

## 4. Management Discussion and Analysis

### 4.1 Analysis of Financial Position and Operating Results

#### 4.1.1 Overview of Business Operation

In 2022, the Russian-Ukrainian war, the inflation, fluctuation in foreign exchange rate had slowed down the global economy, as well as the COVID-19 virus epidemic which is continuing to spread worldwide despite an improvement trend. Due to these factors, the Company was able to respond quickly in timely manner for rising in raw material prices, thus increasing costs. Amidst these challenges in conducting the business today, the Company has adapted to find opportunities to achieve customer satisfaction as well as seek out new customers both in the country and overseas.

Furthermore, the Company strives to develop in every aspect, whether it be the creation of new innovations, the deployment of technology to communicate through every channel with both domestic and international customers, along with the management of risks resulting from various factors in conducting the business to an appropriate level. As a result, the overall business operations of the Company and its subsidiaries in the year 2022 increased in both revenue and profit compared to the previous year.

#### 4.1.2 Financial performance and Financial position



#### Revenue from sales

In 2022, the company and its subsidiaries had revenue from sales of 5,960 Million Baht, increased from prior year of 4,906 million baht or 21.5% by increasing in local sales of 708 Million Baht or 27.5% and increasing in export sales of 346 Million Baht or 14.8% due to increase in cosmetic products and packaging for cosmetic products.

(Unit : Million Baht)

Consolidated	2022	2021	2020	Increase (Decrease)			
				2022 / 2021		2021 / 2020	
				Amount	%	Amount	%
Domestic	3,283	2,575	2,177	708	27.5	398	18.3
Export	2,677	2,331	2,139	346	14.8	192	9.0
Total	5,960	4,906	4,316	1,054	21.5	590	13.7

#### Gross profit

In 2022, the company and its subsidiaries had gross profit of 29.5% of revenue from sales which was closed to prior year due to appropriate controlling their cost and expenses while cost of raw material and import expenses is higher than prior year.

#### Other income (included Dividend Income, Exchange Gains and Gain from fair value measurement on derivatives)

In 2022, the company and its subsidiaries had other income of 124 Million Baht decreased from prior year of 28 Million Baht due to decrease in exchange gains and other income.

#### Selling and distribution expenses

In 2022, the company and its subsidiaries had selling and distribution expenses of 241 Million Baht, increased from prior year 29 Million Baht or 13.7% which were related to increase in export expenses together with revenue from sales has increased.

#### Administrative expenses

In 2022, the company and its subsidiaries had administrative expenses 1,056 Million Baht, increased from prior year 60 Million Baht or 6% mainly due to increase in personel expenses and reserch and development cost.

#### Profit attributable to equity holders of the parent



In the consolidated financial statements of year 2022, the company and its subsidiaries had net profit attributable to equity holders of the parent company of 504 Million Baht, increased from prior year of 131 million baht or 35.1% due to increase in sales and its profitability together with overall control in cost and expenses as above explained.

### Return on Equity



In the consolidated financial statements of year 2022, the company and its subsidiaries had return on equity of 11.5%, increased from prior year 2.1% due to increase in profit for the year. The company has a policy to pay dividend to shareholders at 20-80 percent of profit for the year of the company's separate financial statement (under the cost method). However, this rate principally depends on economic conditions and operational results of the company.

In 2022, the company had profit for the year of 452.8 Million Baht. The company had the resolution of the Board of Directors' Meeting No. 1/ 2023 held on February 23, 2023 which shall be proposed to the shareholders' ordinary meeting for their approval on April 25, 2023 to pay dividend at the rate of 1.70 Baht per share, totally 254.9 Million Baht. The proposed dividend payment is equal to 56.3% of profit for the year of the separate financial statement and shall be paid on May 24, 2023.

### Financial position

**Total Assets :** In 2022, the company and its subsidiaries had total assets amounting to 6,377 Million Baht, increased from prior year of 368 Million Baht or 6.7% due to material changes as follows:

1. Increase in Cash and cash equivalent of 293 Million Baht due to collection of receivables from increase in revenue from sales.
2. Increase in Trade and other receivables of 124 Million Baht due to increase in revenue from sales.
3. Increase in Other non-current assets of 34 Million Baht mainly due to land lease payment during the year.
4. Decrease in Other non-current financial assets of 65 Million Baht due to decrease in listed equity instruments.

**Total Liabilities :** In 2022, the company and its subsidiaries had total liabilities amounting to 1,437 Million Baht, increased from prior year of 94 Million Baht or 7% due to material changes as follows:

1. Increase in Bank overdraft and short-term borrowing from financial institutions of 13 Million Baht due to a subsidiary has borrowing for its working capital.
2. Increase in Trade and other payables of 88 Million Baht due to increase in purchase of raw material and packaging for manufacturing.

**Shareholders' Equity :** In 2022, the company and its subsidiaries had shareholders' equity amounting to 4,940 Million Baht, increased from prior year of 304 Million Baht or 6.6% due to material changes as follows:

1. Profit for the year of 399 Million Baht.
2. Dividend payment of 180 Million Baht.

### Liquidity

1. Cash flows in 2022, the company and its subsidiaries had net increase in cash and cash equivalent of 62 Million Baht by separated activities as follows:

(Unit : Million Baht)

	2022	2021	2020
Cash Flows provided from Operating Activities	676	552	557
Cash Flows provided from (used in) Investing Activities	(171)	(141)	(76)
Cash Flows used in Financing Activities	(210)	(61)	(343)
Increase (decrease) in transaction adjustments	(2)	5	4
Net Increase (Decrease) in Cash and Cash Equivalent	293	355	142

The material changes in cash flows are as follows:

- Increase in cash flows provided from operating activities of 124 Million Baht mainly due to increase in profit from operating activities.
- Increase in cash flows used in investing activities of 30 Million Baht mainly due to decrease in sales of investments and acquisitions of property , plant and equipment.
- Increase in cash flows used in financing activities of 149 Million Baht mainly due to a subsidiary has repayment for short term borrowing from financial institutions.

2. Sufficiency of liquidity

(Unit : Million baht)

	2022	2021	2020	
Current Ratio	2.74	2.63	3.14	Times
Quick Ratio	2.76	2.79	3.13	Times
Current Cash Flow Ratio	0.67	0.70	0.82	Times
Debt to Equity ratio	0.29	0.29	0.25	Times

In 2022, the company and its subsidiaries had increase in Current Ratio compare to prior year, whereas Current Cash Flow Ratio was slightly decreased from prior year.

### 4.1.3 Sustainability Operations

The Company recognizes the importance of conducting business in conjunction with the sustainable development of the organization, where the impacts on the environmental aspects, social aspects, and corporate governance aspects are considered. In 2022, the Company carried out the following sustainability activities:

**Environmental aspect** The Company has set a goal to reduce greenhouse gas emissions from various activities by 12,000 ton Co<sub>2</sub> per year with a long-term goal of Carbon Neutrality in 2040 and Carbon Net Zero in 2050 from the base year of 2019 to adapt and keep pace with the challenge of climate change. In 2022, the Company implemented the Carbon Footprint project at the corporate level and achieved certification, which led to setting long-term goals and plans to reduce greenhouse gas emissions. The environmental preservation, particularly the efficient use of natural resources, is a significant issue in driving the economy and social development toward sustainability. The Company has established policies and guidelines for conducting business throughout the supply chain, starting with the development and design of a formula, purchasing, procuring raw materials, producing, and delivering products that are environmentally friendly, to ensure the efficient, cost-effective, and beneficial utilization of resources under the Green Initiative policy, consisting of Green Cosmetics, Green Packaging, Green Operations, and Green Project. This satisfied customers' needs and created competitive advantages among customers in this group, whereby the Company can generate sales of Baht 1,660 million in 2022.

**Social aspect** The Company conducts its business under the philosophy of "good people," which emphasizes the development of its employees into both good and great individuals. In 2022, the Company developed the spirit of being a "good person" among a group of leaders through the Leadership Program, consisting of an important course on "Growth Mindset & Greenversation", which prepares them for a work environment that may change constantly and for them to focus on helping others and contributing to the development of the organization and community. For a "great person", the Company developed the knowledge and skills of its personnel, both the leadership team and operational staff, to support sustainable business growth in the future through the development of high potential, the preparation of succession plans, and the performance evaluation systems.

Moreover, the Company encourages its employees to participate in the development of innovation within the organization to deliver products that are of high quality and environmentally friendly. In 2022, research and development expenses for technology and innovation amounted to Baht 124 million, which accounted for 2.1% of total revenue. The Company focuses on developing innovation to serve the needs of its customers, whether they are innovative products and services, production processes, and business models that can generate tangible business benefits. For its research and development planning, the Company has a strategy and portfolio that are aligned with its current and future goals.

Continuous research and development of innovation is an important factor that enhances the competitiveness of the business. The Company has adjusted its innovation strategy to create added value in

products and services and emphasized adaptation to meet customers' needs that change rapidly to generate higher profits. In 2022, the Company had products with a new innovation made from red jasmine rice extracts with high antioxidants. The Company has used it as an ingredient in sunscreen products to increase the efficacy of care and be gentle on the skin, thus serving customers' needs and resulting in sales of up to Baht 828 million.

**Corporate Governance aspect** The company conducts its business under the principles of corporate governance and promotes a work environment that is transparent, fair, and no discrimination by implementing risk management principles and business continuity planning to ensure the business can continue its operations appropriately. In addition, the Company has prepared a tax policy to guide its tax operations in a transparent manner. The Company and its subsidiaries paid income tax expenses to the government as follows:

Consolidated	2022	2021	2020
Accounting profit before tax (Million Baht)	640.5	457.6	334.6
Applicable tax rate	0-20%	0-20%	0-20%
Income tax expenses (Million Baht)	100.6	58.8	20.5
Effective tax Rate (%) *	15.7%	12.8%	6.1%
Corporate income tax paid (Million Baht)	94.7	44.9	46.7

\* Calculated from income tax expenses divided by profit before tax

In 2022, the Company and its subsidiaries had Income tax expense according to the consolidated financial statements was Baht 100.6 Million, representing an effective income tax rate of 15.7%. However, the effective tax rate was lower than the applicable tax rate, main reason is that some companies have losses. In 2022, the Company and its subsidiaries paid income tax in the amount of Baht 94.7 Million.

## 4.2 Factors or situations which may significantly impact Operating Results and Financial Status of the Company and its Subsidiaries in the Future

In the future, aside from increased cost from the price of raw materials and oil prices that may affect the operating expenses of the company and its subsidiaries, economic conditions, purchasing power, and changes in consumer behavior, as well as technological advances and the economic impact of COVID-19 are also important factors that will affect the company's operations and financial position in the future. Nevertheless, if the company and its subsidiaries is able to adjust and manage its associated costs appropriately, develop innovative products through understanding the needs of customers and changing consumer behavior, and then use that information to set a short-term and long-term strategic plan that covers various related matters, this will lead to the opportunity to sell products to existing customers and new customers in the future.