dividend payment amount of Baht 900 million.

The Company recorded cash and cash equivalents of Baht 569.15 million as of December 31, 2023, decreasing by Baht 79.79 million.

As at 31 December 2023, the Company maintained the current ratio at 6.78 and average day sales at 1 day. In addition, the average days of debt collection stood at 48 days, and the average days of debt repayment was at 72 days. As a result, the cash cycle of the Company was at 23 days.

4. Suitability of the Capital Structure

The Company's total debt to equity ratio was 0.10 times as of 31 December 2023, which was always low. It has an interest coverage ratio of 1,417.33 times, demonstrating the suitability of the Company's capital structure and its ability to pay debt.

5. ESG operations

Improving Fuel Efficiency in Transportation Sector and Uplifting the Logistics System

The company has controlled energy management in transportation to achieve maximum efficiency. This will reduce the amount of oil used. A GPS system is installed to control driving speed. Change the use of long-distance vehicles to have larger load sizes. To reduce the number of trips in transportation make the fuel consumption rate meet the set target. As a result, the company can continuously reduce fuel use. It also helps reduce the amount of greenhouse gas emissions and PM 2.5 dust that affect the environment.

Solar Rooftop Project

The company has a project to install a system to produce electricity from solar energy (Solar Cell) in order to reduce the use of electricity from the Metropolitan Electricity Authority. Including reducing the impact on the environment. Plan to install it on the rooftop area of the Bangchan factory. The company plans to complete the installation of solar panels by 2024. This will result in a reduction in the cost of electricity used in production.

6. Factors or events that may significantly affect the financial position or operations in the future

From the current situation around the world that is still uncertain, both from external factors in the areas of economics, politics, and geopolitical conflicts and domestic factors from government policy. This has an impact on the company's costs and expenses. For factors outside the country geopolitical conflicts it may affect the price of fuel, transportation costs and prices of main raw materials such as wheat flour, including prices of other types of raw materials and various packaging, the company has always been aware of this matter. Therefore, a plan was made to manage the purchase of raw materials and packaging. In order to be sufficient for production and get a reasonable price including managing the efficient use of fuel. For domestic factors from government policy in increasing the minimum wage, which will affect production labor costs in the future

To be informed accordingly,

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(Miss Petcharat Anantawichai)

Director and Senior Management Accounting Department

and Finance Department Manager

Company Secretary