



ANNUAL REPORT 2021

JSP Pharmaceutical Manufacturing (Thailand) PCL.





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A large green circular graphic with a white center. The text 'Section 1' is written in green in the center, and 'Business Operation and Performance' is written in grey below it. There are decorative elements: a white ring at the top right, a yellow circle at the bottom left, a grey circle at the bottom left, and a grey ring at the bottom center.

Section 1

Business Operation
and Performance

Structure and Operation of the Company

Policies and Business Overview

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited (“the Company” or “JP”), is a company managed by Daengprasert family with extensive experience and expertise in pharmaceutical and herbal businesses since 1954 starting from a pharmacy business in the Hualumphong area under the ‘Suphap Osot’ brand which later in 1975 was expanded by establishing a limited partnership which is COX Laboratories (Thailand) Limited Partnership (“COX”) to operate the business of manufacturing and distributing conventional medicines.

In 2004, Mr. Sittichai Daengprasert and Mr. Pissanu Daengprasert took over the business and saw the growth opportunity in the dietary supplements market. Later in 2005, JSP Pharmaceutical Manufactory (Thailand) Company Limited was established with an initial registered capital of Baht 1,000,000 (ONE MILLION BAHT) (consisting of 10,000 ordinary shares with a par value of Baht 100.00 per share) to manufacture and distribute dietary supplements with its first factory located at 255,257, Soi Sathupradit 58, Bangphongphang Sub-district, Wannawa District Bangkok 10120 (Bangkok Plant).

In 2011, the Company established the second factory in Lamphun Province, located at 260 Moo. 4, Sri Bua Ban Sub-District. Mueang Lamphun District, Lamphun Province 51000 (Lamphun Plant) to support the production of healthcare products for Health Conscious and Wellness trend, which is gaining interest from consumers, as shown in the growth of the dietary supplement market trend in Thailand that tends to expand continuously.

In 2017, there was a restructure among the group companies by merging COX business, which is a business combination under common control as Daengprasert family was still the major shareholder before and after the

following transaction and COX has not operated any business since 2017. The Company has been a developer, manufacturer and seller of conventional and traditional medicines, herbal products and dietary supplements, providing a wide range of services covering the manufacturer and the seller of the products under both customers’ trademark (OEM) and the seller of the products under the Company’s trademark (Own Brand).

In December 18, 2018, the Company was registered as a public limited company (JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited) and changed the par value from Baht 100.00 per share to Baht 0.5 per share. Subsequently, in 2021, on May 26, 2021, the Company increased its registered capital from Baht 170,000,000 (ONE HUNDRED AND SEVENTY MILLION BAHT) to Baht 227,500,000 (TWO HUNDRED AND TWENTY-SEVEN MILLION AND FIVE HUNDRED THOUSAND BAHT) by issuing 115,000,000 new ordinary shares for Initial Public Offering.

The Company has been certified for GMP (Good Manufacturing Practice) from the Food and Drug Administration, Ministry of Public Health (FDA), which is to certify that the Company’s conventional and traditional medicines meet the standards compliance with good procedures, consistent and equal to the principles of good drug production, Pharmaceutical Inspection Co-operation Scheme (PIC/S) which is an international standard. The Company is also GMP certified by third-party certifiers for its dietary supplements which is a certification system for production methods, production tools and good preservation in the scope of food supplement production including being certified to use Halal certification mark. In addition, the Company has achieved the certification of the Quality Management System under the ISO Standard 9001:2015.

¹ **Pharmaceutical Inspection Co-operation Scheme (PIC/S)** is a collaborative framework established by a group of international GMP inspectors, especially in European countries. PIC/S was established in 1995 with the aim of aligning GMP audit standards in drug production in each country as well as the guideline, training, and inspector assessment officer and, build and expand a scope of international cooperation. There are currently more than 40 countries as member worldwide, including Thailand.

Visions, Objectives and Business Strategies



Vision

• •

One of the top companies in research, manufacture and distribution of medicines, medical supplies, food and dietary supplements

• •



Mission

1. Develop distinguished products, devote to the quality and create maximum value to human and animals
2. Develop personnel in order to be thoughtful to improve and to develop their operation and service effectively and continuously.
3. Encourage, support the quality of lives of the personnel, communities, societies and environment and use resources worthily
4. Develop productive innovations, products and service to be modern according to the international standard, to have high competition capability and to always create customer satisfaction
5. Have good governance, be honest and responsible to the customers, stakeholders and the products and offer sustainable service

Business Strategies

1. **The Company has expanded the business by focusing on product growth under the Company's own brand.**

The Company realized that the products under the Company's own brand have the potential to increase the profit rate and to decrease the risk from relying on the large-contract manufacturing customer base. The Company has plans to develop modern medicines, traditional medicines, dietary supplements with natural extracts, plant-based protein and dietary supplements that use new innovations, such as using raw materials or having new production process for both beauty and health.

Moreover, the Company has a marketing policy to encourage the growth of revenue from the products under the Company's brand by giving

special attention to marketing to motivate the customers to be more health-conscious and focusing on scientifically correct information through advertising and providing academic information; accordingly, the mentioned methods are the strategies that support and encourage the consumers to be interested in the products of the Company. The Company has predicted that the mentioned strategies will make the overall market share and market size become larger. The Company has set the budget for advertisement and PR for the products under the Company's brand aiming at new product consumers who are health-conscious through various communicational modes. Correspondingly, the Company uses online channels for marketing a business and has promotion activity at the Point of Sale.

2. The Company has presented the innovation and new products with the potentials to grow highly from research and development division of the Company.

The Company is determined to develop innovations and new products to have potentials in order to grow highly, to meet the needs of the customers and to strengthen the business growth. The division of research and development of the Company has co-operated with other organizations, such as educational institutes and government agencies to research and develop to have new knowledge from educational division in order to have expansion towards commercial production. Currently, there are major projects of research and development of the Company, such as the projects to research, develop and process duckweed for commercial production. The duckweed is a high-protein plant and can be developed to be dietary supplements from plant-based protein. The project to develop herbs from hemp and marijuana and the project to research chewable softgel capsules, which are the capsule pills that help accelerate the action of drugs and make the gelatin tastier and more edible. Additionally, the Company has researches and developments in order to constantly improve the production process of the Company, such as solution development and the process to clean greasy surface of the soft gel, which is a safe and edible chemical; this process allowed the gelatin to be reused in the production process again. Therefore, the wastes, the cost for raw materials and the cost for waste disposal were reduced. According to the determination to emphasize on the mentioned innovations and constant development, currently, the Company has requested to receive petty patents, and the current process is to wait for consideration and approval for 13 petty patents.

3. The Company has been expanding the growth of online channels in order to meet the customer needs in digital age.

The Company realized the growing change of customer behavior towards online channels from the convenience of ordering goods via their smart phones and the spread of COVID-19. These are some of crucial factors that urge the customer to avoid from general stores. As a result, the Company has focused more on increasing revenue through online channels. In the past, the Company has used the marketing strategies through multi-channel marketing and has been constantly employing these strategies to reach customers as much as possible. The Company has aimed at creating brand awareness on social media and selling more products through online channels. It is clearly seen that the Company has used the constantly-developing marketing strategies in order to be in accordance with the continuous change of customer behavior.

4. The Company has been expanding the market to the international level, especially in the CLMV, such as Cambodia, Laos, Myanmar, and Vietnam.

The Company has the policies to emphasize more on international distribution since there is clear potentials for the opportunity to grow in the CLMV, such as Cambodia, Laos, Myanmar, and Vietnam. In the past, the products of the Company have been registered by related organizations in those countries in the CLMV, and the products also have been planned to be registered more. Moreover, the Company would like to appoint distributors in other countries that wish to purchase the Company's products for distribution and those distributors must be proficient in doing marketing in overseas to meet with constant growth. Nonetheless, the approval for product import must be carried out by the distributors of those countries themselves. Nevertheless, the Company is open to business negotiation to appoint distributors overseas which

the Company considered as increasing more opportunities for business in order to expand distribution channels and customer base in overseas.

5. The Company has bought and invested in other companies by the method of merger and acquisition in medicine business, dietary supplements and other products for health with high potentials to grow.

In order to encourage the growth of the Company in the future, the Company has looked for opportunities to buy or invest in any business relating to medicines and products for health with high potentials that help support the major business of the Company only; especially, the Company focuses mainly on selling products under the brand of the Company. The purchase includes buying product brands, trademarks and medical technologies of some specific products. The Company aimed at having business opportunities in the market of medicines and health products that the Company mainly considered to have high potentials for growth. However, the Company will propose the mentioned list to the Member of the Risk Management Committee and/or the Audit Committee and the Board of Directors to consider before processing any further, in order to be sure that the Company will receive the maximum benefits from the transactions; additionally, the Company will follow the Notification of Capital Market Supervisory Board Tor.Jor. 20/2551 (2008) regarding guidelines about the regulation on significant transactions subjecting to be an acquisition or disposition of assets and the Notification of The Board Of Governors of the Stock Exchange of Thailand Re : Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 with other additional revision of Notifications, the Notifications of the Capital Market Supervisory Board Tor.Jor. 20/2551 (2008) regarding guidelines

to Related Parties Transaction (RPT) and the Notification of the The Board of the Stock Exchange of Thailand regarding Disclosure of Information and Act of Listed Companies Concerning the Related Parties Transaction, 2003 with other additional revision of Notifications

In case, the Company receives the opportunity to expand the business in the market of medicines and dietary supplements as mentioned before; the consideration and the making of transactions are up to various factors, such as opportunity to accept proposal, the sufficiency of the sources of funding of the Company, the worthiness in investing due diligence.

6. The Company has been managing the cost efficiently by investing in machines, increasing productive capacity and improving the efficiency in providing raw materials to enhance the potentials from the Economy of Scale

to support the future growth of the Company. The Company has set strategies to support the growth by focusing on efficient cost management in the forms of investing in modern machines, designing proficient production lines, reducing dependence on human labor and increasing production capacity of the products with high potentials and high rate of profitability. The Company has been able to decrease the overall cost by emphasizing on the products that the Company has skillfully experienced and are accepted by the customers; therefore, the production capacity, along with the Economy of Scale, has increased. Furthermore, the Company has currently been planning to import the main ingredients by its own and/or to make a sole distributor agreement and/or to research in developing of more domestic raw materials, which would help the Company reduce the cost and increase profitability.

Key Changes and Development

**Year
2005**

- On November 15, 2005, the Company was registered and established under the name of “JSP Pharmaceutical Manufactory (Thailand) Company Limited” with initial registered capital of Baht 1.00 million, consisting of 10,000 ordinary shares at a par value of Baht 100.00 per share. The head office is located at 255,257, Soi Sathupradit 58, Bangphongphang Sub-district, Yannawa District, Bangkok 10120.

**Year
2009**

- January : The Company increased its registered capital from Baht 1.00 million to Baht 16.00 million by offering newly-issued ordinary shares to the existing shareholders (Rights Offering) in order to be used as working capital in operations.
- June : The Company increased its registered capital from Baht 16.00 million to Baht 46.00 million by offering newly-issued ordinary shares to the existing shareholders (Rights Offering) in order to be used as working capital in operations.

**Year
2010**

- December : The Company increased its registered capital from Baht 46.00 million to Baht 66.00 million by offering newly-issued ordinary shares to the existing shareholders (Rights Offering) in order to be used as working capital in operations.

**Year
2011**

- Started building another new plant at 260 Moo.4 Sri Bua Ban Sub-District, Mueang Lamphun District Lamphun 51000 used in the production of dietary supplements, traditional medicines and herbal products.

**Year
2017**

- January : The Company has restructured by merging Cox Laboratory Limited Liability Partnership in which it was treated as business combination under common control as Daengprasert family is the Company’s major shareholder before and after the following transaction.
- May : The Company increased its registered capital from Baht 66.00 million to Baht 100.00 million by offering newly-issued ordinary shares to the existing shareholders (Rights Offering), which the payment of the rights offering shares will be made using the land with the plan to use for research and development on growing Wolffia, the cultivation of medicinal plants as the source of traditional medicine and herbal products development.



Year 2018

- January : The Company increased its registered capital from Baht 100.00 million to Baht 130.00 million by offering newly-issued ordinary shares to the existing shareholders in proportion (Rights Offering) in order to be used as working capital in operations.
- December: The Extraordinary General Meeting of Shareholders No.2/2018 had the resolutions as follows:
 - 1) Converted the Company into a Public Company Limited, namely JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited.
 - 2) Approved changes in par value from Baht 100.00 (ONE HUNDRED BAHT ONLY) per share to Baht 0.50 (FIFTY SATANG) per share. After the changes had made to a par value the Company had 260,000,000 ordinary shares (TWO HUNDRED AND SIXTY MILLION SHARES) at a par value of Baht 0.50 (FIFTY SATANG).

The registration as Public Company Limited and the changes made in par value were completed in December 2018.

Year 2019

- April : At the Annual General Meeting of Shareholders 2019, it was resolved that the Company increased its registered capital from Baht 130.00 million to Baht 170.00 million by offering a newly-issued ordinary shares with the amount of 80,000,000 shares in order to be used as working capital in operations. The newly-issued shares have been allotted to Suphap Group Company Limited amounting to 60,000,000 shares at a par value of Baht 0.50 in July 2019.

Year 2020

- March : Referring to the resolutions at the Annual General Meeting of Shareholders 2019, The Company offered the remaining 20,000,000 newly-issued ordinary shares The Private Equity Trust for SME Growing Together 1 ("The Trust Fund") and H E P Holdings 4 Company Limited ("the affiliates of the Trust Fund's advisors") at a price higher than the fair value, which have been assessed by an independent financial advisor.
- November : At the Extraordinary General Meeting of Shareholders No.2/2020, the meeting has resolved to approve the plan to list the company on the Market for Alternative Investment (mai) with the following resolutions:
 - 1) Approved the increase of the Company's registered capital by issuing the new ordinary shares for the initial public offering with the amount of Baht 43,000,000 from Baht 170,000,000 (ONE HUNDRED AND SEVENTY MILLION BAHT ONLY) to Baht 213,000,000 (TWO HUNDRED AND THIRTEEN MILLION BAHT ONLY) that are divided into 86,000,000 ordinary shares (EIGHTY-SIX MILLION SHARES) at a par value of Baht 0.50 (FIFTY SATANG); and
 - 2) Approved the allotment of the Company's newly-issued ordinary shares in the amount of 86,000,000 shares (EIGHTY-SIX MILLION SHARES) at a par value of Baht 0.50 (FIFTY SATANG) for the initial public offering (Initial Public Offering : IPO) or equivalent to 21.9 percent of the total paid-up capital after the IPO.

- May : Suphap Group Company Limited, the major shareholder, has decided to change not to offer the shares held by Suphap Group Company Limited for the initial public offering. Therefore, the Company has changed the allotment amount of the Company's newly-issued ordinary shares for the initial public offering in order to meet with the criteria for the distribution of minority shareholdings*, which the minority shareholders must hold at least 25% of the paid-up capital after the IPO.

The Extraordinary General Meeting of Shareholders No.3/2021 had significant resolutions as follows:

1) Approved the reduction of registered capital from Baht 213,000,000 (TWO HUNDRED AND THIRTEEN MILLION BAHT ONLY); divided into 426,000,000 shares (FOUR HUNDRED TWENTY-SIX MILLION SHARES) at a par value of Baht 0.50 per share, to Baht 170,000,000 (ONE HUNDRED AND SEVENTY MILLION BAHT ONLY); divided into 340,000,000 shares (THREE HUNDRED AND FORTY MILLION SHARES) at the par value of Baht 0.50 per share.

2) Approved the registered capital increase from Baht 170,000,000 (ONE HUNDRED AND SEVENTY MILLION BAHT ONLY); divided into 340,000,000 shares (THREE HUNDRED AND FORTY MILLION SHARES) at a par value of Baht 0.50 per share, to Baht 227,500,000 (TWO HUNDRED TWENTY-SEVEN MILLION FIVE HUNDRED THOUSAND BAHT ONLY); divided into 455,000,000 shares (FOUR HUNDRED FIFTY-FIVE MILLION SHARES) at a par value of Baht 0.50 per share, by issuing 115,000,000 new ordinary shares (ONE HUNDRED FIFTEEN MILLION SHARES) at a par value of Baht 0.50 per share, totalling Baht 57,500,000 (FIFTY-SEVEN MILLION FIVE HUNDRED THOUSAND BAHT ONLY) for Initial Public Offering; and

3) Approved the allotment of the Company's newly-issued ordinary shares in the amount of 115,000,000 shares (ONE HUNDRED AND FIFTEEN MILLION SHARES) at a par value of Baht 0.50 (FIFTY SATANG) for the initial public offering (Initial Public Offering : IPO) or equivalent to 25.27 percent of the total paid-up capital after the IPO.

- September : At the Board of Directors Meeting No.10/2564, the meeting has resolved to approve the the allotment of the Company's newly-issued ordinary shares for the initial public offering criteria (IPO) as follows:

1) Approved the offering of the Company's newly-issued ordinary shares of not less than 113,750,000 shares through IPO; and

2) Approved the offering of the Company's newly-issued ordinary shares not exceeding 1,250,000 shares to the directors, executives and employees of the Company.

- October : The Company offered the newly-issued ordinary shares for the initial public offering (IPO) and register the increase in paid-up capital with the Department of Business Development, Ministry of Commerce on 28 October 2021.

- November : JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited, or JP, started trading shares on the Market of Alternative Investment (mai) on 2 November 2021.

Use of IPO Fund Information Disclosure

The Company's Initial Public Offering was on 21, 25, and 26 October 2021, consisting of 115,000,000 shares which are 7.00 Baht each, following with ordinary shares registered at mai on 2 November 2021 where the company received cash from this fundraising for 805.00 million Baht in total and after deducted underwriting fees and other related expenses of the offering, the company received 755.38 million Baht.

Report of use of fund from Initial Public Offering (IPO) ended on 31 December 2021 was detailed as follows.

(Unit: million Baht)

Objectives of Fundraising	Capital Amount According to The Usage Plan	Proceed used ended 31 December 2021	Remaining Proceed as of 31 December 2021
1. New Products Development Project	20.00	-	20.00
2. Development, Presentation, and Publicity Promotion	200.00	19.82	180.18
3. Renovation and Expansion of the factories	298.00	3.65	294.35
4. Repayment of Loan from Financial Institutions	100.00	88.08	11.92
5. Working Capital for Operations	137.38	29.67	107.71
Total	755.38	141.22	614.16

Nature of Business

Nature of Business

The Company's revenue structure for the years 2019 - 2021 is classified by product types as follows:

Types of products	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Conventional Medicine	38.15	10.58	82.98	18.21	129.41	30.64
2. Traditional and Herbal Products	34.15	9.47	15.71	3.45	27.42	6.49
3. Dietary Supplement	277.59	76.96	246.56	54.11	239.63	56.74
4. Alcohol-based Product ^{1/}	-	-	86.81	19.05	15.64	3.70
5. Other Products ^{2/}	10.80	2.99	23.58	5.18	10.24	2.43
Sales Revenue	360.69	100.00	455.64	100.00	422.34	100.00

Remark

^{1/} Alcohol-based products are the products used for cleaning in which the Company has produced and distributed since 2020.

^{2/} Other products such as drug test kits and cosmetic etc.

Characteristics of Products and Services

The Company develops, produces, and distributes conventional medicines, traditional medicines, herbal products, and dietary supplements, which covers product consulting, inventing and developing formulas by client's needs and innovative ideas, applying for medicine formula registration of Food and Drug Administration, designing the packaging to manufacturing under the production control with standard quality. The Company operates in 2 main businesses: providing services in production and product distribution under the client's brand (OEM) and manufacturing and distributing under the Company's brand, which can be divided into 5 main groups as follows:

1. Conventional Medicines

Conventional medicines as defined in the Drug Act, B.E. 1967, means medicines intended for the practice of medicine, the practice of modern art of healing, or veterinary therapy.

The Company develops, manufactures, and distributes modern medicines for humans both manufacturing under the client's brand (OEM) and manufacturing under the Company's brand. The production under the Company's brand is COXTM whose products are widely recognized and well-known such as cough syrup and contraceptive pills.

On 31 December 2021, the Company has registered a total of 24 modern medicine formulas which are already released for sale and a total of 55 formulas that have been registered but have not been released for sale (ready to launch), in a total of 79 formulas.

2. Traditional Medicines and Herbal Products

Traditional medicines as defined in the Drug Act, B.E. 1967, which means medicines intended for the practice of traditional medicines or treatment of disease in the traditional medicine textbook announced by the Minister or the Minister has declared as traditional medicines or medicines licensed to register its formula as traditional medicines with FDA.

The Company develops, manufactures, and distributes traditional medicines such as blood tonics, carminatives, capsules mixed with soft vines, and herbal products for external use such as balms, liquid balms, liniment oil, borneol, and herbal inhalers in a variety of packaging. In this regard, the Company manufactures under the client's brand (OEM) which provides services from developing formulas, applying for traditional medicine registration. Also, the Company distributes products under its brand by manufacturing under the Company's brands such as สุขภาพโอสธ™ (Suphap-Osoth) including herbal cough lozenges and herbal pills, etc.

On 30 December 2021, the Company has registered a total of 126 traditional medicine formulas which are already released for sale and a total of 126 formulas that have been registered but have not been released for sale (ready to launch), in a total of 252 formulas.

3. Dietary Supplements

Dietary Supplements according to the announcement from the Ministry of Public Health (Vol. 293) 2005 refer to products taken beyond usual dietary intake which hold nutrients or other substances as their constituents in the form of tablets, capsules, soft capsules, powder, flakes, liquid or other forms that not the usual dietary forms which customers expect health-promoting benefits.

The Company develops, manufactures, and distributes dietary supplements for health maintenance and beauty. Dietary supplements for health maintenance are products consumed in the desire to make the body function more effectively, which are consisted of a variety of essential vitamins and minerals for the body. For dietary supplements for beauty, the products are consumed for the body and skin.

The Company provides services to develop, manufacture, and distribute under the client's brand OEM and manufacturers to distribute under its brand such as EVITONTM including collagen extracts, multivitamins, and Coenzyme Q10, Ginkgo Biloba extract and สุขภาพโอสธ™ (Suphap-Osoth) including natural dietary supplements.

On 31 December 2021, the Company has registered a total of 1,075 dietary supplement formulas (or food serial numbers with the FDA) which are already in the market, and a total of 825 formulas that have been registered but have not been released for sale (ready to launch), in a total of 1,900 formulas.

Further Explanation

* Ready-to-use registration means medicine formula registration or food serial number of dietary supplements that the manufacturer applies to register the formula and ingredients. In submission for the registration, the Company's brand shall be used as the manufacturer and supplier. If later the client desires to purchase the product for their brand, the Company shall proceed with the adjustment of the product's name, label, or supplier's details according to the client. The Company's ready-to-use registration will shorten the time for new products development for the clients to apply for registration of medicine formula or dietary supplements with the FDA.

** Ready-to-use registration of modern medicines mentioned above. Some medicine formulas are not manufactured or imported for more than 2 consecutive years, which according to Section 85 of the Drug Act, the medicine formula registration shall be revoked. However, the ownership of the formula still resides with the Company. If the Company desires to re-manufacture for sale again, the Company as an authorized manufacturing entity can proceed to reclaim the right to resume the production of the medicine formula through the process of transferring the medicine formula without relocating the manufacturing plant. However, the transferring of the medicine formula without relocating takes a shorter time to apply for registration than issuing for new registration.

4. Alcoholic Products

The Company sells cleaning products with an alcohol concentration of 70-95% to meet customers' diverse needs from household to industrial. The

Company provides services to manufacture under the client's brand (OEM) and distribute products under the Company's brand. The Company sells a variety of cleaning products, including household products with an alcohol concentration of 70% in the form of spray for aerosol and cleaning gel. Products used in laboratory and hospital that have an alcohol concentration of 75% and disinfectants as well as industrial products with an alcohol concentration of 90% and above with a variety of package sizes that are suitable for any application.

5. Other Products

The Company purchases non-medicine pharmaceuticals for distribution to government and private agencies such as dip test kits using to efficiently prevent and monitor drug problems. In addition, the Company under the contract to manufacture cosmetics for distribution to the customer under the client's brand, even though the Company has currently stopped the production line for cosmetics and focuses on manufacturing products that the Company specializes in and gains good profit margin, some clients remain faithful in the Company's top-quality management and continue to submit purchase orders through the Company. Therefore, the Company has hired a cosmetic manufacturing plant with the quality as specified and continues to sell them to the clients.

Distributing products under the Company's brand

For product distributing business under the Company's brand, the Company manufactures and distributes under 4 brands named COX™, JSP™, EVITON™ และ สุภาพโรธ™ (Suphap-Roth). The Company has its brand in every product group which conveys the uniqueness of every product type. Additionally, quality production would help products under the Company's brand become widely recognized, respected, and recommended.

Products under the Company's brand are as follows:

1. The COX™ brand for modern medicines



The COX™ brand logo features the word "COX" in red above a globe. To the right, various COX™ products are displayed, including a box of cough syrup, a bottle of cough syrup, a box of contraceptive pills, and a box of pills.

Such as cough syrup, contraceptive pills, etc.

2. The EVITON™ brand for dietary supplements



The EVITON™ brand logo features the word "EVITON" in red. To the right, various EVITON™ products are displayed, including a bottle of 1000 mg collagen extract tablets, a box of collagen extract tablets, and a box of collagen extract tablets.

Such as 1000 mg. collagen extract tablets, etc.

3. The สุขภาพโอสด™ (Suphap-Osoth) for traditional medicines, herbal products, and natural dietary supplements



The สุขภาพโอสด™ brand logo features a green flower icon above the text "สุขภาพโอสด" and "ยาสมุนไพรไทย". To the right, various สุขภาพโอสด™ products are displayed, including bottles of 4 Mix Oil, Six Oil, SPIMOR, Spirulina, Reishi Extract, PKbeta, and Wolffia Cap extract dietary supplements.

Traditional medicines, herbal products, and dietary supplements are as follows : Andrographis Paniculata herbal pills, herbal cough lozenges, 4 Mix oil, spirulina dietary supplements, reishi dietary supplements, black sesame, and rice bran oil dietary supplements, PK beta dietary supplements, Houttuynia Cordata Extract, and beta-glucans, Wolffia Cap extract dietary supplements, etc.

4. The JSP™ brand for alcohol-based cleaning products



Alcohol-based cleaning products in spray, liquid, and gel formulations

Product Research and Development

The Company has a research and development division to study and collect scientific data and evidence, including improving product formulas by focusing on the development of new products for industrial purposes based on the client's need and following the Company's development plan for new products by the certain situation of the health market, both current market demand or in the future.

Due to the government's desire to support cannabis, hemp, and kratom that hold medical and health properties to be the country's economic crops and enable to manufacture and distribute commercially and industrially to generate income for the Thai farmer sector. In this regard, the government has issued related laws and regulations in the past to remove cannabis, hemp, and kratom from the list in category 5 narcotics as follows:

- (1) Remove only hemp and cannabis that are licensed to be manufactured in the country. For parts such as leaves that are not attached to flower stalk, branch, stem, bark, root, hemp extract, cannabis with Cannabidiol (CBD) as an ingredient and extract residue. These ingredients and residue shall contain an amount of Tetrahydrocannabinol (THC) no more than 0.27% by weight, including hemp seed oil and extract, and

- (2) Remove kratom

Additionally, related laws and announcements are issued to support products containing Kratom. Nowadays (on 31 December 2021) the Company has studied to research and develop herbal products and dietary supplements from hemp containing no more than 0.2% of THC by weight and those containing kratom. Hemp and kratom are not classified as category 5 narcotics and must meet the quality and standards as announced by the related Ministry of Public Health to use for production or in dietary supplements. However, the Company is in the process to apply for a production license for commercial and industrial purposes and will proceed to apply for product registration with the FDA in the next step. Also, the Company must abide by related laws in labeling and advertising, which the FDA shall determine whether it complies with the rules for commercial production or not.

For hemp and cannabis whose flower stalk and substances contain more than 0.2% of THC which are classified as category 5 narcotics, the Company shall apply for a license to possess category 5 narcotics before proceeding to extract or process substances for research and development. It is also required to have a permit to manufacture category 5 narcotics (another type besides planting) before industrial production.

In the past, the Company's research and development division has collaborated with educational institutions and government agencies to use the knowledge to better commercial and industrial production.

Key Marketing Policy of Products and Services

Marketing Strategy

The Company aims to continually strengthen the Company's brand (Own Brand) and expand the customer base for the contract manufacturing and distribution business under the customer's brand (OEM) by focusing on the implementation of the following strategies:

1. Strengthen the Company's brand by improving brand recognition and brand awareness through various media channels

To align with the corporate strategy that focuses on expanding revenue growth from products under the Company's own brand (Own Brand), namely COX™, EVITON™, สุขภาพโฮสต์™ (Suphap-Osot), and JSP™, the Company plans to continually launch new products under the the Company's own brand such as conventional medicine, traditional medicine, and dietary supplement products. Therefore, the Company has employed a marketing strategy to raise high brand recognition and brand awareness in order to reach consumers who are interested in health and/or beauty as well as encourage new consumer groups to be more interested in health and beauty. Thus, greater emphasis has been placed on presenting information that are scientifically correct through advertising and academic information. This includes more emphasis on production that meets standards and maintain consistent quality product to enhance credibility of the products and the Company's brand. This will help consumers recognise and remember the value of the Company's brand and became increasingly interested in the Company's products. Currently, the Company has set a budget for advertising and public relations for both the brand and the products under the Company's brand by focusing on new product users through a variety of communication channels (Multi-Channel Marketing), including internet marketing and creating in-store promotion or marketing campaign that takes place at the point-of-sale, etc.

2. Expand various distribution channels by focusing on online channels and television-shopping (TV Shopping) to be responsive to changing consumer behaviour

The Company expands its distribution channels from the traditional distribution channels such as traditional drug store, modern retail stores (Modern Trade), and convenience stores, etc. to a variety of channels. The Company has given more importance to online distribution channels (online marketplaces) such as Shopee and Lazada, etc. At the same time, the Company also focuses on advertising and distribution channels through television (TV Shopping), both normal television (Free TV) and satellite television. This is because the Company foresees the potential for revenue growth from its branded products through these channels. This is due to changes in communication technology and changes in consumer behavior. The Company can offer products under the Company's own brand (Own brand) directly at the same time. The presentation of the Company's products through these channels contributes to the promotion of the Company. This allows the Company to offer contract manufacturing services to customers who are interested in making their own brand (OEM) through these channels as well. Furthermore, the Company provides information on the background, its products and services and various research results, both of the Company and of various educational institutions, that are beneficial to consumers via the website, www.jsppharma.com, and via social media (social media) such as the Company's Facebook, "OEM food supplement by JSP Pharma", "ยาสมุนไพร ตรา สุขภาพโฮสต์" and "JSP Herbal Center รับจ้างผลิตสมุนไพร", etc. The Company specifically assigns an employee to manage social media accounts to meet the changing behaviour of consumers who have increase their use social media and expect a quick response.

3. Enhance the potential of the sales team to maintain and expand customer base effectively

Due to the fact that the sales team is very important to maintain and expand the customer base, especially in the contract manufacturing and distribution (OEM) business. The Company recognises the importance of personnel development by consistently organising training to educate sales staff as well as promoting the values of engagement in problem-solving, honesty and sincerity towards customers, creating Company's brand loyalty. In addition, the Company also focuses to encourage the sales team to use two-way communication to build better relationships with customers and use suggestions or improvements as a guideline to further develop the sales team's potential.

Product Development Strategy

The Company has standardised production management systems and processes as each product is a health-related product. Therefore, the Company places special emphasis on every step of production and product quality control from the development of product formulations that produce good results for consumers, the selection process of quality raw materials, the cleanliness and of the machinery, equipment and locations, and the procedures for performing each process of production are in accordance with GMP standards and quality inspections are carried out in every work process from the receiving of raw materials for production, production and storage of products according to GMP standards as well as quality control after products are sold in the market. In addition, the Company's factory operates rigorously in accordance with the rules of the FDA. Therefore, the Company ensures that all products of the Company has been approved for product registration from the FDA before carrying out industrial production.

Characteristics of target customers and distribution channels

The Company has a proportion of revenue from the sales of products under the customer's brand (OEM) accounted for 74.18%, 54.71% and 64.92% of sales revenue in 2019, 2020 and 2021, respectively, it can be

seen that most of the Company's customers are entrepreneurs either in form of individuals or companies, which will order products from the Company in form of productions under the customer's brand (OEM) to be sold to consumers through various distribution channels.

For products sold under the Company's brand (Own Brand), most customers are consumers who need conventional or traditional medicines, and consumers who are interested in health or beauty products such as dietary supplement. The Company offers various distribution channels to suit the products and target customers. The Company sells its Own Brand products, which can be divided into 2 forms according to delivery conditions and revenue recognition, which are:

1. Consignment of Own Brand products means the Company who owns the goods, called the consignor, delivers the goods to another person, called the consignee, who acts as a seller or agent for the goods. The consignment goods are sold upon delivery to the consignee's customer. The consignment goods are delivered to the distributor through various channels, but can be billed after the product is sold to the consignee's customer. The risks and rewards will remain with the Company until the goods are delivered to the distributor's customers. The consignment of Own Brand products will be distributed through direct shopping channels such as those who have shopping channels on television (TV/ Home Shopping) or online channels (Online Shopping), etc.

2. The distribution of the Own Brand products in the form of outright sales means that the Company delivers the product to the customer who is a distributor through various channels, and the Company can bill the distributor immediately. The risks and rewards will remain with the Company until the products are delivered to the distributors. The distribution channels of the selling of the Own Brand products in the form of outright sales are as follows:

- Convenient store which is a channel where the Company can try selling new dietary supplements.

- Modern trade for pharmaceuticals and dietary supplements; and
- Other channels such as the Company's sales team through DKSH (Thailand) Company Limited or DKSH, which is a distributor of Own Brand products following a list of products agreed with the Company for further distribution to end-customers, drug stores, hospitals, clinics and sold through online marketing service providers (E-Marketplace) such as Lazada or Shopee, etc., which the Company foresees the potential for growth and establish a policy to further strengthen its online distribution.

For foreign customers in 2019, 2020 and 2021, the Company has sold products to customers to export and sell products abroad in Myanmar, Laos, China, Cambodia, Malaysia, Singapore, Sri Lanka, the Philippines and Kenya, with a value equivalent to Baht 18.34 million, Baht 9.35 million and Baht 4.54 million, respectively. The Company has no plan to register a branch office abroad in any way.

Pricing Policy

For products under the Company's brand (Own Brand), the Company determines the selling price using cost plus margin by considering costs and related expenses as well as other factors such as the product positioning, customer acceptance, purchase demand, packaging size, etc. The Company establishes appropriately standard price list of each product in each distribution channel and the selling price must be competitive with the competitors in the market. However, the Company may reduce the price of the product from the standard price in order to carry out promotional activities or promotions in various ways, such as price discounts, giveaways, etc. At the same time, the Company has procedures to determine whether such promotional activities or promotions are able to maintain profit margins at a sufficient level to support selling expenses, administrative expenses and various operating expenses of the Company compared to the increase in sales volume and/or the revenue.

For products under the customer's brand (OEM), the Company determines standard price list of each product which covers the details of standard prices according to various appearances of products such as capsules, soft gelatin, powders, tablets, etc., and according to the package size of the product. Each type of product has a standard formula used in production. This allows the Company to set the same standard price; however, if there's any changes in formula during production process apart from the Company standardised formula, the Company will set a new selling price to meet the changing raw material costs and expenses so that the Company can maintain a profit margin that is sufficient to support the selling expenses and expenses for the administration and operations of the Company.

Distribution and advertising channels

For products under the customer's brand (OEM), the Company has a sales team that acts as a contact person, coordinator, consultant and an individual who handles product development until the customer is able to distribute the products. This group of customers will sell the products to the end-users through the customer's distribution channels such as traditional drug stores, modern retail stores (Modern Trade), convenient stores, TV/Home Shopping and online channels, etc.

For Own Brand products, the Company's sales team will act as a contact person, present and provide product information for sale, coordinate various activities as well as jointly plan sales promotions with customers and monitor sales and deliveries in order to achieve sales targets set aside by the Company.

The Company has a sales team that consists of a total of 37 full-time employees (as of December 31, 2021), and the salespeople possess good knowledge and experience of the Company's products. The sales team is responsible for sales activities ranging from visiting customers to gain information on the customer needs, presenting products and product features, with sample products available for trial. This includes sales

supervision and training on product information to various groups of customers are provided. Salespersons receive compensation in form of a regular salary and sales incentives or commissions, which are determined by the annual sales goals and reviewed annually with the approval of the management. The Company pays commissions to salespeople in installments according to the amount collected from customers and will only pay every installment for sales that have been paid in full.

In addition, for a group of customers the Company is unable to reach or the Company has limitations in coordinating such as a traveling for customer visit, etc. Therefore, it is necessary for the Company to appoint an agent to help in selling products for the Company. In 2019, 2020 and 2021, the Company gained sales revenue from customers sold through agents equal to Baht 6.02 million, Baht 72.17 million and Baht 92.05 million, respectively.

However, for such expenses to be incurred as necessary and reasonable. Therefore, the Company has established a policy and criteria for considering the appointment of agents and the payment of commissions as a measure to control the payment of such compensation, which has been approved by the Board of Directors Meeting No. 8/2021, dated 30 June 2021, and effective from 1 July 2021. The key points of the policy are as follows:

- Establish a standard commission rate, if the commission rate exceeds the standard, it shall be presented to the Audit Committee to consider the necessity and rationality of the transaction and shall propose it to the Board of Directors for approval before entering into the transaction with that agent. (The commission rate is the percentage of the sales revenue per customer)
 - Establish the conditions of the compensation to be payable to agents/brokers, only if the Company receives payment in full from the sales of the referred products in order to receive such compensation.
 - Require a review of the standard commission rate to suit the Company's business operations on a yearly basis through the consideration of the Board of Directors.
- In addition, There are communication channels available for customers to receive news updates and gain the Company's product understanding through various media channels such as magazines, brochures, leaflets, company websites, etc. as well as keep up with the Company news and updates through online channels which are the website: www.jsppharma.com; Facebook: OEM food supplement by JSP Pharma: Line ID: @JSPSALE and customers can contact the Company for more information through Call Center at 02 284 1218 from 9.00 - 17.00 hours and via email: sale.os@jsppharma.com.
- Set up agent fees (or commissions) to be payable to legal entities or natural persons who are involved in the transaction made from the customers' orders only.

Competitive Condition within the Industry

The products sold by the Company has been related to the expansion and growth of other related industries, such as the market of products from conventional and traditional medicines, herbal products and dietary supplement. The outlook of each industry can be summarized as following,

The Conventional Pharmaceutical Industry

There are two types of conventional medicines as following,

1) Original Drugs: Original Drugs are the new types of drugs that have been researched and developed. The Original Drugs manufacturers will receive patent monopoly to produce the drugs for 20 years. When the patent expires, other manufacturers will have the right to produce the drugs for distribution.

2) Generic Drugs: Generic Drugs are the drugs that are produced using the same formulae from the Original Drugs, manufactured under the trademark which is not the trademark of a medicine patent holder, but have the same types of active ingredients with the Original Drugs. The Generic Drugs are produced only when the patent of the Original Drugs expires due to the fact that the manufacturing process the Generic Drugs relies on the low-budget raw materials and there is no expense for pharmaceutical research. Therefore, the cost of the Generic Drugs is lower than those of the Original Drugs.

The Industrial Structure of the conventional Medicines Categorized by the Production Process

(1) The Initial Process: the initial process is the about researching and developing new medicines.

(2) The Intermediate Process: the intermediate process involves the manufacturing of pharmaceutical raw materials in order to produce pharmaceutical products; the pharmaceutical raw materials are active Ingredient and inert substance that accelerate the reaction by acting as a catalyst. The intermediate process is the pharmaceutical process that produces

the discovered medicines. The difference of this process is that this process is only the procedure of developing the production techniques or changing the original molecular structures to produce medicines; hence, this process requires advanced technology and massive cost.

(3) The Final Process: the final process is to produce pharmaceutical products. This is the process of pharmaceutical formulation development by importing pharmaceutical raw materials from oversea for active ingredients and mixing those components in order to produce various types of pharmaceutical products, such as tablets, capsules and mixtures etc.

The pharmaceutical industry of conventional medicine in Thailand is mostly in the state of the Final Process which is the process of producing pharmaceutical products. The domestically manufactured medicines are Generic Drugs that the manufacturers import pharmaceutical raw ingredients from oversea in order to mix and produce various types of pharmaceutical products. According to the information from Food and Drug Administration (FDA), in Thailand there are 5 conventional medicine GMP compliance manufacturers (Information retrieved on December 2564 BE). The primary pharmaceutical manufacturer is the Government Pharmaceutical Organization (GPO). However, the Government Procurement and Inventory Management Act B.E. 2560 (2017) has come into effect on August 2560 BE. and required that the Government Pharmaceutical Organization (GPO) be in the same portion with other entrepreneurs; therefore, the domestic competition is very high. There are two groups of entrepreneurs in pharmaceutical market as following,

Group 1: Government Agency: Government Pharmaceutical Organization (GPO) and Defence Pharmaceutical Factory (DPF). Both organizations focus on manufacturing Generic Drugs in order to be domestically distributed and to substitute importing medicines from oversea.

Group 2: There are two types of private pharmaceutical companies in Thailand. First, the Company that has Thai people as the main shareholders; these kinds of Company mostly produce inexpensive Generic Drugs. Second, the foreign companies which have foreigners as main shareholders are mostly importers for the Original Drugs or patent medicines; therefore, the medicines sold by these kinds of Company will be more expensive, and there are some companies that have established their own factories to manufacture pharmaceutical products in Thailand.

Domestic Manufacturing companies run their business by manufacturing medicines and distribute them mostly within the country. The domestically manufactured medicines will mainly be domestically consumed with the portion of 90% of all the manufactured medicines, especially in the The Universal Coverage Scheme: UCS), which currently covers 99% of the population. This means that Thai people have more chances in accessing medical care, but this also reveals the trend that Thai people have an increasing amount of pharmaceutical consumption. However, private pharmaceutical manufacturers in the country are facing the pressure from (1) the Ministry of Public Health and the Comptroller General's Department for the policy to set the average price for medicines in order to control the pharmaceutical expenses for the public hospitals to purchase in a reasonable prices. (2) competition from medicines produced from China and India with lower cost of production (3) the private manufacturers are disadvantageous to the Government Pharmaceutical Organization (GPO) in terms of production cost and distribution access. Moreover, the production cost is increased due to the compliance with the GMP PIC/S and the participation to be a member of Pharmaceutical Inspection Co-operation Scheme, which came into effect on August 1, 2559 BE.

Trends in Pharmaceutical Industry

According to the information from Krungsri Researcher Team, the sale value of medicines in 2563 BE. increased in a low rate of 2.8% due to the fact that the number of Thai people and foreigners who go to the

hospital tends to be lower because of their concern about COVID-19 pandemic and the strict measure of social distancing in the first half of the year 2563 BE that lead to the recession in pharmaceutical distribution in hospitals. TTB analytics predicted that the sale value of medicines in 2563 BE. increased by 0.1%. However, Krungsri Researcher Team has predicted that in 2564 - 2565 BE., the domestic sale value of medicines will increase by 2.5% and 3.5% respectively. Accordingly, TTB analytics predicted that in 2564 - 2565 BE., the domestic sale value of medicines will increase by 4.0% with the supportive factors for pharmaceutical consumption from

(1) Illness rate is likely to be increasing, and the population structure of the country is facing with the incoming aging society; therefore, the increasing trend for more pharmaceutical consumption is inevitably expected to happen. The Office of the National Economic and Social Development Council has predicted that the elderly population of Thailand with the age of more than 60 years old will increase from 11.2 million people in 2561 BE. to 13.5 million people in 2566 BE., and the expenses for healthcare of the elderly population will increase to 2.28 hundred billion Thai Baht (2.8% of GDP) in 2565 BE. from 63 billion Thai Baht in 2553 BE. (2.1% of GDP) (information cited from the National Health Development Plan for the National Economic and Social Development Plan No.12 of 2560 - 2564.

(2) Thai people have more access to healthcare from the Universal Coverage Scheme; hence, the trend for pharmaceutical consumption is also likely to increase.

(3) The number of foreign patients who receive medical services in Thailand tends to increase after Thailand admits visitors.

(4) Thai people become more concerned about their health after facing with the pandemic of COVID-19; As a result, the need for medical care and pharmaceutical consumption to cure illness (even though they have only mild illness) is likely to increase due to their concerns about new pandemics.

The Market of Traditional Medicines and Herbal Products

Products from traditional medicines and herbal products are the new options to become and stay healthy; as a result, the price increases. For Thailand, the government has the policy to support herbs to become industrial crops of the nation by creating the National Master Plan for the Development of Thai Herb No.1 (2017 - 2021) in collaboration with private sectors to prescribe the measures, plans and guidelines to encourage development and support for Thai herb, Thai Traditional Medicine Traditional Medicine in compliance with the National Strategy 2018 - 2037 in order to have development, control and supervision for herbal products. Therefore, the Act of legislation (herbal product) 2019 came into effect in 2562 BE. to systematically, completely, safely control, supervise and support herb development to meet international standard. Moreover, Thai Traditional medicines are added to Thailand National List of Essential Medicines (NLEM) for the hospitals and medical centers of the government to use Thai Traditional medicine in substitution for conventional medicine imported from oversea in order to decrease deficit. Furthermore, the pandemic of COVID-19 which has increased in Thailand since 2563 BE. has created high demand for Thai Traditional medicines, such as green chiretta and finger-root. The Announcement of the Committee of National Medicine System for Thailand National List of Essential Herbal Medicines (No.2) 2546 BE. which came into effect on June 4, 2564 BE. There was an additional details for green chiretta to relieve symptoms of cold and as a cure for COVID-19. As a result, the trend for consumption of Traditional medicines and herbal products tends to increase in the future.

The Market of Dietary Supplements

The market of dietary supplements in Thailand has constantly expanded due to the fact that the consumers in Thailand become more interested in being healthy. The practice of New Normal in terms of health has benefitted the market of dietary supplements that is likely to be continuously increasing. The customer group

has expanded from elderly group to young group. Additionally, dietary supplements have different unique selling points, such as beauty supplements, health supplements and supplements to boost athletic performance. Therefore, this is considered as a positive factor for the industry. Nevertheless, there was a negative factors between 2561 - 2562 BE. since there were news about dietary supplements in poor quality and about advertising hype of the products; these products are harmful and could be lethal. Moreover the aforementioned factors have negatively impacted the industry. On the other hand, the entrepreneurs have started to become more aware of the significance of the qualified process of production and distribution in order to make consumers feel more confident. In other words, the industry of dietary supplements is having the opportunities and challenges at the same time.

According to the information from the EuroMonitor from trade sources/national statistics, Category Vitamins and Dietary Supplements in Thailand, in 2553 to 2563 BE. or in the period of the past 10 years, the value of the vitamins and dietary supplements market in Thailand has increased. Especially, in 2553 BE., the market value was 29,561.8 million Thai Baht and grew to 66,801.4 million Thai Baht in 2563 BE.; the compound annual growth rate (CAGR) was 8.5% per year, and when comparing the market value of the year 2562 BE. which the market value was Baht 72,661.3 million to the year 2563 B.E. which the market value decreased; the rate was 8.1%. The reason that the growth rate decreased was because of the COVID-19 pandemic that affected consumer spending; nevertheless, the prediction of the market situation for the next 5 years (2564 - 2568 BE.) is that the market of vitamins and dietary supplements is likely to increase every year due to that fact that the consumers have adopted the model of the New Normal to live their lives; therefore, they become more health-conscious. The market of vitamins and dietary supplements of Thailand in 2568 BE. will equal 77,329.6 million Thai Baht or have the compound annual growth rate (CAGR) at 5.34% per year.

The number of the contract manufacturers for dietary supplements is less than those of the distributors. The contract manufacturers play a very crucial role in the industry since they must be responsible to the production standard and the product safety which have the direct impact on the customer confidence. Consequently, the manufacturing business of the dietary supplements must pass the production standard such as Good Manufacturing Practice (GMP). Nonetheless, due to the high competitiveness of the similar products in the market, the manufacturing business should make themselves distinctive from others by proposing new formula, ingredients or distinguished features; as a result, there will be more new dietary supplements for the employers. The knowledge for the development and the testing in order to be certified for the standard and safety are undoubtedly required. Besides offering differences for the products to increase the value, the cost reduction with the consistent good manufacturing practice and safety of the products also plays an important role to keep the business profitable in a long term.

Competition

The industry of conventional medicine, traditional medicines, herbal products and dietary supplements is the industry that consists of huge amount of entrepreneurs in the market due to the fact that it is the industry that is likely to constantly grow. The majority of the large entrepreneurship in the industry mainly focuses on expanding their business under their own brands and emphasizes on some types of products that they are experienced. However, each Company has their own nature of business operation, for those companies have variety of products and some of them are mainly Original Equipment Manufacturer (OEM).

Furthermore, there are 151 pharmaceutical manufacturers for conventional medicines that have been certified for GMP PIC/S (last updated on December 2564 BE.), and 53 pharmaceutical manufacturers for traditional medicines (last updated on June 2563 BE. and retrieved on December 2564) Nonetheless, the companies have planned their business strategies and positioned themselves in terms of marketing differently from other companies in the industry; additionally, the process of manufacturing products is quite fast thanks to the high production capacity and the output standard. The manufacturing process will be carried out in a well-controlled clean room with the control to maintain low concentration of airborne particulates, temperature, humidity and atmospheric pressure; the manufacturing factories are well-qualified with high quality. Moreover, there are constantly new entrepreneurs entering the market of medicines and dietary supplements; hence, this is one of the challenging factors affecting the sustainability of the business, and it is one of the main reasons that urges numerous companies to be continually adaptable, up-to-date towards the situations concerning the consumers and consciously conversant with other competitors in the business. Consequently, the companies emphasize on building sustainability for their products by consistently investing in research and development for new products, develop different products from other competitions and incessantly offering new products to the market since there are always substitute good being proposed to the market. Relying heavily on sales of some products may be quite risky due to the change of the customer value.

Procurement of Products and Services

Production strategy, raw material procurement, and product distribution

- **Raw Material Procurement**

The Company values raw materials because they are the key to quality products. Although the Company currently selects quality raw materials from around the globe through local distributors, for products that require a lot of raw materials, the Company has a plan to import main raw materials by itself and/or sign a sole dealer contract and/or conduct research to improve local raw materials to enhance the Company's bargaining potentials of the raw materials, which will reduce costs.

- **Production**

The Company sees an efficient production process that will meet the highest standards and will have a positive effect on the product quality and production costs. This will build up the Company's credibility in producing quality products and advantage in distributing products at competitive prices. The Company is consistent in improving the production process, such as investing in cutting-edge technology, reducing the dependency on humans to an appropriate level, and employing information technology for control and management systems, which allows the Company to monitor, process, and analyze the production process and machine quickly and precisely. This enables the Company to improve the production process; moreover, the Company also has a quality control division that monitors the process of receiving raw materials to finished product storage. The inspection and analysis from the QC division will correct any defects in the production process in a timely manner which helps reduce waste in the process and minimize the impact of the interruption in the production process as well as prevent unqualified products to customers.

- **Product Distribution**

The Company has a strategy to effectively distribute products to meet customers' needs by scheduling the route and time for the most effective distribution including reducing empty delivering vehicles to avoid being burdened by transportation costs. For product distribution through the online sale channel, the Company has outsourced a Company with expertise in product management to provide a comprehensive product management rating from storage, preparation prior distribution to distribution for efficiency and to save product costs.

Raw Material Procurement

The Company supplies main raw materials to produce modern medicines, traditional medicines, and dietary supplements such as 1. main medicines/macronutrients or active ingredient 2. excipients like starches and lactose 3. lubricants like talcum 4. flavors and 5. packaging. Active ingredients for modern and traditional medicines are the main active ingredients that are used to cure diseases but dietary supplements are extracts that are used as active ingredients such as vitamins, minerals, etc.

Packaging of modern medicines, traditional medicines, and dietary supplements are divided into packaging that comes into direct contact with medicines or dietary supplements such as capsules, glass bottles, packets, and foils and packaging that does not come into direct contact with medicines or dietary supplements such as paper box, plastic wrapper, etc. The Company has domestic orders of 99.98% from the total order value in 2021

The Company orders raw materials and packaging from various suppliers without relying on any specific supplier and in 2021, the Company has not purchased raw materials and packaging from any specific supplier

for more than 10% of the total purchase value of raw material and packaging. In the past, purchase orders of raw materials and packaging take approximately 10 - 120 days from ordering to receiving raw materials or packaging.

In this regard, the Company has the policy to manage raw materials and packaging in the warehouse and maintain them at an appropriate level for efficient production under production and marketing plan and avoid being burdened by excessive stocking. The Company does not have long-term contracts in raw material procurement with any supplier but the Company will place orders depending on market price by sending purchase orders based on appropriate quantity in each period.

The Company selects supplier for raw materials and closely monitor the quality of raw materials to use as active ingredients. The suppliers and manufacturers must pass the evaluation under the requirements of the Company. They must have a license to run a business, a license to manufacture pharmaceutical products or import registration certificate, and other standard certificates such as GMP of ISO or other related certificates, including Certificate of Analysis from manufacturers to ensure quality and properties of their raw materials. After the Company has received raw materials, the QA division will monitor the quality of the raw materials in each lot to ensure the raw material quality meets the standard prior to using them.

In the past, the Company has never suffered a shortage of raw materials that significantly impact production.

Production

Manufacturing Plant

The Company can manufacture products with a variety of quantities, sizes, ingredients, product models, and packaging by focusing on quality and standard of production which are accepted internationally with official certificates and systematic workflow in terms of securing ingredients from being contaminated by harmful substances as well as monitoring product quality in every step starting from inspection of raw materials and packaging, production process, finished products. In addition, there is also a laboratory to test raw material and packaging to ensure product quality before it reaches customers.

The Company has 2 manufacturing plant as follow:

1. Bangkok manufacturing plant
on House no. 255,257 Soi Sathupradit 58,
Bang Phong Phang, Yan Nawa, Bangkok 10120

used in the production of conventional medicines, traditional medicines, herbal products, and dietary products.

2. Lamphun manufacturing plant
on House no. 260 Village No. 4, Sri Bua Ban, Mueang
Lamphun, Lamphun:

used in the production of dietary supplements, traditional medicines, and herbal products.



Image of Bangkok manufacturing plant



Image of Lamphun manufacturing plant

Operating Assets

1) Operating Fixed Assets

As of 31 December 2021, the Company had a list of important operating fixed assets as follows:

Types/Descriptions of Assets	Book Value (Unit : Million Baht)	Types of Ownership	Encumbrance
1. Land			
- Land title deed no. 14514 located in Mueang District, Lamphun Province with the area of 8-3-58.01 rai	15.00	Company	A collateralised mortgage with a financial institution
- Land title deed no. 174616, 171417, 171418 and 171422 located in Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province with the area of 20-1-9.3 rai	55.09	Company	A collateralised mortgage with a financial institution
- Land title deed no. 171419, 171420, 171421 located in Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province with the area of 37-1-56 rai	95.00	Company	None
2. Buildings and Building Improvements			
- Improvements of the office building / plant / warehouse no. 255, 257 Sathupradit 58 Alley, Bangpongpang Sub-district, Yannawa District, Bangkok	58.46	Company	A collateralised mortgage with a financial institution
- Leasehold right of the land and the plant for the production of medicine and dietary supplement, medical supplies and other products on a land title deed no. 10241, 10243 and 8059	96.90	Lease agreement	A collateralised mortgage with a financial institution
- Office building / plant / warehouse no. 260 Moo. 4 Sri Bua Ban Sub-district, Mueang District, Lamphun Province	28.41	Company	A collateralised mortgage with a financial institution


Types/Descriptions of Assets	Book Value (Unit : Million Baht)	Types of Ownership	Encumbrance
- Land and office building improvements in Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province	3.18	Company	None
3. Machinery and Equipment			
- Machinery and equipment used in the production of goods and tools	24.76	Company	None
- Softgel encapsulation machines and product analyzer device	6.33	Lease agreement	A collateralised mortgage with a financial institution
4. Vehicles			
- Vehicles used in the operations	0.44	Company	None
- Vehicles used in the operations	2.04	Lease agreement	A collateralised mortgage with a financial institution
5. Furniture, Fixtures & Office Equipment			
	3.27	Company	None
6. Construction-In-Progress			
	7.66	Company	None
Total Property, Plant and Equipment, Net	396.54		

2) Intangible Assets

As of 31 December 2021, the Company owned the registration of products and computer software with a book value of Baht 4.51 million, in which the registration of products shall be valid for a period of 5 - 9 years and the computer software shall be valid for 10 years.

3) Significant trademark

3.1 The trademark used in providing production of goods service under the clients' trademark (OEM).

No.	Trademark	Ownership	Types of Product and Service	Registration No.	Registration Date	Expiration Date
1.		Company	Plant or animal-based dietary supplement (non-medical use)	201101214	14/09/2559	14/09/2569

The Company offered service to continually produce goods under the client's trademark as specified on the contract or as agreed with the client to display JSP trademark as a manufacturer of quality products on the packaging of the client's product as prescribed by law. The Company offers service to produce goods such as dietary supplements, conventional medicine, traditional medicine, herbal products and other various types of products.

3.2 The trademark used in the operation of the current product under the Company's trademark (Own Brand)

No.	Trademark	Ownership	Types of Product and Service	Registration No.	Registration Date	Expiration Date
1.		Company	Conventional medicine	201124311	20/09/2561	20/09/2571
2.		Company	Provide service on the business management of the sale of food and pharmaceutical products	191102326	01/08/2560	01/08/2570
3.		Company	Provide service on the business management of the sale of food and pharmaceutical products	191102325	01/08/2560	01/08/2570

Relationship with Major Shareholders' Businesses

As of 31 December 2021, the Company's major shareholders are the Daengprasert family, consisting of Mrs. Jintana Santipisud, Mr. Prasitchai Daengprasert, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert, holding aggregated 35.56% of the Company's shares and Suphap Group Company Limited ("Suphap Group") holding 32.97% of registered capital, respectively. Suphap Group is an investment management company operated by Daengprasert family, consisting of Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu

Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert as shareholders who hold 100.00% of Suphap Group's registered capital (fully paid-up).

In addition, CDIP (Thailand) Public Company Limited ("CDIP"), which is owned by Daengprasert family, consisting of Mrs. Jintana Santipisud, Mr. Prasitchai Daengprasert, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert hold 60.00% of CDIP's total paid-up capital, and Suphap Group Company Limited holds

40.00% percent of CDIP's registered and paid-up capital. CDIP is located at INC1, Thailand Science Park, Phahonyothin Road, Klong Nueng Sub-District, Klong Luang District, Pathumthani Province 12120. The principal activities of the business are as follows:

1. Provide in-house training, public training and seminar for government agencies and external parties on the development of entrepreneurs' potential, standards in industrial plants, vocational training such as soap making and the transformation of agricultural products into high-value health products, etc.

2. Provide laboratory testing and analysis services both by CDIP being the tester and the operator of outsourcing tests to government testing laboratories or research institutes of universities (Contract Laboratory Organisation).

3. Provide service on academic research at the laboratory level such as agricultural product processing research for the group of customers who does not have the purpose of hiring at industrial scale such as the customers who receive fund from government which are The National Science and Technology Development Agency (NSTDA) or the National Innovation Agency, or customers with their own manufacturing plants, etc.

4. Provide consultations on research grants for researchers and entrepreneurs.

Therefore, when considering CDIP's business operations and target customers, it was found that there were different characteristics compared to that of the Company. The Company provides a one-stop service from the development, production and distribution of products in the market through research and development for the purpose of industrial production. It is the development of formulas and components of the drug product for pharmaceutical registration or a request for food serial number registration (collectively referred to as "Request Registration of Dietary Supplements") with the Food and Drug Administration (FDA), enabling

such products to be produced and sold to consumers in the market. The Company focuses on providing services to customers who want to develop the products that are popular and in-demand in the market and can actually be produced from the Company's factory. The Company will register the product with the FDA as a manufacturer of dietary supplements that are licensed and certified in compliance with the standards specified by the FDA. For the development of new innovative products under the Company's brand, the Company can research and develop by itself and has the option of using analysis and testing services from the research institutes of government, universities or the private sector by considering each research agencies, mainly on their potential and ability and the cost of the service.

On the other hand, CDIP is unable to research and develop traditional and conventional medicines as according to the announcement of the Drug Control Division regarding the request for a license to produce a sample drug or the importation or order of a drug as a sample for registration of a modern and traditional drug formula, it has been determined that the traditional drug factory and / or the conventional drug authorised by FDA and certified according to GMP PIC/s standards only to be the one who is able to apply for the production of drug samples and to test the performance, quality and safety of drugs that has been researched and developed for use as a test report in support of applying for drug registration before entering the market. CDIP does not operate a business and is not licensed as a drug manufacturer from the FDA With no machinery to support industrial production, therefore, CDIP is unable to produce drug samples for testing in the research and development. In addition, according to the regulations and guidelines it is clear that CDIP cannot conduct research and development business for both traditional and conventional medicine products. For dietary supplements, the results of the CDIP's services related to research and development are research results, research reports, or test reports which the customer

shall bring the results to develop the commercial products on their own, such as applying for a patent, petty patent, or use it to try to improve the production process of the users of the factory again or use it to apply for food registration on their own as CDIP does not have machinery to support the following industrial production testing. In addition, CDIP has a policy to conduct research and development only if they are hired by the clients. Therefore, the Company and CDIP's business operations are not the business competition with no interdependence and does not cause any conflicts of interest to the Company.

However, to prevent conflicts of interest in order to formulate business practices between each other to avoid overlapping business operations which may cause conflicts that may affect the operations of both companies. Therefore, the Company has made an agreement to conduct business separately and prohibit business from competing with CDIP with the business' scope and essence as follows:

• **The Company and CDIP agree that the types of business that are operated separately under this contract are research and development, which are divided into 4 types according to the meaning defined by the Board of Investment Office as follows:**

1. Basic Research refers to a research or study of the discovery of new knowledge with academic value and rely on that knowledge to be used as the benefit or solution of problems in product development, production processes or future services.

2. Applied Research refers to a research that applies knowledge base to solve problems or develop a body of knowledge for commercial purposes with the purpose of obtaining the product or production processes, including related activities such as the developing of the formulas for commercial production, the product design and the production processes designed for industrial and commercial uses.

3. Pilot Research and Development refers to the expansion of production scale resulting from basic research and applied research for the experimental production of prototype products (Prototype) and/or the testing of the process at a semi-industrial level for the purpose of market testing and/or the data collection of the optimizing condition for manufacturing the products used in designing production processes at industrial level.

4. Demonstration Development refers to research and development that expand the results of the pilot research with the objective of test the production process at an industrial level to confirm the reliability of technology and production processes, including demonstrating process stability and commercial production potential both in terms of quality control and cost estimation.

- In this regard, if the customer or the employer aims to hire to research and develop products for industrial purposes that the Company has the ability to produce, such research and development must be owned by the Company.

- CDIP agrees not to engage in Demonstration Development business and not to become a partner or shareholder who has control or management of any person that operates such businesses.

- This contract does not limit the Company's right to conduct business in research and development of any kind, whether it is considered as a competition against CDIP or not.

- If CDIP has taken possession of any research and development work due to the breach of contract by the customer or employer, CDIP agrees to offer and disclose such research and development work to the Company for the Company to determine whether to use the research and development work. If the Company wishes to use such research and development results,

CDIP and the Company will transfer such research and development results at a fair price, regardless of whether the Company uses such research and development results or not. CDIP agrees that the research and development results will not be presented or disclosed to any other person, unless the prior written consent of the Company (with the approval of the Company's Audit Committee).

In addition, the Company will adhere to the procurement policy and the related transaction policy to ensure that the prices of goods and services are comparable to the market prices and the terms of the contract in accordance with general commercial principles. This is to maintain the best interests of the shareholders and to comply with the regulations of the connected transactions and the prevention of conflicts of interest of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Furthermore, in order to prevent conflicts of interest that may arise from the major shareholders, the Company entered into an agreement specified that the

Daengprasert family, consisting of Mrs. Jintana Santipisud, Mr. Prasitchai Daengprasert, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, Mr. Sorasit Daengprasert and Suphap Group Company Limited; the major shareholder, will not engage into the same business as the Company and shall not do anything that is in competition with the business of the Company or become a partner in the company or ordinary partnership or being a partner with unlimited liability in a limited partnership or being a director or employed by a company and is competing with the Company's business whether doing it for one's own benefit or for the benefit of others. If the major shareholder sees such business opportunity in the future, it is considered that the Company will operate such business which this contract will be binding until the major shareholders including related persons according to the definition of the Notification of the Securities and Exchange Commission No. Kor.Jor. 17/2551 will hold all the shares less than 10 percent of the Company's paid-up capital and none of them hold positions as executives or directors of the Company.

Shareholders

List of Major Shareholders

As of 30 December 2021, there are 10 major shareholders according to shareholders' registration as the following details:

No.	List of shareholders	Number of shares	Percent
1.	Daengprasert family		
	• Suphap Group Company Limited ^{1/}	149,999,000	32.97
	• Mrs. Jintana Santipisud	30,000,200	6.59
	• Mr. Sittichai Daengprasert	29,300,200	6.44
	• Mr. Pissanu Daengprasert	29,300,200	6.44
	• Ms. Jirada Daengprasert	29,300,200	6.44
	• Mr. Sorasit Daengprasert	29,300,200	6.44
	• Mr. Prasitchai Daengprasert	14,620,000	3.21
2.	Mr. Wasan Chawla	21,500,000	4.73
3.	Private Equity Trust for SME Growing Together 1		
	• Private Equity Trust for SME Growing Together 1 ^{2/}	19,000,000	4.18
	• HEP Holding 4 Company Limited ^{3/}	1,000,000	0.22
4.	Mr. Theerapong Chansiri	7,000,000	1.54
5.	Mr. Samart Chuasiriphattana	4,000,000	0.88
6.	Thai NVDR Company Limited	3,571,625	0.78
7.	Mr. Udom Yangkul	2,700,000	0.59
8.	Mr. Suwatchai Panyachirawut	2,500,000	0.55
9.	Ms. Siriwan Asawarakwong	2,500,000	0.55
10.	Mr. Teera Chutivarapon	2,500,000	0.55

Remark

^{1/} Suphap Group Company Limited had registered capital of Baht 30.00 million, consisting of 300,000 ordinary shares with a par value at Baht 100 per share which are owned by (a) Mrs. Jintana Santipisud, (b) Mr. Sittichai Daengprasert, (c) Mr. Pissanu Daengprasert, (d) Ms. Jirada Daengprasert and (e) Mr. Sorasit Daengprasert.

^{2/} Private Equity Trust for SME Growing Together 1's unitholders consist of the Stock Exchange of Thailand (SET), Krungthai Bank Public Company Limited, and National Science and Technology Development Agency (NSTDA), having One Asset Management Company Limited as a trustee and Krungthai Asset Management Public Company Limited as the trust manager. The trust advisor is Hatton Equity Partners (Thailand) Company Limited who advising target company to be invested by the trust. To create confidence on investment recommendation, the trust advisor and the trust shall jointly invest in the target company. In this regard, the trust advisor invested in the Company via HEP Holding 4 Company Limited.

^{3/} HEP Holding 4 Company Limited had registered capital of Baht 1.90 million, consisting of 190,000 ordinary shares with a par value of Baht 10.0 per share which are owned by (a) Mr. Tawat Kitkungvan, (b) Mr. Samon Suwanrat and (c) Mr. Chanin Tayakanont.

Registered and Paid-up Capital

As of 31 December 2021, the Company's registered capital was Baht 227,500,000, consisted of a par value of Baht 0.50 per share with the amount of 455,000,000 ordinary shares and all shares are fully paid-up.

Dividend Policy

The 10/2564 of the Board of Directors meeting on 24 September 2021 has approved dividend policy that will become effective from 25 September 2021 onwards at the rate of not less than 40% of net income according to the Company's financial statements after deducting legal reserve and prescribed in law and the Company's Articles of Association. However, the dividend payment must not exceed than retained earnings according to the Company's financial statements and in case the company had deficit, the Company will not consider payment of dividend. Nevertheless, the company may consider to pay dividend payment less than the defined rate depending on a financial performance, financial position, and the Company's liquidity including the needs of spending working capital, business expansion plan soon, and other factors related to the Company's supervision according to the Board of Directors' discretion.

The dividend payment must be approved by Shareholder's meeting, except interim dividend which the Board of Directors may approve to pay an interim dividend occasionally in case the company has an appropriate profit and the interim dividend payment must be informed in the next Shareholders' meeting.

The company has declared dividend payment from the annual financial performance ended on 31 December 2021 Baht 0.0527 per share and Baht 24,006,000 in total which is 80.83% of the annual net profit after legal reserve and prescribed in law and the Company's Articles of Association.

Risk management

Risk Management Policy and Plan

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited has set out the organisational risk management policies, risk assessment and action plan designed to manage risk to an acceptable level through communication, the arrangement of seminars and workshops for employees to raise awareness on the importance of risk management. The Company's risk management policy are as follows:

- To foster an environment and atmosphere conducive to risk management to create understanding, awareness and shared responsibility for risks, controls and impacts of risks to the company in the management process and operations throughout the company.
- To provide appropriate quality risk management guidelines and measures on an international scale. This includes identifying, analysing, evaluating, prioritizing, managing, controlling, monitoring, reporting, assessing and communicating information about risks on an ongoing and regular basis and carry out the practice throughout the Company.
- To provide qualitative risk analysis on the work system, such as reputational risk, company image and quantitative risk analysis such as company losses, reduced income, increased expenses by considering potential opportunities and impacts.
- To provide a determination of acceptable risk levels to limit the damage that may occur to the level of risk that are acceptable to the Company including review the operator's action plan to manage the risk to an acceptable level.

The Company's Risk Management Plan

1) The formulation of risk management policy and criteria such as setting policy, objective, scope, responsibility, risk management criteria and guideline to align with the

strategy, goal, plan and business direction, which the Company will review annually and will put into practice together with the business plan to ensure consistency. In this regard, the determination of the guideline topics that cover the risk assessment and risk management are as the following main topics:

- **Strategic Risk (S)** refers to risk arises from formulation of strategic plan and the implementation of the plan that is inappropriate and the inconsistencies between policies, goals, strategies, organisational structures and competitive situation.
- **Operational Risk (O)** refers to risk arises from all phases in the operation process that covers the factors related to the process, technology equipment and personnel in operation.
- **Finance Risk (F)** refers to risk associated with reporting of various information with accuracy to build trust such as the Company performance report etc.
- **Compliance Risk (C)** refers to risk arises from the inability to comply with applicable laws and regulations or, inappropriate existing laws and regulations creating obstacles in the operations or corruption by the officials.

2) Internal control analysis and assessment to determine the level of risk remaining after the assessment whether it is still high or very high. There must be a risk management action plan of the operation system by the responsible management.

3) Risk management is done by defining a method for creating an action plan as it has been defined in the risk assessment steps which the acceptable risks should be taken into account along with the costs incurred and the benefits gained. A risk response may choose one or a combination of methods to reduce the likelihood of

an event occurring and the severity of the impact of the incident was Avoid, Share or Transfer and Reduce, Risk Acceptance.

4) Monitoring of risk is done by the responsible person including the officer to consider the risk management or control activities are policies and operating procedures that are implemented to ensure that the company have managed the risks according to

the internal environment of the company, the nature of the business, the structure and the organisational culture which may differ.

5) Risk management results are followed-up and reviewed according to the plan including risk management results assessment, which the Risk Management Committee will monitor and report to the Board of Directors.

Company's Business Risks

1. Health and Beauty Products Highly Competitive Market Risks

Currently, the market for health and beauty supplements is growing. This is a result of consumer behavior towards health care, including more attention to beauty and the value of consuming dietary supplements to build immunity or nourish the body. As a result, more entrepreneurs are entering this business as it is a business that does not require a very high initial investment. Both small and large businesses contract manufacturing operators and distributors work with entrepreneurs who have their production plants. Importers of goods from abroad for distribution, retailers, actors, and actresses who make additional careers from selling health products, including multinational companies to build manufacturing plants in Thailand. This makes the dietary supplement business more competitive. There is a replacement product with the same characteristics with similar features and are produced and released in large numbers under a variety of brands. Along with the awareness of information about the properties of various dietary supplements, giving consumers more choices. Manufacturers and distributors have to develop products to keep up with the market situation, trend and consumer behavior that changes according to the popularity and attitude towards each type of dietary supplement consumption. Therefore, if the Company cannot maintain production standards, it is unable to develop products to respond to changing consumer behavior. This may cause the Company to be unable to

maintain its existing customer base and may prevent it from having additional new customers. This may affect the Company's performance in the long run.

Guidelines on Risk Management Practices

The Company is well aware of the following risks therefore, the Company focuses on the product quality along with product formulations that are suitable for each group of customers as the priority and it is what the company has always adhered to. In addition, the Company also pays attention to the invention of new products, product diversification development to provide customers with choices that are suitable for them as well as continually develop product models to enter the market to reduce dependence on a particular product. The Company also increases the distribution channels to make the products easier customers to have access to the product, including advertise in various media to raise the product awareness among the customers. Although the health and beauty products business is highly competitive, the entrepreneurs can easily enter this market. However, most of the competitors in the business are small businesses that are just distributors, or it could be a contract manufacturing business with a small factory that is not a direct competitor of the same size as the Company and with the reputation of the Company that has been around for a long time which give the Company an advantage in competing with other competitors in the industry in the long run.

2. New Product Launch Risks

The Company recognises the importance of introducing new products to the market for overall business growth. The Company has established the strategies for introducing new products in its various product groups, especially products under its brand to prepare for future growth, however, the Company is aware of the risks that may occur in each step, as follows:

At the beginning of the new product launch, the Company need to test the feasibility, efficacy, and safety of their products to ensure that all products are standardised and efficient. The Company can then seek approval from the relevant regulatory authorities to legally sell the product on the market. In such a step, the Company has expenses and risks to manage, especially for the development and approval of modern medicines, because the research and development process is quite complicated. For the approval process with relevant agencies such as the Food and Drug Administration (FDA), the Company may encounter delays in the registration and approval processes, or may not be approved by the relevant agencies to distribute the product if such risks arise. The Company may be adversely impacted by its business and operating results. This is because the Company may not be able to deliver the product within the required time frame which The Company may miss out on the opportunities to increase its market share as planned.

Guidelines on Risk Management Practices

The Company has a way to enhance its efficiency in developing new quality products. There are innovations to meet the needs of all groups of consumers based on being able to comply with the law. This ensures that the Company's products are approved by the relevant authorities and capable of continuous marketing communication within a strict legal framework. The Company has test results from both its departments and collaborates with universities across the country to support the efficiency, effectiveness, and reliability of its products as prescribed by law. The Company has a marketing

team that is ready to study the market to formulate marketing strategies in accordance with the needs of customers and consumers.

3. Concentration On Major Customer Risks

The Company's products are pharmaceuticals and dietary supplements. Most of them sell products in form of contract manufacturing. In 2019 - 2021, there was no proportion of sales revenue from any particular customer that exceeded 30% of sales revenue. The declining popularity of the consumer group is affected by the product life cycle during recessions or downturns. This may result in the Company receiving fewer orders from customers until it cancels production plans for the following year or reduces production orders. If the Company is unable to find other customers to replace them, it will significantly affect the revenue and operating results of the Company. The Company's products have been recognised by customers for a long time because they can produce quality products that align with the standards and meet the needs and deadlines of customers, including the after-sales service. However, based on previous business operations the Company's major customers will continue to hire the Company to continually manufacture the products, and the Company will always be chosen for production.

Guidelines on Risk Management Practices

The Company is well aware of such risks and impacts. Therefore, the Company has a policy of seeking new customers and/or co-developing existing customers by offering a variety of new product formulas that is able to meet the needs of customers according to the trend of popularity in the market that has changed quite quickly in terms of products and brands of the Company. The Company has been trying to expand its customer base by diversifying its customer groups and expand the distribution of products under the Company's brand, including increasing the customer base to gain more foreign customers. This will be an important factor in reducing the risk of relying on big customer.

4. Compliance and Regulatory Risks

The main products of the Company are medicines and dietary supplements, which are the products that are important to consumers. Therefore, every product must be licensed and registered by the relevant authorities and is subject to the laws, rules, and regulations of the Food and Drug Administration, the Ministry of Public Health in various aspects. In addition, the Company shall strictly comply with the conditions of the licenses it received to operate the business. All product labels and advertising words must be authorized before the product can be sold. The product label must be displayed as specified by the FDA so that consumers can read the information clearly before making a purchase decision and to control the exaggeration of the product's advertising or boasting benefits in terms of being used for the treatment or treatment of diseases. Therefore, to compliance with the laws, rules, regulations, and regulatory standards, as well as future changes, is very important to the Company's business operations. This can sometimes cause the Company to have additional expenses or costs. It may affect the reputation and operations of the Company in the future if the Company fails to comply with the relevant regulations or fails to register drug and dietary supplements as required by law.

Guidelines on Risk Management Practices

The Company has closely monitored various changes, including relevant compliance with regulations, Criteria and standards for various controls. The Company has a registration department that is directly responsible for this duty, including following the news, trends in changes in laws, rules, regulations, and standards that are relevant to the Company closely. Therefore, the Company will be prepared to deal with various changes that will occur in a timely manner.

5. Registered Product Expiration, Cancellation, and Nonrenewal Risks

In the production and distribution of the Company's products, especially the modern drug group. It is important that a product must be registered before it can be launched to the market. The registration of these

products will have an expiration date and/or be re-evaluated in accordance with the period specified by the relevant government agencies. The Company is required to renew the term as required by laws and regulations in order to continue doing business and distribution. However, the renewal and assessment terms are subject to change. This makes it difficult for the Company to ensure that all product registrations can be renewed. In addition, product registrations can be canceled or revoked by government agencies. This may result in the Company losing revenue from the sale of products whose registration has been canceled.

Guidelines on Risk Management Practices

In respect of product registrations that may have expired or have been canceled. The Company has established the plans to minimize the risks by tracking the expiration dates of the registration owned by the Company. The Company also develop and update pharmaceutical reports on drug registration in accordance with the rules and regulations that may change from time to time following the ASEAN Agreement on Drug Registration Standards (ACTD) to ensure that the Company will be able to renew and comply with the rules in a timely manner and there will be no gaps that may result in the suspension of products being sold. In addition, the Company has a policy of regularly acquiring new product registrations according to the new drug research project by the Company's internal team with experience, including purchasing a product registration that can move the production location immediately in order to be able to quickly acquire a product registration that can be immediately sold to customers.

6. Damages Arising from Unsafe Products Risks

The Company's health products include modern medicines, traditional medicines, herbal products, and dietary supplements, which are the products that are consumed directly into the body, thus affecting the health and safety of consumers. Therefore, quality and safety are important to build the credibility of the Company's

products. The Company's products may be at risk from product contamination or deterioration. This can occur at all stages of production, storage, transportation, and distribution, which may be beyond the control of the Company. For example, there may be contaminants from raw materials ordered by the Company from the supplier, and etc. If this is the case the consumers get adverse side effects, health problems, or harm to their health from using such products, causing allegations, complaints, or lawsuits to pay compensation for various damages. In addition, the Company may be at risk of being affected by the insecurity of the products of other operators that are not the Company's products. From the news on various channels, as the drug and dietary supplement distribution business is a business that does not require much investment, it may result in many businesses who provide contract manufacturing services manufacture products that are not standardized or contain dirty ingredients. As a result, consumers will get sick and may lead to death as shown on the news in the media, which directly affects the Company when consumers get sick or die from taking drugs or dietary supplements. This will cause consumers to panic and refrain from purchasing drugs or dietary supplements for consumption that are similar to the news affecting the consumption behavior of consumers of drugs or dietary supplements in a wide range.

Guidelines on Risk Management Practices

The Company focuses on the quality, cleanliness, and safety of the products they sell through quality control and inspection in every step of production, starting from the selection of suppliers who deliver quality raw materials and packaging and possess reliable qualifications for the Company, raw material inspection, strict quality control of raw materials and production processes, determined transportation standard, storage of raw materials, and finished goods to be sold to ensure safety and product quality can be maintained. In order to be in compliance with the GMP PIC/S standard for manufacturing and good products, safe and harmless to consumers. In the past, the Company has never had any complaints about the safety of its products.

In addition, the Company is aware of the risks that may arise when unsafe products are found on the market by providing operational procedures in case of complaints related to product quality or safety. The Company possess a clear and correct work process when such unsafe products are found.

7. 2019 Coronavirus Disease Pandemic (COVID-19) Risks

A 2019 Coronavirus disease pandemic (COVID-19) has spread in many countries around the world, including Asia, Europe, and the Americas, which resulted in a large number of illnesses and deaths, It also affects the tourism and hospitality industries, and domestic and international investments, the manufacturing sector in various industries, the real estate sector. This also affects employment and wages, which inevitably affects the loss of income of individuals and the country's economy. For Thailand, cooperation are requested by the government for the people to stay at home to stop the spread of germs for the whole nation by asking people to cooperatively stay home throughout the year 2021 which will affect the Company's income both in the part of the customer base in the country and the customer base of foreign tourists visiting Thailand, especially if that customer base is from China, which is a country that has been heavily affected by the COVID-19 epidemic

Guidelines on Risk Management Practices

The Company is well aware of such risks and impacts. Therefore, there has been increased consideration and caution in the investment and production planning of the Company's products. The Company also change the sales methods by focusing more on online sales channels, which is a popular product distribution channel due to the fact the rise of new normal lifestyle among the people. Furthermore, the Company oversees the business opportunity during the pandemic therefore, the Company has ordered the alcohol-based products for cleaning for Distribution under the Company's own brand and under the customer's brand.

Business Sustainability Development

Stakeholder management in business value chain

Value Chain

The Company recognises the importance of running the business in various contexts. Therefore, the Company hopes the operation of our employees with strategic cooperation from upstream to downstream will keep the Company operating and growing. Manufacturing diverse and efficient products also give benefits to customers and shareholders such as employment, tax payment, and community and environment development that cause positive effects to the value chain.



Stakeholder Analysis in the business value chain

The Company believes that stakeholder participation is the foundation to build a sustainable organization. Therefore, the Company use the information to evaluate the main issue about all stakeholders which keeps the company operating with decent methods. The Company holds a brainstorming with a related group of representatives for the purpose of prioritizing interested persons fairly.

Summary table of stakeholder participation			
Stakeholder	Anticipation	Methods of operation	Communication and participation channels
Consumer	<ul style="list-style-type: none"> • Safety quality and efficient products • Reasonable price and convenience to purchase 	<ul style="list-style-type: none"> • Supply products and quality service including consistent standard improvement • Provide accurate information or facts about products according to scientific principles, legal regulations and avoid providing false information 	<ul style="list-style-type: none"> • Company Website • Annual report (Website) • Complaint channel
Distributor/ Partner	<ul style="list-style-type: none"> • Fairtrade • Mutual growth • Keep trade secrets, intellectual property, and copyright • Dept payment in the specified time 	<ul style="list-style-type: none"> • No disclosure of confidential information of customers without consent or legal authorization • Consider equality and mutual benefits with business partners • Fair selection of business partner • Follow business partner trading contracts and conditions 	<ul style="list-style-type: none"> • Company Website • Annual report (Website) • Conference, Factory inspection, and visit • Tel. & Email • Complaint channel
Employee	<ul style="list-style-type: none"> • Fair compensation • Safety life and assets • Knowledge and career development • Life, work, and balance 	<ul style="list-style-type: none"> • Promote employee skills development • Promote safe working environment • Promote teamwork • Respect privacy 	<ul style="list-style-type: none"> • Company Website • Annual report (Website) • Internal conference and annual employee training • Annual Performance Appraisal (2 per year) • Complaint channel
Shareholder	<ul style="list-style-type: none"> • Consistency and efficiency in business growth • Return on investment • Good corporate governance 	<ul style="list-style-type: none"> • Improve business efficiency • Treat shareholders equally • Transparent and reliable disclosure • Faithful in corporate governance 	<ul style="list-style-type: none"> • Company Website • Annual report (Website) • Shareholders' Meeting • Quarterly Financial report • Investor Relations • Tel. & Email

Summary table of stakeholder participation

Stakeholder	Anticipation	Methods of operation	Communication and participation channels
Community	<ul style="list-style-type: none"> • Run business responsibly • Economic community development and sustainable participation • Compliance with the law and regulations 	<ul style="list-style-type: none"> • Consistently held events and promote community and social development project • Compliance with the law, business regulations, and environmental law • Promote activities related to energy and environmental conservation 	<ul style="list-style-type: none"> • Company Website • Annual report (Website) • Conference, Factory inspection, and visit • Tel. & Email • Complaint channel

Besides the communication and contribution channel mentioned before, the Company also made a whistle-blowing channel on the Company's website so interested persons can report misbehavior in a correct way without having to reveal their identity throughout investigation process according to company corporate governance policy.

Performance on Environment

In the present day, waste caused by used packages in the consumer industry becomes an environmental issue that the Company should be concerned about in the future. As a leading manufacturing and distribution company, the Company is determined to support United Nations Sustainable Development Goals (UN SDGs). Regarding sustainable consumption and production using new packaging design method, reducing the use of packaging and increasing use of recycled materials followed by managing waste responsibly.

In 2021, the Company developed plastic packaging form by reducing plastic use which was a component of the package for the Company's products (Own Brand) such as packaging design with durability for transportation as a substitute of packaging wrap, reducing cushioning materials of the package but still maintaining products quality is a good solution that saves 7,500,000 pieces or 13,525 kg. of materials cost of finished goods production process per year which reduces 67,909 kg. greenhouse gas emission per year. (Thai Nation LCI Database)

Social Responsibility

During the year 2021, the Company has undertaken various social development activities as follows:

Learning & Development



Donation







Management Discussion and Analysis

Executive Summary

(Unit: Thousand Bath)	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021 ("4Q21")	Year 2021 ("3Q21")	Year 2020 ("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	%FY
Revenue from sales	111,422	103,556	104,971	7.6%	6.1%	422,342	455,644	(7.3%)
Gross profit	40,034	31,694	35,332	26.3%	13.3%	144,369	143,628	0.5%
EBITDA	13,611	16,593	16,268	(18.0%)	(16.3%)	70,056	73,197	(4.3%)
Net profit	4,002	6,322	6,362	(36.7%)	(37.1%)	29,691	31,084	(4.5%)
Normalised net profit ⁽¹⁾	7,582	6,322	6,362	19.9%	19.2%	33,271	31,084	7.0%
Gross profit margin	35.9%	30.6%	33.7%	5.3%	2.3%	34.2%	31.5%	2.7%
EBITDA margin	12.2%	16.0%	15.5%	(3.8%)	(3.3%)	16.6%	16.1%	0.5%
Net profit margin	3.6%	5.9%	6.0%	(2.3%)	(2.5%)	6.9%	6.7%	0.2%
Normalised profit margin ⁽¹⁾	6.7%	5.9%	6.0%	0.9%	0.7%	7.8%	6.7%	1.1%

Source: Financial statements FY21 (Audited) and management information

Note: ⁽¹⁾ Non-operating expenses was mainly comprised share issuance costs in relation to Initial Public Offering ("IPO")

QoQ (4Q21 vs 3Q21)

- In 4Q21, JSP Pharmaceutical Manufacturing (Thailand) PCL. (the “Company” or “JP”) had higher revenue from sales than 3Q21 by 7.6%. This was mainly derived from continuous increased in revenue from conventional medicine and her product to OEM customers.
- The Company’s gross profit margin for 4Q21 was higher than 3Q21 by 5.3% since the Company had improvement in monitoring staff costs.
- The Company’s normalised profit was increasing because of revenue base expansion, controlling of expenses and reduction of finance costs from financial institutions.

YoY (4Q21 vs 4Q20)

- The Company’s revenue from sales for 4Q21 increased from 4Q20 amounting to Baht 6.5 million, or 6.1%. This was because revenue from dietary supplements and conventional medicine had still increased for OEM customers.
- Due to product value added and efficient cost controlled, the Company’s gross profit increased accordingly. Hence, the Company reported gross profit margin at 35.9% for 4Q21.
- Apart from monitoring of expenses, the Company used cash received from IPO to repay loans from financial institutions. As a result, normalised profit margin increased from 6.0% in 4Q20 to 6.7% in 4Q21.

FY (FY21 vs FY20)

- Revenue from sales for FY21 decreased from FY20 by 7.3%. This was primarily because consumers had alternatives to prevent COVID-19 infection and that revenue from cleaning alcohols decreased. However, consumers had more awareness on healthcare so that revenue from dietary supplements and conventional medicine rose up.
- Due to improvement of production efficiency, gross profit margin for FY21 increased by 2.7% with respect to FY20.
- EBITDA for FY21 decreased from FY20 by Baht 3.1 million since the Company had share issuance costs related to IPO in FY21.
- The Company’s normalised profit margin was still increase and that FY21 presented at 7.8%. This was because expenses monitoring and product development to satisfy customer’s demand.

Financial ratios FY (FY21 vs FY20)

- Due to fundraising through IPO, the Company had lower return on assets and equity in FY21. However, debt-to-equity was better-off because the Company used cash received from IPO to repay loans to financial institutions.

	FY21	FY20
<i>Return on assets</i>	2.4%	6.4%
<i>Return on equity</i>	3.1%	15.9%
Debt-to-equity ratio (Times)	0.30	1.47

Significant events during 4Q21



Listing of shares in mai market

On 21, 25 and 26 October 2021, the Company issued new shares 115.0 million shares through IPO at the issued price of Baht 7.0 per share (par value of Baht 0.5 per share). The Company registered newly issued shares to the Ministry of Commerce on 28 October 2021. In addition, the Company's ordinary shares have been traded in mai market on 2 November 2021.



Expansion of production facility at Lamphun province

On 11 November 2021, the Board of Director approved the Company to a project about investment in production facility expansion at Lamphun province, which had project value totalled Baht 160.0 million. This production facility was for producing soft gel product, cannabis and hemp-related product and Plant-based protein product.



Launching of Plant-based protein product

As the increase of healthcare trend, the Company performed research and development in relation to plant-based protein in form of dietary supplements and performed press release. The Company aimed to offer Own Brand and OEM products to customers and believed that there will be good acceptance from customers.

Entering memorandum of understanding for cannabis and hemp developments

The Company had progress in co-developing extract from cannabis and hemp. The Company entered into memorandum of understanding with K T D M Co., Ltd. ("KTDM") and World Medical Tourism Alliance Co., Ltd. ("WMTA"). Whereby, the Company and WMTA will jointly research and development prototype from cannabis e.g. conventional medicine, dietary supplements and herbal products. While, KTDM will provide raw materials to produce extract of such research.



Repayment of loans to financial institutions

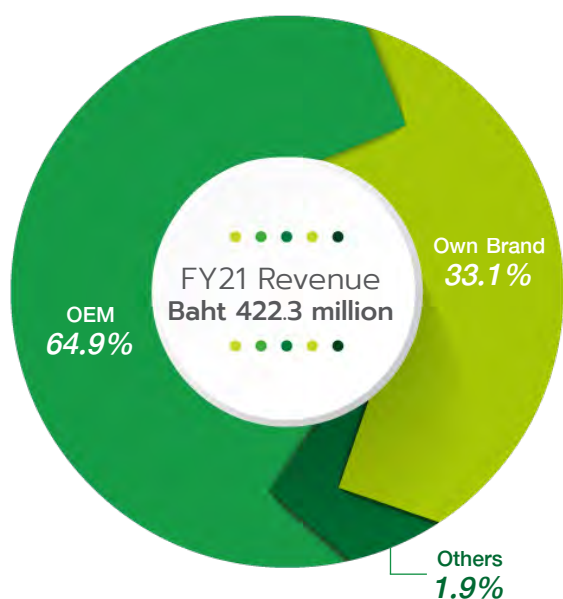
After the Company had received fund from IPO, the Company used such fund partially to repay loans from financial institutions. Then the Company had lower loans from financial institutions by 50.5% from Baht 166.7 million to Baht 82.5 million as of 31 December 2020 and 31 December 2021, respectively. In addition, finance costs from loans to financial institutions for FY21 was lower than FY20 by Baht 1.6 million, or 18.1%.

Operating results

(Unit: Thousand Bath)	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021 ("4Q21")	Year 2021 ("3Q21")	Year 2020 ("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	%FY
Revenue from sales	111,422	103,556	104,971	7.6%	6.1%	422,342	455,644	(7.3%)
Cost of sales	(71,388)	(71,862)	(69,639)	(0.7%)	2.5%	(277,973)	(312,016)	(10.9%)
Gross profit	40,034	31,694	35,332	26.3%	13.3%	144,369	143,628	0.5%
Other income	928	3,682	665	(74.8%)	39.5%	6,785	7,099	(4.4%)
Distribution costs	(13,191)	(11,364)	(14,697)	16.1%	(10.2%)	(46,412)	(48,123)	(3.6%)
Administrative expenses	(19,346)	(13,122)	(11,446)	47.4%	69.0%	(56,444)	(49,364)	14.3%
Operating profit	8,425	10,890	9,854	(22.6%)	(14.5%)	48,298	53,240	(9.3%)
Finance costs	(2,678)	(2,947)	(2,804)	(9.1%)	(4.5%)	(10,401)	(11,441)	(9.1%)
Impairment loss in accordance with TFRS9	(496)	94	910	(627.7%)	(154.5%)	(467)	(2,123)	(78.0%)
Profit before taxes	5,251	8,037	7,960	(34.7%)	(34.0%)	37,430	39,676	(5.7%)
Income taxes	(1,249)	(1,715)	(1,598)	(27.2%)	(21.8%)	(7,739)	(8,593)	(9.9%)
Net profit	4,002	6,322	6,362	(36.7%)	(37.1%)	29,691	31,083	(4.5%)
Normalised net profit	7,582	6,322	6,362	19.9%	19.2%	33,271	31,084	7.0%

Source: Financial statements for FY21 (Audited) and management information

1. Revenue from sales structure



Products under customer's brand (OEM)

- The Company had variety of product to support customer's demand.
- The Company's revenue principally derived from OEM customers.

Products under the Company's brand (Own Brand)

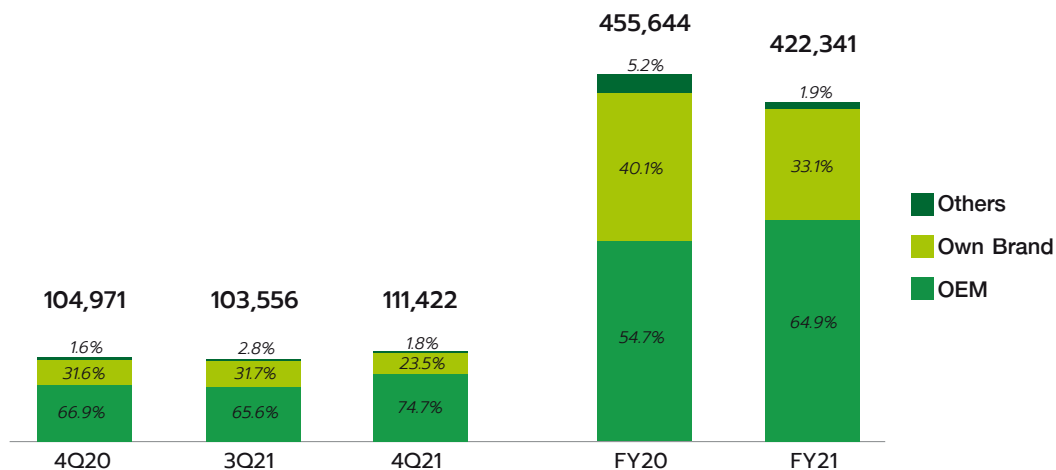
- The Company's brand consisted of COX™, JSP™, Suphap Osot™, EVITON™, which covered many channels of distribution
- The Company's had product development and marketing plans to expand revenue from Own Brand segment.

Other products (Others)

- The Company traded certain products such as COVID-19 test kits, drug test kits.

(Unit: Thousand Bath)	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021 ("4Q21")	Year 2021 ("3Q21")	Year 2020 ("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	%FY
OEM	83,276	67,890	70,179	22.7%	18.7%	274,197	249,294	10.0%
Own Brand	26,170	32,784	33,128	(20.2%)	(21.0%)	139,952	182,770	(23.4%)
Others	1,976	2,882	1,664	(31.4%)	18.8%	8,192	23,580	(65.3%)
Total	111,422	103,556	104,971	7.6%	6.1%	422,341	455,644	(7.3%)

Source: Financial statements for FY21 (Audited) and management information



QoQ (4Q21 vs 3Q21) 4Q21's revenue from sales increased from 3Q21 by 7.6% was mainly because

- **OEM products** : The Company had higher revenue from customer's orders for conventional medicine and herbal product.
- **Own Brand products** : Because some relieves to COVID-19 measures have been announced in 4Q21, the Company then could sell less of cleaning alcohol to customers.

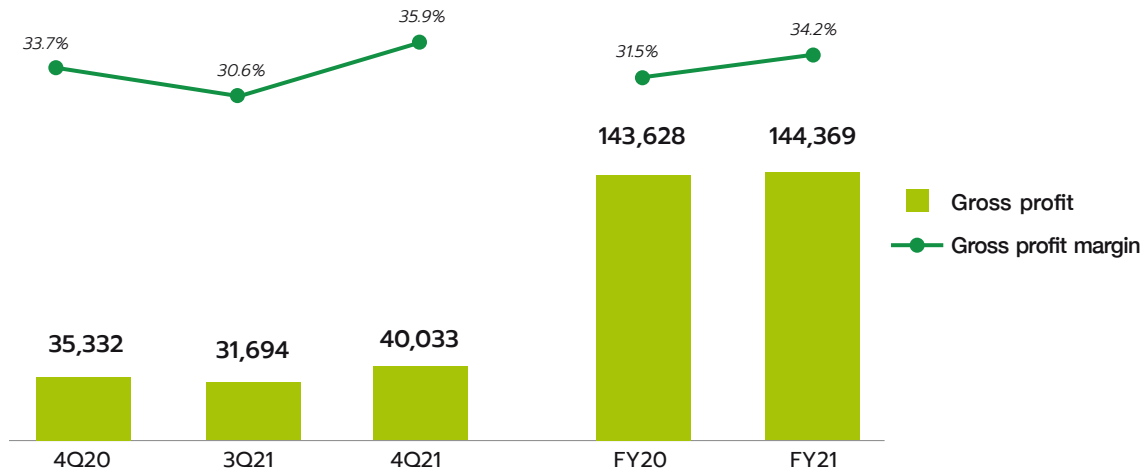
YoY (4Q21 vs 4Q20) Revenue for 4Q21 increased from 4Q20 by 6.1% since

- **OEM products** : Comparing with 4Q21, COVID-19 pandemic in 4Q21 was more tremendous. The Company then had higher revenue from her products, especially Andrographis extract which have properties to cure of infection.
- **Own Brand products** : Since COVID-19 pandemic took longer than 1 year, the overall economics had negative impact. Therefore, customers had less demand of food supplements, which was key revenue of this category.

FY (FY21 vs FY20) The Company had revenue for FY21 lower than FY20 by 7.3% because

- **OEM products** : The Company had higher revenue from OEM products since more of customers' orders received for conventional medicine and herbal products.
- **Own Brand products** : Although the Company's had less revenue from cleaning alcohol products, the Company offered new products for healthcare purposes to customers in order to expand revenue baseline.
- **Other products** : Due to current economic situation, customers made careful on spending. The revenue from this segment decreased, especially cosmetic product.

2. Gross profit and gross profit margin



QoQ (4Q21 vs 3Q21)

- The Company had gross profit margin for 4Q21 higher than 3Q21 amounting to Baht 8.3 million because higher revenue earned. In addition, gross profit margin increased since the Company improved production efficiency, especially staff costs.

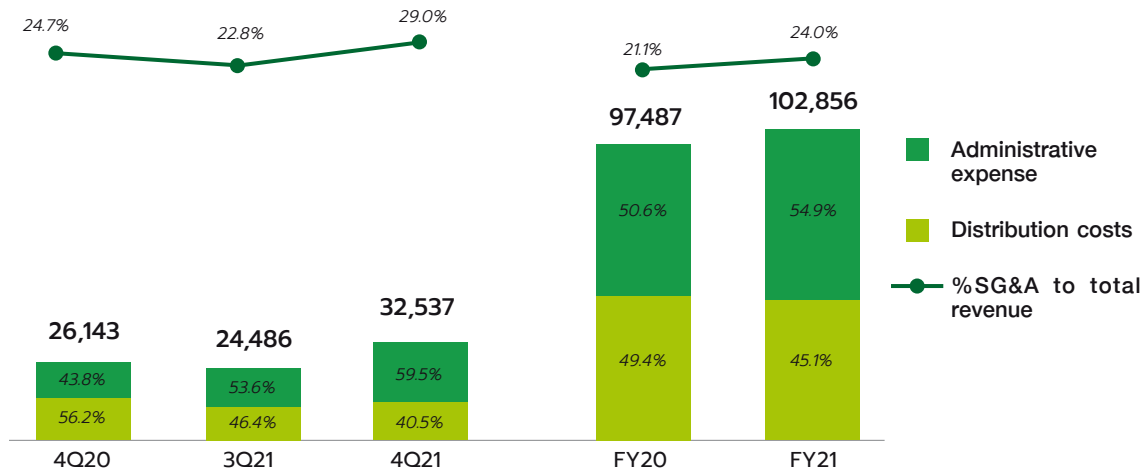
YoY (4Q21 vs 4Q20)

- Because higher revenue earned, gross profit and gross profit margin in 4Q21 increased by Baht 4.7 million and 2.2%, respectively.

FY (FY21 vs FY20)

- Since revenue from sales in FY21 was lower than FY20, gross profit for FY21 was lower than FY20 amounting to Baht 1.3 million. However, the Company had better gross profit margin in FY21 than FY20 by 2.7%. This was because changes in sales mix by reducing sales of cleaning alcohols, but had higher sales of conventional medicine, which had higher gross profit margin.

3. Distribution costs and administrative expenses



QoQ (4Q21 vs 3Q21)

- **Distribution costs** : The Company's distribution costs for 4Q21 and 3Q21 were Baht 13.2 million and Baht 11.4 million, respectively. There was more advertising made to promote Own Brand products so that distribution costs for 4Q21 was higher.
- **Administrative expenses** : The Company had administrative expenses for 4Q21 and 3Q21 amounting to Baht 19.3 million and Baht 13.1 million, respectively. The increase in this expense derived from share issuance expenses under IPO and fees arose from on loan repayments prior to maturity.

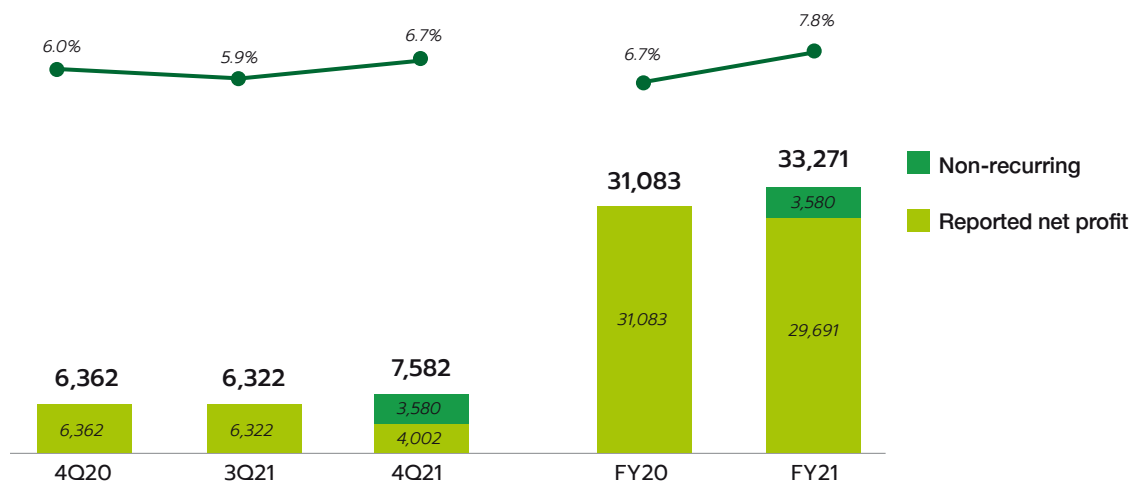
YoY (4Q21 vs 4Q20)

- **Distribution costs** : Distribution costs for 4Q21 decreased by 10.2% comparing with 4Q20. This was because there was research and development costs on plant-based protein during 4Q20.
- **Administrative expenses** : Administrative expenses for 4Q21 was higher than 4Q20 by 30.1% due to staff costs, share issuance expenses in relation to IPO and prepayment fees on loan payments prior to maturity.

FY (FY21 vs FY20)

- **Distribution costs** : Since demand of cleaning alcohols decreased, distribution costs for FY21 were lower than FY20 amounting to Baht 1.7 million by lower of transportation out.
- **Administrative expenses** : Administrative expenses for FY21 was 14.3% higher than FY20 because of share issuance costs in relation IPO and higher staff costs.
- **Distribution costs and administrative expenses to total revenue** : The Company had this ratio for FY21 at 24.0%; which higher than FY20, because there was lower revenue and share issuance costs for IPO.

4. Normalised profit



(Unit: Thousand Bath)	Quarter 4	Quarter 3	Quarter 4	Change		Year 2021	Year 2020	Change
	Year 2021 ("4Q21")	Year 2021 ("3Q21")	Year 2020 ("4Q20")	%QoQ	%YoY	("FY21")	("FY20")	%FY
Net profit	4,002	6,322	6,362	(36.7%)	(37.1%)	29,691	31,084	(4.5%)
Net profit margin	3.6%	5.9%	6.0%	(2.3%)	(2.5%)	6.9%	6.7%	0.2%
Normalised net profit ⁽¹⁾	7,582	6,322	6,362	19.9%	19.2%	33,271	31,084	7.0%
Normalised net profit margin ⁽¹⁾	6.7%	5.9%	6.0%	0.9%	0.7%	7.8%	6.7%	1.1%

Source: Financial statements FY21 (Audited) and management information

Note: ⁽¹⁾ Non-operating expenses was mainly comprised share issuance costs in relation to Initial Public Offering ("IPO")

QoQ (4Q21 vs 3Q21)

- Due to controlling of expenses and decreasing of finance cost from repayment of loans to financial institutions, normalised net profit for 4Q21 increased from 3Q21 by 19.9%.

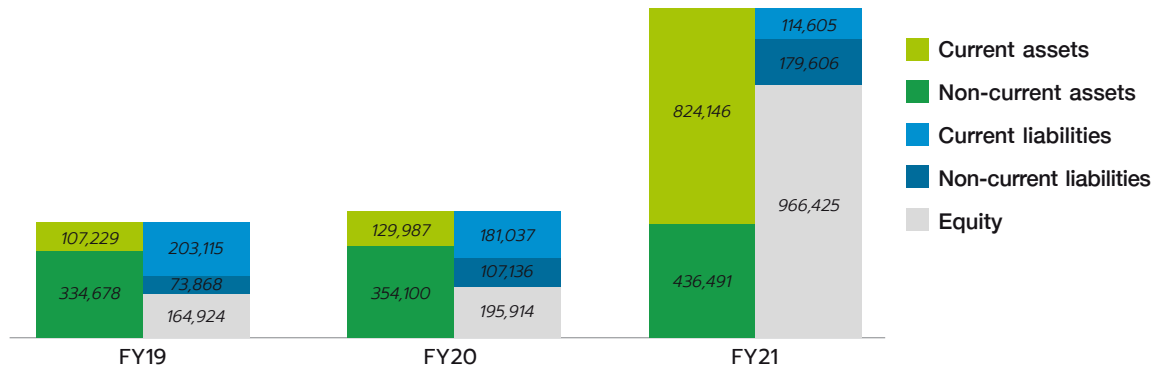
YoY (4Q21 vs 4Q20)

- In 4Q21, the Company had higher normalised profit and normalised net profit margin from 4Q20 amounting to Baht 3.5 million and 0.7%, respectively. These were because higher net profit margin and repayment of loans to financial institutions.

FY (FY21 vs FY20)

- Normalised profit margin for the Company was still rose up, which had 7.8%. This reason was primarily because of expense controlling, especially cost of production and product development to support customer's demand.

Financial position



Assets

- **Current assets** : As of FY21, current assets principally comprised cash and cash equivalents and inventories, accounted for 89.0 of total current assets. Cash and cash equivalents as of FY21 increased from FY20 increased because the Company received cash from IPO during the fourth quarter of 2021. In addition, inventories balance increased because the Company has plans to promote more of Own Brand products. Therefore, the Company needed to store more of inventories.
- **Non-current assets** : During FY21, the Company had property, plant and equipment accounted for 31.5% of total assets. The higher value of property, plant and equipment as of FY21 was higher than FY20 because the Company reclassified investment properties in FY20 to FY21 for future product development purposes. In addition, the Company revised value of right-of-use assets due to entering into new lease agreements and amendments of lease terms during FY21.

Liabilities

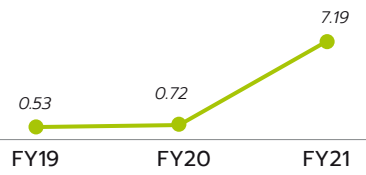
- **Current liabilities** : Current liabilities of the Company as of FY21 was lower than FY20 by Baht 66.4 million. This was because then Company repaid short-term loans from financial institutions wholly. But, the Company had more of trade payables and contract liabilities resulted from higher production activities and advances received from customer for future delivery, respectively
- **Non-current liabilities** : Since the Company entered into new and amended lease agreements during FY21, non-current liabilities increased. Moreover, the Company entered into new loan agreements with financial institutions to during FY21 to support liquidity

Equity¹

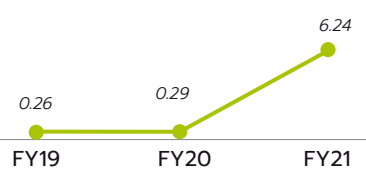
- As of FY21, contributed capital which primarily comprised share capital and share premium increased by Baht 768.9 million, resulted from IPO. For the Company's retained profit, it increased from net profit earned. While, the Company declared and paid dividend totalled Bhat 28.0 million during FY21.

Key financial ratios

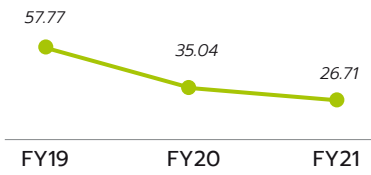
Current ratio (Times)



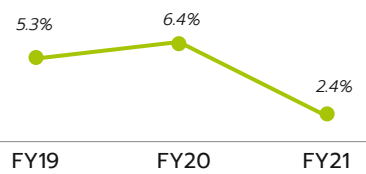
Acid-test ratio (Times)



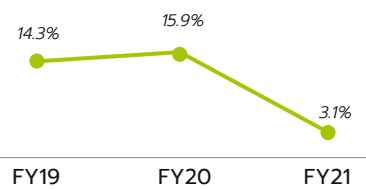
Days sales outstanding (Days)



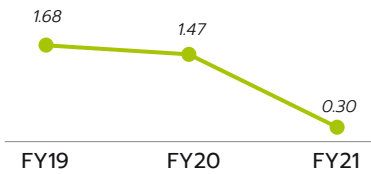
Return on assets (%)



Return on equity (%)



Debt-to-equity ratio (Times)



- Due to IPO during 4Q21, the Company had better liquidity. Therefore, there were significant increase in current and acid-test ratios.
- However, return on assets, return on equity and debt-to-equity tended to decreased because IPO made higher values of assets and equity.
- Even though the Company faced of COVID-19 pandemic, the Company had rigorous controlled on sales and receivables process. Hence, days sales outstanding was 26.71 days in FY21.

General Information and Reference Information

General Information

Company name (Thai)	: บริษัท โรงงานเภสัชอุตสาหกรรม เจเอสพี (ประเทศไทย) จำกัด (มหาชน)
Company Name (English)	: JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited
Securities Initial	: JP
Registered Name in the Stock	
Market	: The Market for Alternative Investment (MAI)
Registration No.	: 0107561000480
Nature of Business	: Develops, manufactures, and distributes conventional medicines, traditional medicines, dietary supplements, and sanitizers under customers' and company's trademarks.
Location	: Head Office 255, 257 Soi Sathupradit 58 Bangphongphang, Yannawa, Bangkok 10120 Branch 1 260 Moo 4 Sri Buaban, Muang Lumphun, Lumphun 51000 Branch 2 88, 88/1-3 Moo 11 Bang Chalong, Bang Phli, Samutprakarn 10540 Branch 3 88, 88/1-3 Moo 11 Bang Chalong, Bang Phli, Samutprakarn 10540
Tel.	: 02-284-1218
Fax.	: 02-294-0705
Website	: www.jsppharma.com
Registered Capital	: 227,500,000 Baht (Two hundred and twenty-seven million five hundred thousand Baht), consists of ordinary shares 455,000,000 shares (Four hundred and fifty-five million shares)
Issued and Paid-up Share Capital	: 227,500,000 Baht (Two hundred and twenty-seven million five hundred thousand Baht), consists of ordinary shares 455,000,000 shares (Four hundred and fifty-five million shares)
Par Value per Share	: 0.50 Baht (Fifty Satang)
Company Secretary	: Tel. : 02-284-1218 E-mail : jspsc@jsppharma.com
Investor Relations	: Tel. : 064-479-1691 E-mail : ir@jsppharma.com

References Information

Securities Registrar	: Thailand Securities Depository Company Limited 93 14 th Floor Ratchada-phisek rd., Dindaeng, Bangkok 10400 Tel. : 02-009-9000 Fax. : 02-009-9991 TSD Contact Center : 02-009-9999
Auditors	: KPMG Phoomchai Audit Limited 50 th floor Empire Tower 1 South Sathorn Rd., Yannawa, Sathorn, Bangkok 10120 Tel. : 02-677-2000 Fax. : 02-677-2222

Legal Disputes

On 31 December 2021, the company has an outstanding legal dispute caused by the Company's business which might have negatively affect the company's assets that contains more than 5% of the equity according to the Company's financial statements for the year ended 31 December 2021. The dispute details are as follows.

Summary of Legal Disputes of the Outstanding Case

Litigant	Plaintiff: ZHULIAN (THAILAND) Company Limited ("Zhulian") Defendant: Defendant 1 - JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited Defendant 2 - Zhuxian Zenit (Thailand) Company Limited
Type of Lawsuit	The Central Intellectual Property and International Trade Court case
Offense	Infringement of Trademark (Counterfeiting Trademark)
Prosecution date	11 September 2019
Compensation Claim	Baht 50.00 million at the rate of 5.17% of total equity or 3.97% of total assets according to the Company's financial statements for the year ended 31 December 2021
Causes of Prosecution	Plaintiff operates a direct sales business that has an instant ginseng coffee powder as a best seller (Coffee Plus), making the company famous for a long period. The plaintiff has filed a trademark registration as "We Love ZHULIAN, instant ginseng coffee powder, COFFEE PLUS" at the Trademark Department of Intellectual Property on 9 April 2008. The plaintiff prosecuted defendant 1 and defendant 2 at The Central Intellectual Property and International Trade Court on 5 September 2014 in both civil and criminal cases as a trademark infringement. Defendant 1 (Defendant 2 in this case) distributed instant ginseng coffee powder called "GURU COFFEE" which package was similar to the plaintiff's "COFFEE PLUS", especially in the exact spot on the upper right of the package was "We Love ZHUXIAN" which similar to "We Love ZHULIAN" of the plaintiff. According to the accusation in 2014, the plaintiff claimed compensation for stated infringement for Baht 40.00 million with 7.50% annual interest of Baht 40 million from the prosecution date until debt payment completed. However, the Company, as defendant 4 in that case, has given a denial. The Supreme Court made a judgment on 4 July 2018 that the case was dismissed for a reason that the Company was just a contract manufacturing company and was not involved with the trademark infringement with defendant 1

<p>Causes of Prosecution</p>	<p>(defendant 2 in this case), nonetheless, the company did not manufacture such coffee anymore. And after the case was completed, the Company sent an official document for the defendant, to defendant 2 to take back the packaging but they did not accept the return of packaging at the due date. Therefore, the Company outsourced destruction in which the details were specified in the uniform hazardous waste manifest, and also, the photographs of the packaging's transportation process were destroyed.</p> <p>In addition, according to the Supreme Court judgment on 4 July 2018, defendant 2 Board of Directors was sentenced to 8 months in jail for each, along with defendant 2 to be fined with the Board of Directors affiliated with defendant 2 in this case for Baht 150,000 each. After that, defendant 2 and the Board of Directors of defendant 2 pleaded guilty which was beneficial to the trial then the penalty was mitigated by half, remaining 4 months in jail each where the imprisonment provided 2 years suspension of the sentence along with the defendant, to be fined for Baht 75,000 each.</p> <p>Afterward, around July 2019, the plaintiff imparted legal department to investigate the products in different areas throughout Thailand where they found that the instant ginseng coffee powder called "GURU COFFEE" which packaging was similar to the plaintiff's "COFFEE PLUS", still distributed in Pratunam market area, Muang, Kon Kaen. The products were not stated either of manufacturing and expire dates. After investigating the coffee powder contained in the package, the products were still not expired where instant coffee has a shelf life of not over 2 years, presuming that the products were manufactured after 5 September 2014. Therefore, the plaintiff claimed the Company has already known that the words "We Love ZHUXIAN" were counterfeiting the plaintiff's trademark but the Company still distributed those products by cooperating with defendant 2 using their name as a distributor. The plaintiff claimed an infringement compensation from both defendants for Baht 50.00 million in total, along with 7.5% annual interest of the principal from the prosecution date until debt payment completed, and also applied the defendant to cease manufacture and distribution of all products that were within the scope of infringement. If the company still breached, both defendants would be charged Baht 405,000 per day from the prosecution date until debt payment is completed.</p>
<p>Case Status</p>	<p>The company's lawyer gave testimony on 15th October 2019 where the court has scheduled a pretrial conference on 24 February 2020 which the testimony from defendant 2, The defendant's lawyer gave testimony as to the contention that defendant 2's directors were sentenced to be bankrupt by the court since 2015 and the directors didn't run a coffee business which was disputed since the civil and criminal prosecution with defendant 2 in 2014. Currently, the directors of defendant 2 have run an educational business and defendant 2 become defunct and dissolved the Company since the registrar crossed the name from the register. However, to track the performance of the plaintiff about defendant 2 the court has made an appointment with the plaintiff to investigate the</p>

	<p>prosecution with defendant 2 on 24 May 2021.</p> <p>Due to the regulation of case management in the pandemic of the coronavirus 2019. The Court had to cancel a hearing appointment with the plaintiff's witness on 20 January 2021 as well as an appointment with a witness investigator on 21 and 22 January 2021. The Court approved the quash of pretrial conference and raising dispute issue according to judicial process report issued on 24 February 2020 and approved a new order as follows "The Court has investigated an accusation and the defendant 1 or the Company's testimony and judged that the case issued a simple dispute; therefore, cancel a pretrial conference and made appointment of plaintiff's witnesses investigation on 5, 6 October 2021 and defendant 1's witnesses investigation on 7 October 2021"</p> <p>On 5 October 2021, the plaintiff dismissed defendant 2, The court investigated 2 plaintiff's witnesses. Afterward, on 25 October 2021, the court continued to investigate 2 plaintiff's witnesses and 2 witnesses of defendant 1.</p> <p>On 14 December 2021. The Central Intellectual Property and International Trade Court had a judgment to dismiss the plaintiff; however, the plaintiff still had the right to appeal to the Court within 30 days after judgment date. The plaintiff applied a motion to extend the period of appeal for 60 days which will be due on 16 March 2022.</p>
Executive Opinion	<p>The Company's management believes that the Company will not have any damage from this case. However, the court decision will be decided from facts that appeared in the case, as well as an actual compensation that will be decided regardless of the accusation.</p>
Estimated Liabilities for Case Dispute	<p>The information of the Company's financial statements as of 31 December 2021 presented that no contingent liabilities have been set aside in this case because The Central Intellectual Property and International Trade Court has dismissed the case.</p>

The graphic features a large green ring with a white center. The text 'Section 2' is in green, and 'Corporate Governance' is in grey. There are also several decorative circles: a white ring at the top right, a grey ring at the bottom center, a grey circle at the bottom left, and a yellow-green circle overlapping the bottom left of the green ring.

Section 2

Corporate
Governance

Corporate Governance Policy

Policy Overview and Corporate Governance Guidelines

Objectives

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited realises the importance of good corporate governance which is the key to gaining investors' confidence in the Company due to its efficient, transparent, auditable management and its awareness of all shareholders. In addition, it is also used as a guideline for the Board of Directors to govern corporate, ensure its good performance in a long term, and create sustainable value to the corporate.

The Board of Directors as the entity of leadership role that takes the biggest responsibilities plays a crucial role in the governance of the corporate. Hence, the Company has provided a guideline regarding good corporate governance that is by the Corporate Governance Code (CG Code). It contains 8 sections of the principles as well as the definition of roles, authorities, and responsibilities of the Board of Directors and Sub-committees which can be briefly summarized as follows:

Principle 1: Establish Clear Leadership Role and Responsibilities of the Board to Create Sustainable Value to the Corporate

The Company has clearly defined roles and responsibilities of the Board of Directors in the Board of Directors Charter. Their main responsibilities include considering and approving the vision, mission, and values of the Company as well as considering and approving the Company's strategic plans, operation direction, objectives, and policies as well as resource allocation. The Board of Directors understands the roles, duties, benefits, Corporate Governance Code to create sustainable value and shall monitor, evaluate, and supervise the Company and its subsidiary Company's operational report to ensure they are by objectives and goals.

In this regard, the Board of Directors shall supervise the Company's operation by conducting business under related laws and regulations, perform tasks by setting objectives and plans by assessing from the Company's operational conditions, both internal and external factors that might impact the organization, analyze business trends as well as consider societal and environmental impacts for the Company to adjust its policy or strategy accordingly to the changing environment.

In addition, the Board of Directors has clearly defined the duties and responsibilities of Sub-committees, including the duties and responsibilities of the Chairman of the Board to ensure that directors and executives perform their duties with responsibility, caution, and honesty. They shall supervise the Company's operation to be by related laws, regulations, and the Board of Directors' resolution, shareholders' resolution, and Company's other policies.

Principle 2: Define Objectives that Promote Sustainable Value Creation

The Board of Directors greatly values the determination of objectives and goals for the business and organization's sustainable growth. Objectives and goals are consistent with value creation and benefit the Company, clients, business partners, shareholders, interested persons, and society as a whole by encouraging the integration of the Company's main objectives and goals into the process of the determination and operation from personnel in all levels to become an enterprise culture under good corporate governance.

In this regard, the Board of Directors determines strategy and plans as well as supervises and evaluates the operating results on a usual basis to ensure they are by the Company's main objectives and goals by employing suitable technology. Moreover, the realization of the risk of determining objectives may lead to illegal

or unethical misconduct along with supervising to ensure communication about objectives and goals through the organization's strategies and plans.

Principle 3: Strengthen Board Effectiveness

The Board of Directors consists of knowledgeable and skilled personnel with expertise and experience to perform tasks for the benefit of the Company. Therefore, directors shall have qualifications and not have any prohibited characteristics as required by laws. The Board of Directors has duties and responsibilities to determine and review the Board of Directors' structure.

At least one-third of all independent directors must be qualified, and not less than three members must be qualified and not of a prohibited character under the Securities and Exchange Act or by the Securities and Exchange Commission's rules (the "SEC"). No characteristic implies a lack of appropriateness to be entrusted to manage publicly owned companies according to the SEC (as declared by the Board of Directors SEC At 3/2017 Re: Characteristic Definition on Lack of Trust of Directors and Executives of the Company). Currently, the Board of Directors is made up of independent board members and executive directors who ensure that the Company is managed transparently and ethically. As a result, at least a third of the total number of independent directors is required to adequately balance their powers. Sub-committees are also appointed to assist the Management Committee in promoting the efficiency and effectiveness of the Board of Directors to the extent specified in the Charter of each committee.

The chairman of the Board of Directors shall be appointed by the Board of Directors. The Chairman of the Board of Directors will be chosen by an independent director, and the Board of Directors will consider the rules and procedures for nominating qualified persons to serve as Chairman of the Board of Directors to assist the Board of Directors in recruiting qualified directors through a transparent and clear process and to be prepared to consider appropriate compensation before seeking shareholder approval.

The Board of Directors shall ensure that all directors are responsible for performing their duties and that sufficient time is allocated to them, and that the roles and responsibilities of the Board of Directors and sub-committees, and the number of meetings, the number of times each director attended a meeting in the previous year, and the performance of all sub-committees, are all disclosed. In addition, the Company has hired a Company Secretary to assist the board in its decisions, as well as to coordinate compliance with the board's resolutions and to oversee the conduct of board and shareholder meetings.

Principle 4: Ensure Effective President and People Management

The Board of Directors analyzes the criteria and methods for selecting competent people, as well as the qualifications of directors and senior executives, to ensure that the Company has enough directors and senior executives to operate. It also emphasizes the need for sustainable business operations. As a result, as defined in the succession planning policy, the Company has established a succession plan to ensure continuity in management for the management group at the level of the Chief Officer.

To that end, the Board of Directors has devised a remuneration structure for directors and executives, as well as an evaluation system that is appropriate for the extent of the assigned obligations. Directors will be compensated in the form of meeting allowances and bonuses. Salaries and bonuses will be paid to executive directors. This is based on the Company's performance, as well as the Board of Directors' performance evaluation guidelines and the human resources performance evaluation rules as stipulated in the Board of Directors' Charter.

The Board of Directors will oversee employee management and development to ensure that they have the necessary knowledge, skills, experience, and incentives to effectively manage the business in compliance with strong corporate governance standards and continually improve operations.

Principle 5: Nurture Innovation and Responsible Business

The Board of Directors promotes and encourages innovation and the development of information systems to maximize the potential to fulfill the demands and capabilities of services for the benefit of consumers, as well as to support future market growth and expansion. In the event of a crisis or disaster, there is also a plan in place to ensure that business activities continue (Business Continuity Plan: BCP). Furthermore, the Board of Directors will oversee the management of business operations, ensuring that all stakeholders benefit and that the Company fulfills its social and environmental duties by promoting the Company's enrichment measures in response to changing environmental conditions. This could include business strategies, ways of thinking about enhancing service processes and processes, engaging with partners, and being prepared to compete fairly in business while not exploiting or unjustly exploiting others, as well as firmly adhering to the good governance framework. The Board of Directors understands the importance of stakeholder responsibilities and handles all stakeholders equally, fairly, and transparently, including:

Shareholder : The Company has a policy of conducting business transparently. It will make the most of our efforts to develop the business to grow and generate good returns for shareholders continuously and sustainably. It adheres to the principles of equitable treatment of shareholders.

Employee : The Company provides returns to employees based on fair and measurable performance against a set of criteria, to continuously promote and develop personnel's knowledge and competence. Furthermore, the Company respects employee rights and provides avenues for employees to file complaints regarding unreasonable situations through various channels.

Customer : The Company establishes long-term partnerships and cooperation with customers based on honesty and trust. The Company is in charge of guaranteeing maximum customer satisfaction by taking responsibility and prioritizing client needs based on ethics and providing good and efficient service.

Creditor : The Company establishes relationships with creditors and treats them with integrity, trust, and responsibility, prioritizing the conditions under which the best agreement with creditors can be reached.

Partner : The Company treats its partners with fairness and equality to profit from fair business operations. To grow sustainably and be a long-term partner, the Company selects partners based on factors such as pricing, quality, dependability, compliance with the law, technical skill, and environmental protection.

Community and Environment : We ensure that the Company and its employees conduct business responsibly and beneficially for society and community and that they behave with the community living nearby with friendliness, assistance, and support for the community's development while not creating or causing negative environmental impact.

Fair Competition : We make certain that the Company works in an open, transparent, and non-discriminatory manner.

Government Agencies : We ensure that the Company complies with all applicable laws and regulations and that the Company handles governments and government agencies objectively, as outlined in the Code of Conduct and anti-corruption policies.

In addition to supporting innovation and development of information systems to support customer services and support business operations that are focused on society and the environment, allocation and resource management is also important. As a result, the Board of Directors is active in ensuring that the essential resources are used effectively and efficiently.

Principle 6: Strengthen Effective Risk Management and Internal Control

The Board of Directors is responsible for ensuring that the Company has a risk management system and internal controls in place to guarantee that the Company meets its objectives and complies with all applicable

laws and requirements. The Board of Directors has appointed an audit committee, all of whom must be independent directors with no prohibited characteristics under applicable law, as well as have qualifications and duties by the rules of the SEC and the SET to perform various duties as assigned by the Board of Directors, including the duty to review financial reports, to ensure internal control, to compliance with the law, to consider auditor selection, to comment on the necessity and suitability of transactions between each other and persons who may have conflicts of interest or interests. Furthermore, the Board of Directors has established a risk management committee to assist the board of directors in overseeing the risk management system as defined in the risk management policy, which includes oversight of the security and management of information that may jeopardize the Company's credibility and business operations.

This is to ensure that the Board of Directors can oversee the risk management and internal control systems efficiently. The Board of Directors has adopted important policies to assist in governance management, which are grouped into five categories:

1. Corporate Governance
2. Financial Reports and Financial Management
3. Information Management and Information Technology
4. Human Resource Management
5. General Administration Policy

The Board of Directors has an anti-corruption policy that is communicated at all levels of the organization and to third parties to achieve implementation, which includes overseeing the mechanisms for receiving and processing complaints or whistleblowing, as well as establishing clear guidelines in whistleblowing and complaint policies. Each issue has its own set of rules, such as reporting requirements, investigations, code of conduct violations, receiving accusations of corruption, and misconduct in the case that a stakeholder raises a

concern about the Company's operations. You can inquire about specifics, file a complaint, or provide information about legal wrongdoing, financial report mistakes, a faulty internal control system, or unethical business practices to the Company's independent directors or audit committees. Complaints and clues reported to the Company will be kept confidential, and the Independent Director, Audit Committee, or Chief Executive Officer will instruct the person assigned to review the information, find solutions (if any), and report to the Chief Executive Officer and/or the Board of Directors. The Company offers a method for receiving complaints and/or comments, as well as direct email channels to senior management for whistleblowers and grievances. The following are the channels via which the Company receives whistleblowers and complaints:

1. Feedback boxes and complaints within the Company
2. Feedback boxes and complaints within the Company
 - 2.1 Trustworthy Managers at all levels
 - 2.2 Human Resources Department
 - 2.3 Company Secretary
 - 2.4 Member of the Audit Committee
 - 2.5 Company's Directors
3. By E-mail : jspcs@jsppharma.com
 Chairman of the Audit Committee : jspac@jsppharma.com
 Company secretary : jspcs@jsppharma.com
4. On the Company's website : www.jsppharma.com
5. By mail: Directly to the Chairman of the Board of Directors or the Chairman of the Audit Committee.

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Public Company Limited

Number 255, 257 Soi Sathupradit 58 Bangpongpan,
Yannawa, Bangkok 10120

All whistleblowing channels and complaints will be coordinated, received, followed up on, and collected by the Company Secretary, and whistleblowing information

will be directed directly to the person responsible for this matter, including the Chairman of the Audit Committee and the Chief Executive Officer, who will take appropriate action and ensure that the information and stories provided by the whistleblower will be directly maintained and protected by those responsible. The Audit Committee will designate the Investigation Committee to act as needed if the Chief Executive Officer is a complainant.

Principle 7: Ensure Disclosure and Financial Integrity

The Board of Directors is responsible for overseeing the preparation of accurate, sufficient, and timely financial reports and disclosures by applicable rules, standards, and practices, as well as monitoring the adequacy of financial liquidity and the ability to pay debts by delegating financial analysis to the joint Company's accounting, finance, and management departments. If the Company runs into financial issues or is expected to run into financial difficulties, it has a plan in place to address problems and processes in place to solve financial problems so that it may continue to function.

In this regard, the Company has arranged for Investor Relations officers to communicate and promote information that is beneficial to shareholders, investors, analysts, and related parties in a timely, appropriate, and equitable manner, as well as to oversee the dissemination of the Company's information by the criteria set forth by the Securities and Exchange Commission, The Stock Exchange of Thailand, and related agencies in the form of annual listing and annual reports and/or Company websites, etc. This comprises critical information that influences the price of the Company's securities, as well as important, unimportant, and sufficient information that impacts the decision-making processes of the Company's investors and stakeholders.

Principle 8: Ensure Engagement and Communication with Shareholders

The Company's Board of Directors cherishes its shareholders, and the Company will ensure that all shareholders are treated equally and that they can exercise

all of their core shareholder rights, including (1) Establishing criteria for minority shareholders to move the agenda ahead of the shareholders' meeting. The board should think about putting the issues raised by shareholders at the top of the agenda. If the board rejects an item submitted by the shareholders for the term, the board must explain its decision at the meeting. (2) Establishing Criteria for minority shareholders to appoint or remove directors, for consideration of remuneration of directors, for appointment of an auditor, for dividend payment, for capital increase and issuance of new shares, including the right to question the Board of Directors regarding the Board of Directors' reports and any other matters presented to the Meeting for consideration and approval. Furthermore, the Board of Directors must recognize and value the rights of shareholders by ensuring that shareholders participate in important Company decisions, ensuring that the implementation of the shareholders' meeting date is conducted in order, transparency, efficiency, and allows shareholders to exercise their rights, and ensuring the correct and complete disclosure of the shareholders' meeting resolutions and the preparation of the shareholders' meeting minutes.

The Board of Directors ensures that financial and other financial information and information related to the Company's business and performance are accurate, complete, adequate, consistent, timely, and demonstrate the Company's actual financial status and financial status, including the future of the Company's business, by strictly adhering to the SEC and SET's laws, regulations, and regulations relating to information disclosure. The Company organizes contacts with shareholders and investors through additional channels, including the dissemination of information to shareholders, in addition to disclosing information in compliance with the SEC and SET standards. Investors and the general public have been kept fully informed about the Company through local and other media.

Business Code of Conduct

The Company have conducted a business with honesty, integrity and ethically as well as having been responsible for the respective duties and committed in operating the business in compliance with good governance practices which enables the Company to grow in a steady and sustainable manner. The Company has developed the Business Code of Conduct to establish the guidelines and practices for the Company's directors, management and employees to adhere and facilitate which enable the Company to conduct business transparently, honestly and lawfully as well as to avoiding any activity that could lead to a conflict of interest with the Company's business. This will build up trust and recognition at the national and international level, thereby resulting in the sustainable growth of the Company.

In 2021, the Company has set up a compulsory course on the Business Code of Conduct to enable executives and employees of the Company to conduct self-learning through the e-learning system and to sign an acknowledgment of the Business Code of Conduct on a yearly basis. From the assessment results, it has shown that the Company's executives and employees had learned and signed the acknowledgment of the Business Code of Conduct requirements through the e-learning system at the rate of 100.00% of the number of Company's executives and employees.



The Significant Change and Progress of the Policy, Practices and Corporate Governance

The Significant Change and Progress of the Policy, Practices and Corporate Governance in 2564 B.E

The Company has realised the importance of the Corporate Governance is a crucial part that supports the operation of the Company in order to become efficient and to grow sustainably; every related party, such as staff, investors, shareholders and other interested persons will get the maximum benefits. However, the Board of Directors has been aware of the significance and reviewed the policies, practices and the system of the corporate governance.

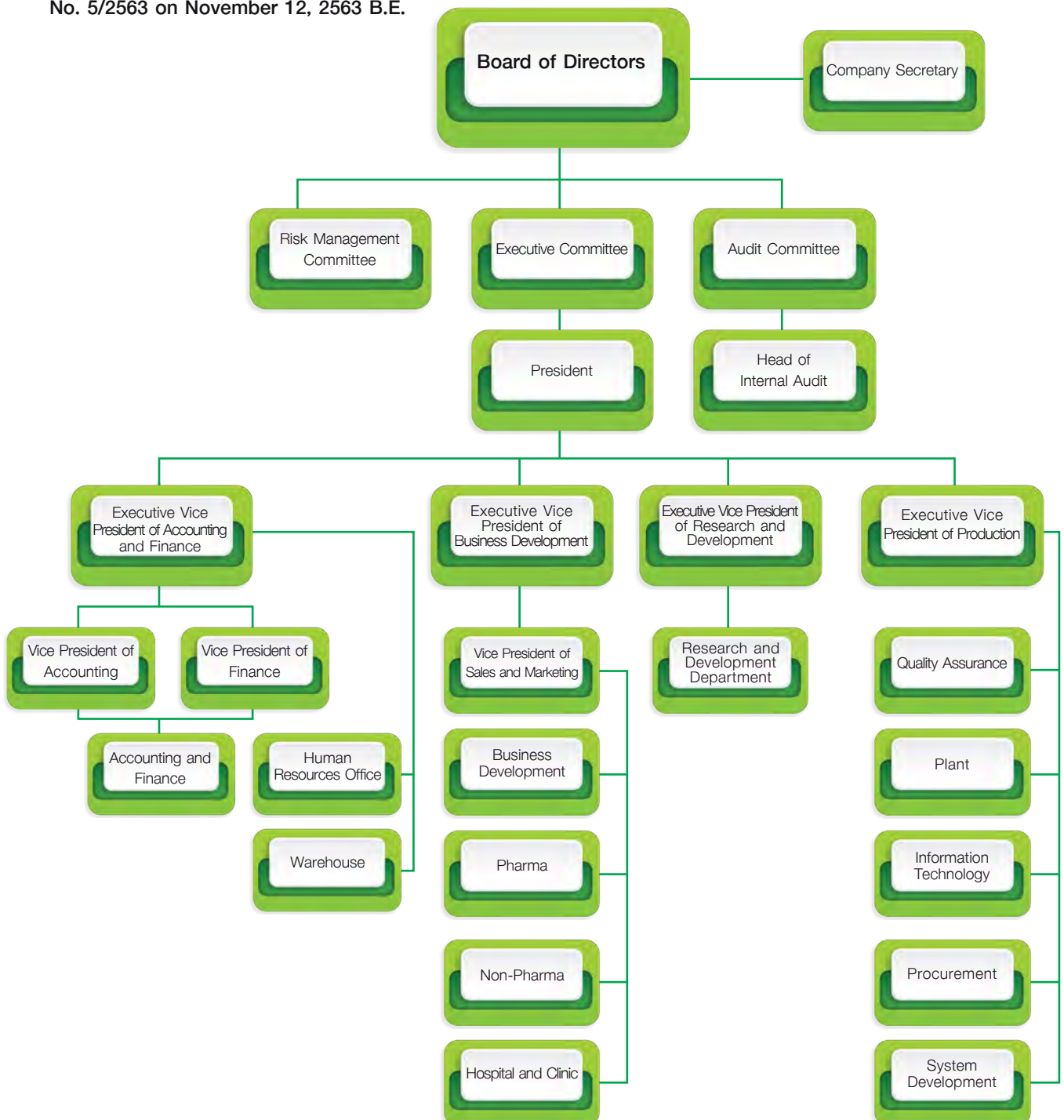


The Structure of the Corporate Governance and Significant Information about Board of Directors, Sub-Committee, Executive, Employees and Others

Approval from the Meeting of the Board of Directors

Approval from the Meeting of the Board of Directors

No. 5/2563 on November 12, 2563 B.E.



Information of the Board of Directors

Composition of the Board of Directors

The Company's management structure consists of a Board and Subcommittees; which consist of the Board of Directors, Audit Committee, Risk Management Committee, and Executive Committee.

Individual information of the Board of Directors and the authorised persons

As of 31 December 2021, the Company had 11 Board of Directors, consisting of:

No.	Name - Surname	Position
1.	M.D. Thongchai Thavichachart	Independent Director / Chairman of the Board of Directors
2.	Ms. Sopawadee Lertmanaschai	Independent Director / Chairman of the Audit Committee
3.	Pharmacist Vinit Usavakidviree	Independent Director / Member of the Audit Committee
4.	Mr. Natthawut Viboonpatanawong	Independent Director / Chairman of the Risk Management Committee
5.	Asst. Prof. Lalita Hongratanawong	Independent Director / Member of the Audit Committee
6.	Mrs. Jintana Santipisud	Director / Chairman of the Executive Committee
7.	Dr. Sittichai Daengprasert	Director / Risk Management Committee / Executive Committee / President
8.	Mr. Pissanu Daengprasert	Director / Executive Committee / Executive Vice President of Business Development and Executive Vice President of Research and Development
9.	Ms. Jirada Daengprasert	Director / Executive Committee / Executive Vice President of Finance and Accounting
10.	Mr. Sorasit Daengprasert	Director / Risk Management Committee / Executive Committee / Executive Vice President of Manufacturing
11.	Mr. Tawat Kitkungvan	Director

Authorised Directors to bind the company

Mrs. Jintana Santipisud co-signed with Mr. Sittichai Daengprasert or Mr. Pissanu Daengprasert or Ms. Jirada Daengprasert or Mr. Sorasit Daengprasert, totaling as two and stamp the Company's seal.

Roles of the Board of Directors

The Board of Directors have authorities, duties, and responsibilities as follows:

1. Composition of the board of directors

1.1 The Board of Directors consists of at least 5 directors and cannot be more than 15 directors.

1.2 The Board of Directors consists of executive directors and independent directors with at least one-third and no less than three independent directors. Qualifications of independent directors are by the criteria of the Capital Market Supervisory Board and related agencies

1.3 The Board of Directors shall select an independent director to take the position of the Chairman of the Board, and the Board of Directors shall select another director or more to act as the Vice-chairman of the Board.

1.4 The Board of Directors shall select an individual to act as company secretary. The company secretary may or may not be a director.

2. The Board of Directors requirements

2.1 Board of Directors shall be ordinary individuals and of legal age. Selection of individuals to take the position of Board of Directors must be by Section 68 of the Public Limited Companies Act B.E. 2535 and the Securities and Exchange Act and/or related laws, rules, and regulations

2.2 Board of Directors can hold the director position in other listed companies but should not exceed than 5 companies. In this regard, holding the director position in other listed companies must not be a hindrance to performing the task as the company's director and shall be by the guidelines from The Office of the Securities and Exchange Commission and The Stock Exchange of Thailand.

2.3 Possess knowledge, capabilities, and experiences that benefit the business operations. Is devoted and ethical in business operations.

2.4 Able to exercise fair and honest judgment free from influence from management and other groups of interest

2.5 Able to dedicate sufficient time and be attentive to their duties according to their responsibilities

2.6 Must not operate a business in the same manner that is competing with the Company's business or joining to be a partner in Ordinary Partnerships or being a partner with unlimited liability in a limited partnership, or being a director of a private company or other companies that operate in the same manner that is competing with the Company's business no matter for their benefit or benefit of others unless declared in the shareholder meeting prior the appointment resolution

2.7 In addition, directors must not have prohibited characteristics under the Securities and Exchange Act B.E. 2535 or as rules stated by the Board of Securities and Exchange Committee, The Security and Exchange Commission, or related agencies as well as do not have any characteristics that indicate lack of suitability to be entrusted to manage a publicly held business.

3. Authorities, duties, and responsibilities of the Board of Directors

3.1 Directors shall perform their duties by-laws, objectives, and obligations of the Company, and resolutions from the shareholders' meeting with sincerity and vigilance in protecting the Company's interests.

3.2 Set a vision, policy, and direction of the Company's operations, business strategy, annual budget and supervise management to operate in accordance to the set policy with efficiency to optimize economic value to business and shareholder's utmost prosperity and sustainable growth

3.3 Make decisions in matters of significant importance such as policy, business plan, significant investment project, administrative authority, property acquisition or disposition, and other items required by-laws

3.4 Consider, determine, and change the list of authorised directors to bind the company

3.5 Determine authorities and levels of approval in transactions and operate other actions related to the Company's task for the Committee or individuals as it deems appropriate and is by related laws by providing a manual of authority and to review at least once a year.

3.6 Consider appointing a Sub-committee as appropriate by considering the size of the organisation's business to help alleviate the burden of the Board of Directors in the areas that require review or discussion in detail. To appoint Sub-committee, objectives, duties, responsibilities, and authorities of Sub-committees must be established, and for Sub-committees to operate effectively, the Board of Directors shall authorise Sub-committees to be assisted in the areas of information and personnel as well as authorise to communicate or seek for consultation with external parties as necessary at the expense of the Company. However, the delegation of authorities under the specified scope of authorities and duties shall not be in a manner of delegating authorities that allows the said Sub-committees to consider and approve transactions that may have other interests or conflicts of interest with the company or its subsidiary company (if any) except the approval of transactions that are in accordance to policies and rules that Board of Directors has already considered and approved

3.7 Supervise Sub-committee's operations to be by the prescribed charter

3.8 Consider nominating and appointing a President and specify qualifications, roles, and duties as well as enable the President to hold the director position

3.9 Evaluate the performance and determine the remuneration for Top Executives

3.10 Supervise to ensure that the Company has an appropriate and effective risk management system

3.11 Appoint another party to operate the Company's business under the supervision of Board of Directors or delegate the said party certain authorities and/or within the time Board of Directors deems appropriate, which Board of Directors may cancel, revoke, change or adjust the authorities. In this regard, the delegation of authorities shall not give the authority to approve transactions that mentioned party or the party with potential conflicts ("the party with potential conflicts" is as defined in the announcements from the Securities and Exchange Commission and the Stock Exchange of Thailand) has interests or may have conflicts of interest in any manner with the company or its subsidiary company (If any))

3.12 Consider approving the Company's acquisition or disposition of assets, except in certain cases in which the transactions require approval from the Shareholder's meeting. In this regard, the approval of the transaction shall be by related announcements, regulations, and/or rules from The Stock Exchange of Thailand and The Security and Exchange Commission or related agencies

3.13 Consider approving connected transactions, except in certain cases in which the transactions require approval from the Shareholder's meeting. In this regard, the approval of the transaction shall be by related announcements, regulations, and/or rules from The Stock Exchange of Thailand and The Security and Exchange Commission or related agencies

3.14 Approve interim dividend payment to the Shareholders and if it shows that the Company earns certain profits to do so, such payment shall be declared to the Shareholders in the next meeting.

3.15 Organise an accounting system, financial reporting, and reliable audit as well as provide a process for evaluating the internal control suitability.

3.16 Approve the nomination of auditors and annual audit fee to propose to the Shareholder's meeting for approval

3.17 Report responsibilities of the Board of Directors in preparing financial reports and present together with auditor report in the annual report and cover important matters by the policy of good practice for directors that is listed in The Stock Exchange of Thailand

3.18 Following operations shall proceed only upon prior approval in the Shareholder's meeting:

- 1) Matters required by laws to have a resolution of the Shareholder's meeting
- 2) Transactions that directors have interests which laws and regulations of The Stock Exchange of Thailand require approval from the Shareholder's meeting
- 3) In following cases, approval from the Board of Directors' meeting shall be required and approved from the Shareholder's meeting with a vote no less than three-fourths of the total votes of the Shareholder's that attend and vote in the meeting
 - The act of selling or transferring the whole or part of the Company to a third party.
 - Execute, amend and terminate contracts concerning the leasing of all or certain significant parts of the Company's business
 - Assign personnel to manage the Company's business or the merger with other parties for the objectives of sharing profit and loss

- Issue new shares to pay the Company's creditors under the converting debt into equity program
- Reduce the Company's registered capital by reducing the number of shares or reducing the par value
- Increase capital, decrease capital, issue of debentures, the merger or dissolution of the Company
- Other as required by-laws

However, in matters that directors or other parties have interests or conflicts of interest with the Company or its subsidiaries (if any), directors who have said interests or conflicts of interests shall not vote in the matter

3.19 Take responsibility to Shareholders on regular basis, operate with the priority of the Shareholder's benefit, disclose significant information with accuracy, standards, and transparency to investors

3.20 Evaluate the performance on individual basis, evaluate the overall performance and review the charter at least once a year

3.21 Board of Directors delegates the duty to sign an invitation letter to the Board of Directors' and Shareholders' meetings to the Chairman of the Board of Directors. In the event the Chairman of the Board of Directors cannot perform the task, Company Secretary or President shall sign on their behalf

4. Tenure and Election of the Board of Directors

4.1 Board of Directors has their tenure by the Company's Articles of Association, that is, in every annual Shareholder's general meeting, one-third (1/3) of the total directors shall retire from the position. If the amount cannot be divided by three, the amount shall be the closest to one-third (1/3). Directors that have retired may be re-nominated to hold the position again

4.2 In addition to the conditions listed above, the directors will be dismissed from the office if:

- 1) Decease
- 2) Resign
- 3) Lack of qualifications or has prohibited characteristics as indicated in the Public Company Limited Act or the Securities and Exchange Act.
- 4) A Shareholder meeting with at least a third-fourths (3/4) vote of eligible shareholders and total shares of no less than half (1/2) of the shares held by attending eligible shareholders may vote directors out of the post before the term expires.
- 5) Court has an order to be terminated.

4.3 Any director who desires to retire must submit a letter of resignation to the Company. The resignation will take effect from the date the resignation letter reaches the Company. Directors who resigned as stated in the first paragraph may notify the registrar of their resignation.

4.4 If a director position becomes vacant for any reason other than term termination, the Board of Directors must appoint a new director who has qualifications and has no prohibited characteristics as stipulated in the Public Company Limited Act and the Securities and Exchange Act at the next Board of Directors meeting unless the former director has less than two (2) months left on their term, in which case the new director will serve for the remainder of the term. The resolution of the Board of Directors under the first paragraph must consist of votes no less than three-fourths (3/4) of the remaining directors.

5. The Board of Directors Meeting

5.1 The Board of Directors must hold a meeting to inform about the Company's operating results at least once every 3 months. In the meeting, the Board of Directors shall express opinions and use their judgment freely. Directors shall attend every

meeting, except in case of force majeure which company secretary shall be informed in advance. The Company shall report the Board of Directors' attendance in the annual report.

5.2 The Chairman of the Board shall call for the Board of Directors' meeting in each the Board of Directors' meeting to inform all directors in advance. The Chairman of the Board or the company secretary or others assigned by the Chairman of the Board shall send an invitation letter to all directors to inform them about the date, time, place and the agenda at least 7 days prior to the meeting. The company secretary shall collect the meeting documents from directors and management to send to directors in advance and those documents shall provide sufficient information for the directors' consideration and unbiased judgment.

5.3 The company secretary shall record the issues of the meeting to prepare minute of the meeting which shall have complete and sufficient contents and must be complete within 14 days from the date of the meeting to propose to The Chairman of the Board for signing. The minute shall be kept in a good storage system that is convenient to find and remain confidential.

5.4 The Board of Directors' meeting shall require a minimum of half of the total number of directors to constitute a quorum in the meeting.

5.5 The Company's director who has interests in the agenda shall not vote for the agenda.

5.6 Voting in the Board of Directors' meeting shall accept the majority vote of the participating directors, in case the votes are equal, the Chairman of the Board shall make the final vote. However, the opinions of other members of the Board of Directors who do not vote in alliance shall be recorded in the minute of meeting.

Individual Information of Member of the Audit Committee

As of 31 December 2021, the Company had 3 Audit Committees, consisting of:

No.	Name - Surname	Position
1.	Ms. Sopawadee Lertmanaschai ^{1/}	Chairman of the Audit Committee
2.	Pharmacist Vinit Usavakidviree	Member of the Audit Committee
3.	Asst. Prof. Lalita Hongratanawong ^{1/}	Member of the Audit Committee
4.	Ms. Jirada Daengprasert	Audit Committee Secretary

Remarks

^{1/} Ms. Sopawadee Lertmanaschai and Asst. Prof. Lalita are well-educated members of the Audit Committee with sufficient experience to review the reliability of financial statements. Ms. Sopawadee Lertmanaschai has graduated with a bachelor's degree in accounting from faculty of Commerce and Accountancy, Thammasat University. Asst. Prof. Lalita Hongratanawong has graduated with a bachelor's degree in accounting and a master's degree in information system in management from the faculty of Commerce and Accountancy, Chulalongkorn University / has graduated with a master's degree in Finance and Ph.D. in Financial Management from Illinois Institute of Technology.

Roles of the Audit Committee

Authorities, duties, and responsibilities of the Audit Committee are as follows:

1. Composition of the Audit Committee

1.1 The Audit Committee must be appointed from the Board of Directors' meeting or in the Shareholders' meeting (depending on each case) and shall be consisted of at least 3 independent directors

1.2 A member of the Audit Committee shall be appointed as the Chairman of the Audit Committee in the Shareholders' meeting or Board of Directors' meeting (depending on each case)

1.3 The Audit Committee shall appoint the Audit Committee Secretary

2. The Audit Committee qualifications

2.1 The Audit Committee must have suitable skills and expertise for assignments and have qualifications as specified in Public Company Limited Act, Securities, and Exchange Laws or rules, regulations, and announcements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, including related agencies.

2.2 At least one member of the Audit Committee must have adequate knowledge and experienced in the accounting and finance fields in order to review the financial statements' reliability.

2.3 The Audit Committee must be independent directors

2.4 Must be able to perform tasks, express opinions, or report performance as assigned freely without being under influence of the Company's executives or major shareholders including associated party or close relatives of the said individual

2.5 Shall be trustworthy and vastly respected

2.6 Able to dedicate sufficient time to function as the member of the Audit Committee

3. Authorities of the Audit Committee

3.1 Consider and appoint an independent individual to function as auditor, including considering the Company's auditor's remunerations to the Board of Directors

3.2 Evaluate independence, appoint, dismiss, and evaluate the performance of internal auditor

3.3 Have authorities in performing duties within the scope for the Audit Committee to invite the Company's management, executives, or employees that are associated to give their opinions, attend meetings, or deliver reliable or necessary documents

3.4 Authorise to hire an external consultant or an expert by the Company's regulations, if necessary. The Company shall be responsible for the expense incurred

4. Duties and Responsibilities of the Audit Committee

4.1 Financial reporting

4.1.1. Review financial reports to ensure accuracy and reliability as well as disclose sufficient information by coordinating with external auditor and executives responsible for financial reports both quarterly and annually. The Audit Committee may suggest auditor's review or audit any item that deems necessary during the Company's audit

4.2 Risk Management and Internal Control

4.2.1. Review to ensure that the Company has an appropriate and effective risk management system

4.2.2. Review to ensure that the Company has an appropriate and effective internal control and internal audit, consider independence of internal audit function, and approve an appointment, transfer, and dismiss of the head of internal audit function or any agent responsible for internal audit. In addition, the Audit Committee may suggest reviewing any item that deems necessary along with report suggestions regarding significant and necessary improvements of internal control system to Board of Directors by reviewing with external auditor and head of internal audit function

4.2.3. Review the Company's annual audit plan of internal audit

4.2.4. Evaluate annual budget, manpower, and resources needed for internal audit function to operate and propose to the Board of Directors for approval

4.3 Compliance with laws and other regulations

4.3.1. Review the Company's compliance with the laws of Securities and Exchange, or regulations of The Stock Exchange of Thailand, policies, laws, rules, regulations, imperatives, and relevant laws enforced by the Company's businesses.

4.3.2. Consider if connected transactions or related-party transactions or transactions with conflict of interest conform with the laws and regulations of The Stock Exchange of Thailand as well as disclosure of Company's information in the matter to be accurate and complete to ensure that these transactions are reasonable and in the best interest for the company

4.3.3. Consider anti-corruption policy or review if the anti-corruption policy is appropriate for the business and the Company's environment and propose to the Board of Directors for approval

4.3.4. Receive report of matter on corruption that involve with individuals in the organisation and investigate as reported

4.4 Supervision of auditor's performance

4.4.1. Review the Company's annual audit plan of financial report

4.4.2. Attend meetings with auditor without management at least once a year

4.5 Miscellaneous

4.5.1. The Audit Committee shall assess performance through self-assessment and report problems and obstacles in performing tasks that may be a hindrance to the objectives of establishing the Audit Committee from succeeding to Board of Directors every year.

4.5.2. Consider, review, and revise the Charter of Audit Committee and propose to Board of Directors for approval when it deems necessary to rectify

4.5.3. Perform other tasks as assigned by the Board of Directors within the scope and responsibilities of the Audit Committee

5. Tenure

5.1 The Audit Committee shall hold the tenure by the tenure of the director. If a member of the Audit Committee retires upon expiration, the individual may be re-nominated and re-appointed again

5.2 In addition to retirement upon expiration or termination of the position of the Board of Directors, the members of the Audit Committee may retire from office when:

- 1) Decease
- 2) Resign
- 3) Lack of the Audit Committee qualifications as stipulated in the Charter or as rules of the Stock Exchange of Thailand or related agents
- 4) Board of Directors votes for retirement

5.3 If a member of the Audit Committee intends to retire, they shall submit a resignation letter to the Chairman of the Board through a written form at least 1 month in advance with reasons. When the Company is listed in the stock market, the Company shall have a duty to notify about resignation and provide a copy of the resignation letter to The Stock Exchange of Thailand.

5.4 In case there is availability in the Audit Committee due to other reasons beyond expiration, the Board of Directors shall appoint an individual who qualified to be a member of the Audit Committee within 90 days to fill in the Audit Committee as Board of Directors requires. The

appointed individual shall hold the position in the Audit Committee only until the existing tenure of the person they fill in expires.

6. The Audit Committee Meeting

6.1 The Audit Committee must hold a meeting of the Audit Committee to discuss about financial reports and report results of internal audits and other matters at least 4 times a year. The Chairman of the Audit Committee may request a meeting in special circumstances to discuss about other urgent matters as they deem appropriate or upon request from the Audit Committee, internal auditor, auditor, or Chairman of the Board to discuss about problems that require collective perspectives.

6.2 The Audit Committee meeting shall require a minimum of half of the total number of the Audit Committee to constitute a quorum in the meeting.

6.3 The Chairman of Audit Committee shall be the Chairperson of the Audit Committee meeting. In case the Chairman of the Audit Committee is absent or unavailable, the participating members of the Audit Committee shall select one of the member of the Audit Committee to serve as the chairperson.

6.4 The member of the Audit Committee who has interested in the agenda shall not vote for the agenda.

6.5 Voting in the Audit Committee meeting shall accept the majority vote of the participating members of the Audit Committee. In case the votes are equal, the Chairperson shall make the final vote. However, the opinions of member of the Audit Committee who does not vote in alliance shall be presented as a vote against the Board of Directors.

6.6 The Chairman of the Audit Committee shall report results of the meeting to the next Board of Directors' meeting.

6.7 The Audit Committee Secretary or appointed individual has duties to take responsibilities in the meeting preparation such as scheduling a meeting as assigned by the Chairman of Audit Committee, preparing the agenda, delivering the documents to the members of Audit Committee within a decent time before the meeting, record the minutes of the meeting.

7. Reporting of the Audit Committee's

7.1 The Audit Committee shall report the performance to the Board of Directors in the Board of Directors' meeting at least 4 times a year

7.2 Prepare the Audit Committee's reports by the rules of The Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as published in the Company's annual report

7.3 If the following matters; which may significantly affect the Company's financial position and performance, are discovered or suspected during

the operations. The Audit Committee shall report to the Board of Directors to resolve within the period that the Audit Committee considers appropriate.

1) Conflict of Interest

2) Fraud, abnormality, or significant deficiency of internal control

3) Infringement of the laws, rules, regulations, or requirements of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and other related laws

7.4 If the Audit Committee has reported to the Board of Directors about matters or actions that have a significant impact on financial position and performance but the Board of Directors remains passive to take corrective actions within the specified time. A member of the Audit Committee may report said items or actions that have a significant impact on financial position and performance to the Securities and Exchange Commission or the Stock Exchange of Thailand

Individual Information of the Risk Management Committee

As of 31 December 2021, the member of Risk Management Committee consisted of:

No.	Name - Surname	Position
1.	Mr. Natthawut Viboonpatanawong	Chairman of the Risk Management Committee
2.	Dr. Sittichai Daengprasert	Member of the Risk Management Committee
3.	Mr. Sorasit Daengprasert	Member of the Risk Management Committee
4.	Ms. Jirada Daengprasert	Secretary of the Risk Management Committee

Roles of the Risk Management Committee

Authorities, duties, and responsibilities of the Risk Management Committee are as follows:

1. Composition of the Risk Management Committee

1.1 The Risk Management Committee must be appointed by the Board of Directors that consists of at least 3 directors and employees at the management level with at least 1 independent director

1.2 The Board of Directors or Risk Management Committee must appoint a member of the Risk Management Committee to be the Chairman of the Risk Management Committee.

1.3 The Risk Management Committee must appoint one employee who oversight of risk management function to be the Risk Management Committee Secretary

1.4 The Risk Management Committee has the authority to appoint a risk management team to operate and support the Risk Management Committee

2. The Risk Management Committee Secretary Qualifications

2.1 Highly skilled in risk management and experienced in organisation management

2.2 Integrity and being trustworthy and vastly respected

2.3 Good understanding and knowledge of the Company's business, products, and services

2.4 Good understanding of the principles of management, analytical capabilities, vigilant decision-making skills, and ability to make suitable suggestions

2.5 Creative, assertive, and open-minded attitudes

2.6 Ability to dedicate sufficient time function as the member of the Risk Management Committee

3. Authorities, duties, and responsibilities of the Risk Management Committee

3.1 Establish risk management policies and structure to propose to the Audit Committee and the Board of Directors by the risk management guidelines of the Stock Exchange of Thailand and the Association of Internal Auditors of Thailand.

3.2 Implement risk management strategies and prepare an operating manual of risk management to evaluate, follow up, and control each type of risk to be at an acceptable level by allowing various departments to participate in managing and monitoring risks

3.3 Evaluate risk at the organisational level and establish procedures to manage risk to be at an acceptable level, including monitoring and supervising risk in accordance with provided strategies

3.4 Review risk management policies and sufficiently improve their efficiency to monitor risk

3.5 Have the authority to summon an associated individual to give opinions, attend meeting, clarify or appoint and assign roles for operators at all levels to appropriately manage risks, and report to the Risk Management Committee to achieve objectives of risk management

3.6 Report of the results of risk management to the Board of Directors at least once a year

3.7 Arrange for the determination and assessment of a variety of risks as well as analysing damage and potential effect to the Company that may occur systematically and continuously to ensure that the risk survey covers every business process

3.8 Develop a plan to prevent or minimise risks

3.9 Evaluate and prepare a report on risk management

3.10 Establish an integrated risk management system that connects with the information system

3.11 Oversight to ensure a thorough communication about measures related to risk management among departments so that the employees could follow accordingly

3.12 Support and improve continuous risk management throughout the organisation

3.13 Review the accuracy of the reference and the self-assessed evaluation regarding the Company's anti-corruption under the Thai Private Sector Collective Action Coalition Against Corruption Project

3.14 Perform other tasks as the Board of Directors deems fit

3.15 The Risk Management Committee should conduct the self-evaluation assessment regarding their performance at least once a year by dividing evaluation into 2 parts i.e. individual performance evaluation of the member of the Risk Management Committee and performance evaluation of the Risk Management Committee as a whole and report problems that cause the operation its failure to achieve its goals and objectives as well as resolutions to the Board of Directors

4. Tenure

4.1 The member of the Risk Management Committee shall serve for a tenure of 3 years per time with 1 year means the period between the date of annual general Shareholder meeting until the date of the next annual general Shareholder meeting and the member of the Risk Management Committee who has retired upon expiration may be re-nominated and re-appointed for another term.

4.2 In case of a member of the Risk Management Committee who has retired from the position of the Risk Management Committee upon expiration and is re-appointed for another term, the mentioned member of the Risk Management Committee shall be a member of the Risk Management Committee for another term

4.3 The member of the Risk Management Committee may retire when:

- 1) Decease
- 2) Resign
- 3) Board of Directors votes for retirement
- 4) Lack of Risk Management Committee qualifications as stated in the Charter
- 5) Terminated from Board of Directors or employee (regulated from the case)

5. The Risk Management Committee Meeting

5.1 The Risk Management Committee must hold a meeting at least 2 times annually at their discretion.

5.2 The Risk Management Committee meeting shall require a minimum of half of the total number of the Risk Management Committee to constitute a quorum in the meeting.

5.3 The Chairman of Risk Management Committee shall be the Chairperson of the Risk Management Committee meeting. In case the Chairman of the Risk Management Committee is absent or unavailable, the participating members of the Risk Management Committee shall select one of the member of the Risk Management Committee to serve as the Chairperson.

5.4 Voting in the Risk Management Committee meeting shall accept the majority vote of the participating members of the Risk Management Committee. In case the votes are equal, the Chairperson shall make the final vote. Each member of the Risk Management Committee has one vote unless he/she is the interested of the agenda, he/she shall not vote for the agenda.

5.5 The Risk Management Committee Secretary has duties to take responsibility in the meeting preparation such as scheduling a meeting as signed by the Chairman of Risk Management Committee, preparing the agenda, delivering the documents to the member of the Risk Management Committee within a decent time before the meeting, record the minutes of the meeting including preparing the minutes of meeting

6. Reporting of the Risk Management Committee

6.1 The Risk Management Committee shall report performance and activities to the Board of Directors to acknowledge the Risk Management Committee activities and oversight the Administrative Department to ensure suitable and effective risk management such as

- The Risk Management Committee minutes of meeting which clearly states resolutions and opinions on various agendas
- Report activities that are considered and operated in the given year
- Any report the Risk Management Committee opines that it should be presented to the Board of Directors for consideration or acknowledgment

Individual Information of the Executive Committee

As of 31 December 2021, the Company had 8 Executive Committees, consisting of:

No.	Name - Surname	Position
1.	Mrs. Jintana Santipisud	Chairman of the Executive Committee
2.	Dr. Sittichai Daengprasert	Member of the Executive Committee
3.	Mr. Pissanu Daengprasert	Member of the Executive Committee
4.	Ms. Jirada Daengprasert	Executive Committee and Executive Committee Secretary
5.	Mr. Sorasit Daengprasert	Member of the Executive Committee
6.	Mr. Kriangkrai Rungruangthaweekul	Member of the Executive Committee
7.	Ms. Nongnuch Cheawpattayakorn	Member of the Executive Committee
8.	Mr. Danaisuan Kunarojanasombhat	Member of the Executive Committee

Roles of the Executive Committee

Authorities, duties, and responsibilities of the Executive Committee are as follows:

1. Composition of the Executive Committee

1.1 The Executive Committee must be appointed by the Board of Directors that consists of directors who are not independent directors and at least 5 employees at the management level.

1.2 The Board of Directors must appoint a member of the Executive Committee who work to be the Chairman of the Executive Committee.

1.3 The President must take the roles of Executive Committee dutifully.

1.4 The Executive Committee may consider appointing an Executive Committee Secretary to assist in the operation of the Executive Committee regarding meeting appointments, agenda preparation, meeting documents submission, and meeting minutes recording.

2. The Executive Committee qualifications

2.1 Highly skilled and experienced in organisational management

2.2 Integrity, ethics, and authority in business operations, including being trustworthy and vastly respected

2.3 Good understanding and knowledge of the Company's business, products, and services

2.4 Good understanding of the principles of management, analytical capabilities, vigilant decision-making skills, and ability to make suitable suggestions

2.5 Creative, assertive, and open-minded attitudes

2.6 Ability to dedicate sufficient time function as to the member of the Executive Committee

2.7 Be fully qualified, have no disqualification as indicated by the laws on Public Company Limited, Securities and Exchange laws, and other related laws, and have no characteristics indicating the lack of qualification to be trusted to operate the company having the public as shareholders according to the notification of the Capital Market Supervisory Board.

3. Authorities, duties, and responsibilities of the Executive Committee

3.1 Monitor and provide business management guideline of the Company by the law, objectives, regulations, Shareholders' meeting resolution, Board of Directors' meeting resolution, and the policy prescribed by the Board of Directors with integrity and discretion to maintain the Company's interest. Report the results to the Board of Directors with authority to give the order in command, issue regulations, announcements, and internal memos to ensure that the operations comply with the policy.

3.2 Consider assigning authorities and level of approval of each individual appropriately as well as segregate duties that may commit fraud, including establishing suitable procedures and methods to make a transaction with major shareholders, directors, executives, or those who are associated with said individuals to prevent the transfer of beneficial interest and present to the Board of Directors to approve of the principles as well as oversight with the approved principles and requirements

3.3 Estimate the annual budget and procedures of the expenditure to present to the Board of Directors for approval and monitor expenses by the approved annual budget from the Board of Directors

3.4 Consider improving the Company's business plan for the benefit of the Company

3.5 Consider approving investments and investment budgets accordingly to manual of authority

3.6 Consider signing contracts that shall bind the company accordingly to manual of authority

3.7 Be responsible to provide sufficient important information of the Company for the Board of Directors and Shareholder consideration as well as provide reliable financial reports in accordance with the standards and transparent

3.8 Consider the Company's profit and loss and propose an annual dividend to the Board of Directors

3.9 Consider new business initiation or termination to propose to the Board of Directors

3.10 Oversight the procedures for operators to reports unusual incidents or conducts or illegal actions against the Executive Committee promptly and the case of mentioned incidents have a significant effect, the Executive Committee must be informed promptly

3.11 Proceed any action to support procedures mentioned above or as instructed or assigned by the Board of Directors

3.12 Procedures presented in the Executive Committee meeting for a vote and/or approval in the Executive Committee meeting shall be reported to the Board of Directors in the next Board of Directors meeting. In this regard, the member of the Executive Committee may not approve with the agenda that he/she is interested or possible conflicts with the Company or subsidiaries (if any)

3.13 The Executive Committee should conduct the self-evaluation assessment regarding their performance at least once a year by dividing evaluation into 2 parts i.e. individual performance evaluation of the member of the Executive Committee and performance evaluation of the Executive Committee as a whole and report problems that cause the operation its failure to achieve its goals and objectives as well as resolutions to Board of Directors

4. Tenure

4.1 The member of the Executive Committee shall serve for a tenure of 3 years per time with 1 year means the period between the date of the annual general Shareholder meeting until the date of the next annual general Shareholder meeting and the member of the Executive Committee who has retired upon expiration may be re-nominated and re-appointed for another term.

4.2 In case of a member of the Executive Committee who has retired from the position of the Executive Committee upon expiration and is re-appointed for another term, the mentioned member of the Executive Committee shall be a member of the Executive Committee for another term

4.3 In addition to the above retirement conditions, the member of the Executive Committee may retire when:

- 1) Decease
- 2) Resign
- 3) Board of Directors vote for retirement
- 4) Lack of Executive Committee qualifications as stated in the Charter
- 5) Terminated from Board of Directors or employee (regulated from the case)

5. Meeting of the Executive Committee

5.1 The Executive Committee must hold a meeting at least 4 times annually at their discretion.

5.2 The Executive Committee meeting shall require at a minimum of half of the total number of the Executive Committee to constitute a quorum in the meeting.

5.3 The Chairman of Executive Committee shall be the Chairperson of the Executive Committee meeting. In case the Chairman of the Executive Committee is absent or unavailable, the participating members of the Executive Committee shall select one of the members of the Executive Committee to serve as the Chairperson.

5.4 The Executive Committee may invite the Company's management or other relevant personnel to the meeting to issue statements.

5.5 Voting in the Executive Committee meeting shall accept the majority vote of the participating members of the Executive Committee, in case the votes are equal, the Chairperson shall make the final vote. Each member of the Executive Committee has one vote unless he/she is the interested of the agenda, he/she shall not vote for the agenda.

5.6 To discuss the opinions independently, the interested member of the Executive Committee of the agenda shall leave the meeting during consideration of the agenda.

5.7 The Executive Committee Secretary has duties to take responsibility in the meeting preparation such as scheduling a meeting as assigned by the Chairman of the Executive Committee, preparing the agenda, delivering the documents to the Executive Committee within a decent time before the meeting, record the minutes and submit to each of the member of the Executive Committee within 30 days after the meeting finished.

Executives

Executives

As of 31 December 2021, the Company is composed of 8 members of the management, its existing members are listed below:

No.	Name - Surname	Position
1.	Mr. Sittichai Daengprasert	President
2.	Mr. Pissanu Daengprasert	Executive Vice President of Business Development / Executive Vice President of Research and Development
3.	Ms. Jirada Daengprasert	Executive Vice President of Finance and Accounting
4.	Mr. Sorasit Daengprasert	Executive Vice President of Manufacturing
5.	Ms. Poonsap Rueangsri	Vice President of Accounting
6.	Mr. Kriangkrai Rungruangthaweekul	Vice President of Finance
7.	Ms. Nongnuch Cheawpattayakorn	Quality Assurance Senior Manager
8.	Mr. Danaisuan Kunarojanasombhat	Plant Senior Manager

Remarks: Executive means a manager or an individual who holds the first four executive positions after the manager position who holds a position equivalent to all individuals holding a fourth executive level position and shall include persons holding an executive position in the accounting or finance at department manager level or, higher or, equivalent. The information of the Company's executives are shown on the attached document 1.

The Policy of the Remuneration of the Board of Directors and Managements

The Policy and How to Set the Remuneration and the Structure of the Remuneration of the Directors and the Structure of the Remuneration of Directors and Executives

In 2021, the Company has set the quarterly fixed remuneration for Directors. The executives will receive monthly fixed remuneration, and it will vary according to the business turnover.

The Company has the policy to set the remuneration for the Directors and Executives to be in a monetarily and non-monetarily reasonable level by considering from the obligations, responsibility, performance and expected benefits, and the rate is comparable to the similar business in order to persuade the Board of Directors and Executives to achieve the goal of the Company. The remuneration of the Directors must be in accordance with the strategies and goals of the Company. The Board of Directors will consider types of remuneration and make it reasonable by setting the criteria or the remuneration setting method, which is fair and sensible in accordance with the Company turnover, for the Directors, Sub-committees, Chief Executive Officers and Top Executives. The information will be disclosed in the 56-1 One Report of the Company. However, the remuneration of the Board of Directors and the Sub-committees will be proposed in the shareholders' meeting to get approval annually.

Financial Compensation

- Board Remuneration**

At the Board of Directors Meeting No. 12/2564 on November 26, 2021, there was a resolution to propose remuneration for the Board of Directors and the Sub-committees for the year 2022 to the general meeting of shareholders as following,

(unit : Baht)

	Original Remuneration 2021	New Remuneration 2022	
	Quarterly	Per Time	Quarterly
The Chairman of the Board	30,000	40,000	15,000
Director (not an employee of the Company)	12,000	12,000	-
Chairman of the Audit Committee	20,000	30,000	10,000
Member of the Audit Committee	15,000	15,000	-
Chairman of the Risk Management Committee	10,000	10,000	-
Member of the Risk Management Committee	7,500	7,500	-

However, the Company can provide extra remuneration in accordance with the annual turnover of the Company. The rate of the remuneration of Directors will be set as not more than 0.25% of the total revenue according to the annual financial statement of the Company.

For the year ended December 31, 2021, the Company has provided financial remuneration for the Directors and Sub-Committees for six people as following,

(unit : million baht)

No.	Name - Surname	Board of Directors	Audit Committee	Risk Management Committee	Total
1.	Dr. Thongchai Thavichachart	0.17	-	-	0.17
2.	Dr. Chaiyapant Pongthanakorn ^{1/}	0.01	0.02	-	0.03
3.	Ms. Sopawadee Lertmanaschai ^{1/}	0.03	0.06	-	0.09
4.	Pharmacist Vinit Usavakidviree	0.05	0.06	-	0.11
5.	Mr. Nattawut Viboonpatanawong	0.05	-	0.03	0.08
6.	Asst. Prof. Lalita Hongratanawong, PhD	0.05	0.06	-	0.11
Total		0.36	0.20	0.03	0.59

Remarks

^{1/}On March 12, 2021., Dr.Chaiyant Phongthanakorn has resigned from the position of the Director and notified in a written statement, effective on the aforementioned date. As a result, there was a resolution to appoint Ms. Sopawadee Lertmanaschai as a Director, replacing Dr.Chaiyant Phongthanakorn in accordance with the Board of Directors' meeting No. 5/2564 on March 24, 2021.

- Remuneration for Executives**

In 2021, the Company has provided financial remuneration to 8 executives of the Company totalled Baht 17.71 million; the financial remuneration consists of salary, bonus, Provident fund contribution, Social Security contribution and employee benefits.

Employee information

Number of employees

The Company has staff and employees (Executive excluded) as of 31 December 2021 which divided into each department as follows

Department	Number of employees
Bangkok factory	
- Accounting and Finance	29
- Business development	37
- Research and Development	9
- Production	171
- Secretary	3
Total	249
Lamphoon factory	
- Accounting and Finance	3
- Production	63
Total	66
Total	315

Employee Compensation

Employee Compensation (Executive is not included) provides salary, bonus, allowance, traveling expenses and Social Security Fund, Provident Fund contributions, and other benefits for the year ended 31 December 2021 totalled Baht 85.74 million.

Provident Fund

The Company has established Provident Fund for full-time employees in the Company cooperating with Kasikorn Asset Management Company Limited since 1 August 2020 to guarantee employees' future and to be an inspiration for the employees to work for the Company in the long-term.

Other Important Information

Company Secretary

According to the Regulations in the Section 89/15 of the Public Limited Companies Act, B.E. 2535 requires that the committee must provide a company secretary to be responsible in the name of the Company or the Board of Directors. At the meeting of the Board of Directors 6/2561 BE. on November 15, 2561 BE, the Board of Directors has resolved to appoint Ms. Jirada Daengprasert as a company secretary (the profile of the position holder as a Company Secretary shown in the attached document)

The Company Secretary has the scope of duties and responsibilities as follows:

- 1) Provide preliminary suggestions about regulations, laws, and rules of the Company that the Board of Directors and Executives must be aware and ensure the correct and constant compliance, including reporting the changes of significant regulations and/or laws to the Board of Directors and Executives.
- 2) Arrange shareholders' meetings and the Board of Directors' meetings to be in compliance with laws, rules of the Company, and related practices.
- 3) Create and keep the following documents
 - (a) Committee Registration
 - (b) The Notice of the Meeting Appointment of the Committee, Minutes and the Annual Report of the Company
 - (c) The Notice of the Meeting of the Shareholders and Shareholders' Minutes
- 4) Ensure the disclosure of information and report the information in the assigned parts to the agencies that direct the Company in accordance with the rules and regulations of the government agencies.

5) Keep the report of the conflict of interest reported by directors or executives and submit the copies of the report of the conflict of interest to the The Chairman of the Board and the Chairman of Audit Committee within 7 business days, starting from the day that the Company receives the reports.

6) Arrange the system to completely and correctly keep the related documentary evidence

7) Contact and communicate with general shareholders to be notified about the privileges of the shareholders and the news of the Company

Persons assigned to be directly responsible for accounting supervision

Ms. Poonsap Ruangsri is the person who is assigned to be directly responsible for accounting supervision. The main duty is to supervise the transaction process of the Company to be efficient and in compliance with the orders, regulations and other rules of the Company. She has assumed the position since 2558 BE. The information and details related to the person assigned to be directly responsible for accounting supervision shown in the attached document.

Head of Internal Audit

The Company has the policy to hire internal auditors from outsourcing organizations; In the meeting of the Board of Directors 3/2564 BE on February 23, 2564 BE has approved to hire Unique Advisory Company Limited as an Internal auditor of the Company for the year 2564 BE. Unique Advisory Company Limited has assigned Mr. Kosol Yaemleemul, holding the position of Managing Director, to be the main person in charge as an internal auditor of the Company.

The Audit Committee has considered the qualification of Unique Advisor Company Limited and deemed that

the Company is knowledgeable, capable and experienced enough for acting as a audit committee due to the fact that the Company has fifteen years' experience in internal audit; the main person in charge has passed the following training courses: Thai Financial Reporting Standards (TFRS), Accounting Standards, Auditing Standards (continuous training), Internal Audit Workshop (continuous training), Auditor's Report (continuous training), COSO 2013 (2014), Taxation and planning (various), IT Audit (various). They are not related to the Company in any way; therefore, they can freely and impartially audit and report the advices to the Company. (The qualification of the position holder of the Audit Committee shown in the attached document)

The consideration to approve the appointment, degradation or position transfer of the head of internal audit of the Company must be selected and approved by the internal auditor. After that, the Audit Committee will present the internal auditors who pass the process of consideration to the meeting of the Board of Directors

in order to consider and approve the employment, including the negotiation for related expense. The employment contract for the internal auditor will be terminated for the year ended 2564 BE. The Company has the policy to hire internal auditors from outsourcing organizations in the following year 2565 BE, and the Board of Directors has resolved to appoint Unique Advisor Company Limited as an internal auditor for another term.

Investor Relations

The interested persons can equally contact to inquire about the Company's information.

Tel. : 06-4479-1691

Website : <https://www.jsppharma.com/th/investor-relations/>

Email : ir@jsppharma.com

Address : Number 255, 257 Soi Sathupradit 58
Bangphongphang, Yannawa, Bangkok 10120

The Chief Compliance Officer

- None -

Auditor's Remuneration

The Company paid remunerations to KPMG Phoomchai Audit Limited for financial statement audit for the accounting period 2019 - 2021 as follows

(unit : million baht)

	2019	2020	2021
Annual Audit Fee	1.80	1.83	1.80
Financial Statement Review Fee	0.60	0.60	0.60
Total	2.40	2.43	2.40

However, the related parties to the auditor are not related to the Company. Moreover, the Company did not use any services from the audit firm and its affiliated in the previous accounting period.

Key Operational Results of Corporate Governance Report

Summary of the Performance Result of the Board of Directors in the Past Year

Nomination, Development and Performance Evaluation of Board of Directors

Independent Director

The Company sets out criteria for selection process of independent directors by considering the qualifications and prohibited characteristics of the directors in accordance with the Public Limited Company Act and the Securities and Exchange Act, Capital Market Supervisory Board Official Announcements, Exchange Commission Official Announcements including official announcements, rules, and/or other relevant regulations. In addition, the Board of Directors selects independent directors from their expertise, work experience and other suitability. The Company has the policy to appoint at least one-third of the total number of directors as independent directors and there shall not be fewer than three persons. The qualifications of independent directors are as follows:

- 1) An independent director shall hold no more than 1% of the total number of shares with voting rights of the Company, parent company, subsidiaries, associate, major shareholder, the Company's control person. This shall include the shares held by related persons of that independent director;
- 2) An independent director shall not be or has been a director who takes part in management, employee, consultant who receives a regular salary, or a controlling person of the Company, parent company, subsidiaries, associate, same-level subsidiary, or a major shareholder unless they have retired from the aforementioned position for at least 2 years prior to the date of the company submits an application for offering to sell newly-issued shares to the public with the the Office of the Securities and Exchange

Commission vor prior to the date of appointment as the Company's independent director (depending on the case). The prohibited characteristics exclude cases where an independent director was a government official or a public sector consultant who is a major shareholder or control person of the Company;

- 3) An independent director shall not be a person having consanguinity or a relationship by legal registration in the manner of a parent, spouse, sibling, and child, including spouse of a child of other directors, executives, major shareholders, control persons, or a person who will be nominated as a director, executive or control person of the Company or its subsidiaries;
- 4) An independent director shall not has or has ever had any kind of business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with their own independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person operating a business which has relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of the company submits an application for offering to sell newly-issued shares to the public with the the Office of the Securities and Exchange Commission or prior to the date of appointment as the Company's independent director (depending on the case);

5) An independent director shall not be or has been an auditor of the Company, parent company, subsidiaries, associate, major shareholder or control person of the Company and shall not be a significant shareholder, control person or a partner of the audit firm which has an auditor of the Company, parent company, subsidiaries, associate company, major shareholder or the Company's control person working at the company unless they have retired from the aforementioned position for at least 2 years before the date of the Company submits an application for offering to sell newly-issued shares to the public with the the Office of the Securities and Exchange Commission or prior to the date of appointment as the Company's independent director (depending on the case);

6) An independent director shall not be or has been a professional service provider of any kind, including a legal or financial consultant who receives service fee in excess of 2 million baht per year from the Company, parent company, subsidiaries, associate company, major shareholder, or the Company's control person, and shall not be a significant shareholder, control person or partner of such professional service provider unless they have retired from the aforementioned position for at least 2 years before the date of the Company submits an application for offering to sell newly-issued shares to the public with the the Office of the Securities and Exchange Commission or prior to the date of appointment as the Company's independent director (depending on the case);

7) An independent director shall not be a director who has been appointed to represent the Company's Director, major shareholder, or a shareholder who is related to a major shareholder;

8) An independent director shall not operate the same business and in significant competition with the business of the Company or its subsidiaries, or shall not be a significant partner in a partnership or

a director who takes part in management, employee, consultant who receives a regular salary or holds more than 1% of the total voting shares of another company operating the same business and in significant competition with the Company or its subsidiaries;

9) An independent director shall not possess any characteristics indicating a lack of expressing independent opinions with regard to the Company's operations.

President

Qualities of the President

The important qualities of the President are as follows:

- 1) Possess knowledge in management and the ability to conduct good organisational management;
- 2) Operate the business with integrity and ethics that includes being an individual who are credible, trustworthiness and accepted by others;
- 3) Possess good understanding and knowledge in the company's business, products and services;
- 4) Possess good understanding in the principles of management, managerial decision making with the ability to clarify the problem and provide the suitable solution (problem-solving skill);
- 5) Be creative, assertive and open-minded;
- 6) Possess the ability to dedicate sufficient time to work in a position of the Management Director of the Company;
- 7) Possess full qualifications and shall not have any prohibited characteristics as prescribed in the Public Limited Company Act and the Securities and Exchange Act, Capital Market Supervisory Board Official Announcements, Exchange Commission Official Announcements and other relevant official announcement, rules, orders and/or regulations including shall not have the characteristics indicating a lack of appropriateness in respect of trustworthiness

in managing a business whose shares are held by the public as specified in Capital Market Supervisory Board Official Announcements.

Roles and Responsibilities of the President

The significant authority, roles and responsibilities of the president are as follows:

1) Control the business operations, plan an operational strategy and manage the day-to-day operations of the company with the authority to perform any actions in the normal business administration of the Company and that are necessary for general management of the Company's business;

2) Posses the authority for the commanding, contacting, giving orders, as well as signing any contract, official order documents and notification letters to be in accordance with the authority set forth in the approval authority policy summary table;

3) Possess the authority to hire, appoint, transfer, dismiss, terminate employment of any employee as it deems appropriate; as well as determine the scope of authority and duties and compensation, wage, and bonuses that is deemed appropriate. Possess the authority to appropriately dismiss the employees at each levels to be in accordance with the authority set forth in the approval authority policy summary table;

4) Possess the authority to set up terms of trade for the benefit of the Company;

5) Consider new business investment or business termination to be proposed to the Board of Directors and/or the Executive Committee;

6) Approve and appoint business consultants in various fields that are necessary for operations according to the authority set forth in the summary table of the approval authority policy;

7) Take any action as assigned by the Executive Committee and/or the Director of the Company, in this regard, the president is unable to grant approval to any items that oneself or those who may have conflicts of interest, interests or may have conflicts of interest in other ways with the Company or its subsidiaries. The approval to proceed with such actions must be submitted to the Board of Directors and/or the Shareholders' meeting for consideration and approval, and must be reviewed by the Audit Committee according to the Company's regulations and as prescribed by The Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand;

8) The President shall evaluate their own performance at least once a year.



Meeting Attendances of Directors

Board of Directors' Meeting

The details of 2021 Board of Directors' Meeting are as follows:

No.	Name - Surname	No. of Attendance / No. of Board Meeting
1.	M.D. Thongchai Thavichachart	13/13
2.	Dr. Chaiphant Phongthanakorn ^{1/}	4/4
3.	Ms. Sopawadee Lertmanaschai	8/8
4.	Pharmacist Vinit Usawakidviree	13/13
5.	Asst. Prof. Dr. Lalita Hongratanawong	11/13
6.	Mr. Nattawut Viboonpatanawong	13/13
7.	Mr. Tawat Kitkungvan	13/13
8.	Mrs. Jintana Santipisud	13/13
9.	Dr. Sittichai Daengprasert	13/13
1.	Mr. Pissanu Daengprasert	13/13
11.	Ms. Jirada Daengprasert	12/13
12.	Mr. Sorasit Daengprasert	13/13

Remarks

^{1/} On 12 March 2021, Dr. Chaiphant Phongthanakorn has resigned from the position of the Director and notified in writing, effective on the mentioned date. As a result, there was a resolution to appoint Ms. Sopawadee Lertmanaschai as a Director, replacing Dr. Chaiphant Phongthanakorn following the resolutions of the Board of Directors' meeting No. 5/2021 on 24 March 2021.

Audit Committee Meeting

The details of 2021 Audit Committee Meeting are as follows:

No.	Name - Surname	No. of Attendance / No. of Audit Committee Meeting
1.	Dr. Chaiphant Phongthanakorn ^{1/}	2/2
2.	Ms. Sopawadee Lertmanaschai ^{1/}	6/6
3.	Pharmacist Vinit Usawakidviree	9/9
4.	Asst. Prof. Dr. Lalita Hongratanawong	9/9

Remarks

^{1/} According to the resolution of the Board of Directors' Meeting No. 5/2021, dated 24 March 2021, it was resolved to appoint Ms. Sopawadee Lertmanaschai to be the Company Director and Chairman of the Audit Committee instead of Dr. Chaiphant Phongthanakorn.

Risk Management Committee Meeting

The details of 2021 Risk Management Committee Meeting are as follows:

No.	Name - Surname		No. of Attendance / No. of Audit Committee Meeting
1.	Mr. Nattawut	Viboonpatanawong	3/3
2.	Dr. Sitthichai	Daengprasert	3/3
3.	Mr. Sorasit	Daengprasert	3/3

Executive Committee Meeting

The details of 2021 Executive Committee Meeting are as follows:

No.	Name - Surname		No. of Attendance / No. of Audit Committee Meeting
1.	Mrs. Jintana	Santipisuth	14/14
2.	Dr. Sitthichai	Daengprasert	14/14
3.	Mr. Pissanu	Daengprasert	14/14
4.	Mr. Sorasit	Daengprasert	14/14
5.	Mr. Kriangkrai	Rungraunghaweekul	14/14
6.	Ms. Jirada	Daengprasert	14/14
7.	Ms. Nongnuch	Chiewpattanakorn ^{1/}	13/13
8.	Mr. Danaisuan	Kunarojanasombhat ^{1/}	13/13

Remarks

^{1/} According to the resolution of the Board of Directors' Meeting No. 1/2021, dated 18 January 2021, it was resolved to appoint Ms. Nongnuch Chiewpattanakorn and Mr. Danaisuan Kunarojanasombhat to serve as the Executive Director of the Company.

Annual General Meeting and Extraordinary General Meeting

The details of the Annual General Meeting and Extraordinary General Meeting are as follows:

No.	Name - Surname	No. of Attendance / No. of Board Meeting
1.	M.D. Thongchai Thavichachart	4/4
2.	Dr. Chaiphant Phongthanakorn ^{1/}	0/2
3.	Ms. Sopawadee Lertmanaschai	0//2
4.	Pharmacist Vinit Usawakidviree	0/4
5.	Asst. Prof. Dr. Lalita Hongratanawong	0/4
6.	Mr. Nattawut Viboonpatanawong	0/4
7.	Mr. Tawat Kitkungvan	4/4
8.	Mrs. Jintana Santipisud	4/4
9.	Dr. Sittichai Daengprasert	4/4
10.	Mr. Pissanu Daengprasert	4/4
11.	Ms. Jirada Daengprasert	4/4
12.	Mr. Sorasit Daengprasert	4/4

Remarks

^{1/} On 12 March 2021, Dr. Chaipant Phongthanakorn has resigned from the position of the Director and notified in writing, effective on the mentioned date. As a result, there was a resolution to appoint Ms. Sopawadee Lertmanaschai as a Director, replacing Dr. Chaipan Pongthanakorn following the resolutions of the Board of Directors' meeting No. 5/2021 on 24 March 2021.

Monitoring of Company Compliance with Corporate Governance Policies and Practices

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited is aware of the importance of conducting business with honesty, transparency and accountability which is the principle of good corporate governance and strengthen the organization to be effective. The Company therefore established a policy for directors, executives and employees to avoid taking any actions that could potentially signal a conflict of interest through training and testing the employees' understanding provided by the management. The actions that may cause a conflict of interest are as follows:

- Contact with the Company's trade-related partners such as customers, business partners, etc.
- Take advantage of opportunities or use the inside information for personal gain
- Conduct the transactions with the Company
- Conduct a business in competition with the Company, etc.

If a transaction cannot be avoided and it must be done, the Company will ensure that such transaction is done with transparency, fairness, and is equitable to the transactions with other third parties by taking into account the best interests of the Company and fairness to related parties in order to prevent conflicts of interest. The Company has established guidelines as follows:

1. The Company shall not lend or guarantee to directors or any business in which the director or shareholder has an interest unless it is part of the Company's welfare.
2. The Directors shall not engage in any business in competition with the company unless gaining approvals from the shareholders' meeting prior to being appointed as a director.

3. Directors and executives shall not use opportunities or The Company's information for the benefit of themselves or others, including doing a business in competition with the company or doing related business.

4. Directors and executives shall not attend the meeting or abstain from voting on items related to themselves that may cause conflicts of interest with the Company. If it must be done for the benefit of the Company, such transaction must be done on a similar basis as of a third party (Arm's Length Basis).

5. Directors and executives shall notify their interests in relation to the management of the Company and its subsidiaries in accordance with the "Criteria from the report on interest" established by the Company and shall disclose conflicts of interest on a yearly basis or when an incident occurs.

6. A consideration of Conflicts of Interest and transactions by which conflicts of interest may arise, there must be an independent director attending and considering every time which shall be in accordance with "Related Transaction Rules" as specified by the Company.

7. Any transactions such as selling or buying assets, etc. between directors and the company shall be notified and approved by the board of directors prior to the transaction.

8. Directors, executives and personnel of the Company who are aware of inside information shall avoid using inside information for personal gain or providing inside information for the benefit of others in a wrong way.

The Exploitation of Inside Information

The Company established policies and procedures for supervising directors and executives in using the Company's internal information that has not yet been disclosed to the public for personal gain as follows:

1. Educating the directors and executives of the Company for the duty of reporting the holding securities of theirs, their spouse or cohabiting couple, minor children and the juristic person whose shares exceeding 30 percent of the total voting rights and holds the largest proportion of shares in the following juristic person (counting a single-tier juristic person) to the Securities and Exchange Commission in accordance with guideline specified in Section 59 and the punishment provision, Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (inclusive of the amendment thereto), including a report of holding securities under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act B.E. 2535 (1992) (inclusive of the amendment thereto).
2. Requiring the directors and executives of the Company with the duty mentioned in number 1, to prepare and disclose reports the holding of the Company's securities and change to such holding securities and derivatives of the Company to the Securities and Exchange Commission according to Section 59 and the punishment provision, Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (inclusive of the amendment thereto) within three working days after the changes are made and to submit the copy of this report to the Company within the same day of submitting the report to Securities and Exchange Commission.
3. Requiring the directors and executives to review the duty of reporting changes in the securities holdings of the business when the total holding of securities reaches or passes Trigger Point every 5 percent of all voting rights and to review the duty

of making a tender offer when the aggregate holding of securities reaches or passes Trigger Point every 25 percent of the voting rights.

4. Directors, executives and employees at all levels shall not use inside information of the Company that contain significant information and has not been disclosed to the public for personal gain or others until after such information has been disclosed to the public within 24 hours.
5. Employees of the Company at all levels shall maintain and shall not disclose customer and commercial information as well as shall keep confidential of such information. The Company's employees shall not disclose the confidentiality of customers to both employees and unrelated third parties unless it is required by law to disclose the information such as the disclosure of information for litigation purposes or the approval of Board of Directors for the disclosure of information in writing form.
6. Directors, executives, employees of the Company and related parties are prohibited to disclose or transmit information or Company's confidential information to unrelated person(s), including family members, relatives, friends, etc.
7. Disclosures must be made by management or authorized employees. Other employees generally have no obligation to disclose information when asked to disclose information that are not their duty to do so. The employees shall make advise and direct a person(s) asking for the disclosure of information to the person with the duty disclose the information so that the disclosure of information is accurate and in the same direction.
8. Shall not give advice or guidance in the trading of the Company's securities unless it is related to the duties assigned by the Company.

9. Requiring the directors, executives, staff and employee of the Company that have acknowledge the significant inside information that impact or probably impact the price change of the Company's securities shall refrain from trading the company's securities or accepting transfers of securities or derivatives issued by the Company before such information are disclosed to the public especially, during the 30 days prior to the financial statements or such inside information are disclosed to the public. Furthermore, during the 24 hours after the Company's information has been disclosed to the public and those related to such information shall refrain from trading the company's securities or accepting transfers of securities or derivatives issued by the Company until the people who have received such information have had time to evaluate the information received for a reasonable period of time (at least 24hours from the date and time of publication). Those related to such information shall not disclose such information to another, unless it has been firstly notified to the Stock Exchange of Thailand.

10. However, in case of violation of the said requirement for the personal gain, the Company shall consider it as a disciplinary offence according to the Company's working rule subject to the punishment as deemed appropriate at each time. In addition, the punishment will be determined based on the intention of the act and the seriousness of the offense, starting from verbal warning, written warning, pay cut, putting on probation without pay, written notice of termination of employment without any advance notice or compensation. This also includes the civil and criminal prosecution with the Investigation Committee appointed by the Audit Committee for specific cases to conduct a fact-checking and consider the penalties on such matters to be presented to the Audit Committee.

Anti-Fraud and Anti-Corruption Policy

All Directors and all executives of the Company recognize and understand that The Company's business

processes may be exposed to corruption and bribery risks. In order to eliminate such risks, the directors and executives have determined to assess the risk of bribery and corruption that may occur in the Company once a year on a regular basis. and reviewed the existing risk management measures to be appropriate to prevent from the risk to be at an acceptable level. In addition, the Company's management shall communicate to all employees at different levels to understand and cooperate to manage such risks effectively.

In addition, the Company provides measures for reporting clues or complaints on the wrongdoings that are against the law and business ethics or behaviors that may imply corruption of directors, executives or employees in the organization by providing a variety of communication channels to provide opportunities for employees and stakeholders to report clues or complaints to the Company conveniently and appropriately. Any person with an intention to report such wrongdoings or complaints shall specify the details of the whistleblowing or complaint, including name, address, telephone number(s) that can be contacted sent to the whistleblowing and complaint-filing channels.

Whistleblowing

The Board of Directors supervise and ensure that the Company has established a mechanism for receiving complaints and taking action in case of complaints reporting or whistleblowing and has developed clear guidelines in the complaints reporting and whistleblowing policy. There are requirements for reporting, investigating, violating the Code of Conduct, receiving complaints of corruption and wrongdoings. If the stakeholders have observations on the Company's operations, shall request for details, report a complaint or clues of any wrongdoings, inaccuracies of financial reports, defective internal control system or a violation of business ethics through independent directors or the Audit Committee of the Company. The information of complaints and clues reported to the Company will be kept confidential which the independent directors, the Audit Committee or the

President will instruct the designated person to review internal information and find solutions (if any), and report to the President and/or the next committee. The company provides channels for receiving complaints and/or comment and add a channel to email directly to high level executives.

Whistleblowing and complaint-filing channels, the Company has established the whistleblowing and complaint-filing channels as follows:

1. Suggestion and Complaint box within the company

2. Report any wrongdoings and address a complaint directly to

2.1. Supervisors at all levels that the employees trust

2.2. Human Resources Department

2.3. Company Secretary

2.4. Member of the Audit Committee

2.5. Company's Directors

3. Email to : jspcs@jsppharma.com

Chairman of the Audit Committee :

jspac@jsppharma.com

Company Secretary : jspcs@jsppharma.com

4. Company Website : www.jsppharma.com

5. Send a letter : directly to the Chairman of the Board of Directors or the Chairman of the Audit Committee

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited

No. 255, 257 Soi Sathupradit 58, Bangphongphang Sub-District, Yannawa District, Bangkok 10120

All whistleblowing and complaint-filing channels will be coordinated, received-sent, followed up on, collected and directed directly to the person responsible for this matter, which are the Chairman of the Audit Committee and the President, who will take appropriate action and ensure that the clues and information provided by the whistleblower will be directly maintained and protected by those who are directly responsible. The Audit Committee will designate the Investigation Committee to act as needed if the complaints are raised against the President.

Promotion of Worker Quality of Life, Safety and Occupational Health

The Company recognises that employees are the valuable asset that are the key to success in achieving the Company's goals. Therefore, it has been stipulated in the Company's mission that "Develop personnel to be aware of building efficient and continuous improvement and development of operations and services" by focusing on developing and supporting employees to have knowledge and competence in accordance with the goals established by the Company.

Safety and occupational health of employees is an important basis for business operations. The Company promotes workplace environment safety and hygiene for employees and protect employees in the workplace from accidents and enhance the well-being of employees. Therefore, the Company has established a safety goal, which is "fatal work-related accidents causing absent from work must be zero" and has provided training on safety in various fields for employees to raise awareness and promote a safety culture.

Report of the Audit Committee

Dear Shareholders

The Audit Committee of JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited has independently performed its duties in accordance with the Audit Committee Charter, which complied with requirements and best practices for the Audit Committee of the Securities and Exchange Commission and the Stock Exchange of Thailand. There are 3 independent directors of the Company, namely Ms. Sophawadee Lertmanaschai, Chairman of the Audit Committee, Pharmacist Vinit Usavakidviree, and Asst. Prof. Dr. Lalita Hongratanawong, Members of the Audit Committee, with Ms. Jirada Daengprasert acts as the secretary of the Audit Committee. The Audit Committee consists of members with accounting and financial expertise, which are Ms. Sophawadee Lertmanaschai and Asst. Prof. Dr. Lalita Hongratanawong.

During the year 2021, the Audit Committee held a total of 9 meetings and held meetings with the auditor without the present of the management to perform duties within the scope of responsibilities specified in the Audit Committee Charter assigned by the Board of Directors, which complied with the regulations of the Stock Exchange of Thailand. The Audit Committee reported the results of every meeting to the Board of Directors. The results of the meeting can be summarised as follows

Review of the Financial Report

The Audit Committee reviewed key information on the Company's quarterly and annual financial statements for 2021 to ensure that the Company's financial reports are prepared accurately in accordance with the current applicable accounting standards. The disclosure of information is sufficient and reliable. In addition, the Audit Committee held meetings with the auditor without the present of the management to discuss the key issues

in the preparation of financial reports, internal control system, accounting and finance, as well as the independence of the auditor to perform the tasks.

Review Sufficiency and Stability of the Internal Control System

The Audit Committee considered and approved annual internal audit plan for the year 2021 by evaluating the risks and the sufficiency of the internal control system to determine the importance of each system to be in compliance with the goals of the organisation. This included considering any issues from internal audit results and providing recommendations that were useful to improve the efficiency of internal audit as well as regularly followed up on the results of the audit.

The Audit Committee reviewed the results of the internal control system together with the internal audit division on a quarterly basis, which covered financial accounting, asset management, operations, information technology, regulatory compliance and the reports of audit results of the Internal Audit Department.

The Audit Committee considered that the Company's internal control was efficient and appropriate for the business conditions, as well as having an independent internal audit system. The audit plan was consistent with the strategy and the risks of the Company.

Review of the Company's Connected Transactions or Transactions with Possible Conflict of Interest

The Audit Committee reviewed and supervised the Company to operate the business in compliance with rules, policies, securities and exchange law, the regulation of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other laws related to the Company's businesses. The Audit Committee found no evidence indicating that there is an error related to the non-compliance and/or operation which is obvious or conflict to relevant regulations, rules and laws.

Review the Evaluation System of Risk Management Practice

The Audit Committee reviewed the Company's policies and practices for risk management principles to ensure that there was appropriate risk management process. The Risk Management Committee reviewed and monitored risk management activities by considering both internal and external risk factors that may cause an impact and managing risks at the acceptable level. The Audit Committee considered that there is a risk management system that is suitable and sufficient for its business conditions, as well as the risk assessments were reviewed regularly to be carried out in a changing environment.

Company's Compliance with the Law on Securities and Exchange, Regulations of the Stock Exchange of Thailand and the Laws Relating to the Company's Business

The Audit Committee has reviewed and supervised the Company to monitor, analyse, and report any laws, rules and regulations changes related to the Company ensuring that the Company properly complied with the laws, rules and regulations.

Process for the Nomination and Appointment of the Auditor for the Year 2022

The Audit Committee considered and nominated the Company's auditor, including the audit fees. In the past year, the Audit Committee considered by looking

at factors such as the performance, knowledge, expertise and the independence of the auditor. As a result, it has shown that all qualifications meet the requirements that The Security and Exchange Commission has established, therefore, the Audit Committee proposed to the the Board of Directors for approval at the 2022 Annual General Meeting of Shareholders to appoint Ms. Sirinuch Vimolsathit, CPA License No. 8413 and/or Mr. Sumate Jangsamsee, CPA License No. 9362 and/or Mr. Yoottapong Soontalinka, CPA License No. 10604 from KPMG Phoomchai Audit Limited as the auditors of the Company including the propose to approve the audit fee for year 2022.

In summary, The Audit Committee has performed all duties as stipulated in the Charter and perform duties independently by using knowledge, ability and careful consideration and deliberation as well as giving opinions and suggestions in a constructive way to benefit all stakeholders equally. The Audit Committee considers that the Company's financial reports are accurate, reliable, in accordance with financial reporting standards and generally accepted accounting principles. The Board of Directors and executives of the Company are committed to perform duties in order to efficiently achieve the Company's goals. In addition, the importance has been highlighted on the operations under good corporate governance, transparent and reliable as well as having appropriate and effective internal control and internal audit.

On and Behalf of the Audit Committee

Ms. Sopawadee Lertmanaschai

Chairman of the Audit Committee

Internal Control and Related Party Transaction

Internal Control

Sufficiency and Suitability of the Internal Control System

The Company pays attention to the good system of internal control, and the mentioned system is in accordance with the Corporate Governance Code. In other words, having a transparent, fair and credible cooperative system and accountable checks and balances will lead to the maximum benefit of the shareholders, staff, business partners, communities and other associates. On December 31, 2564 BE, there are three Audit Committees who review the sufficiency of the internal control system in order to ensure that the Company run the business in compliance with the regulations of The Security and Exchange Commission, the Stock Exchange of Thailand, Public Limited Companies Act, Securities and Exchange Act and other related regulations which involve the Company and/or Company business.

At the Board of Directors' meeting 10/2564 on September 24, 2564 BE, every Audit Committee has participated in this meeting. The Board of Directors has considered and created the Assessment of the adequacy of the internal control system of the Company that covers five components of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) as following,

1. Control Environment
2. Risk Management
3. Control Activities
4. Information & Communication
5. Monitoring Activities

The Board of Directors has reviewed and considered along with Management division by examining the information from Management division and referring to the audit report and evaluating the system of internal control of

Unique Advisory Company Limited (Internal auditor) and considering to evaluate the sufficiency of the internal control system.

After considering the Assessment of the adequacy of the internal control system of the Company, the Board of Directors concluded that the Company has provided enough management and internal control, and they are efficient enough to protect the Company from potential risks. The Board of Directors and the Management Division have encouraged the staff in the organization to be aware of the significance of the internal control and provided enough personnel in order to make the internal control system sufficient and suitable and to be adjustable in accordance with incessantly changing situations in order to achieve the goal of the Company which is in line with the related laws, regulation and the Corporate Governance Code. The Company has clearly defined the duty and responsibility, including the regulations, rules, policy and appropriate approval authority in written statement.

Moreover, the Company has provided the independent internal audit department to follow up and evaluate the internal control by hiring an outsourcing organization, which reports directly to the Audit Committee, to inspect the internal control system. The Company has appointed the Unique Advisory Company Limited (Internal auditor) as an internal audit since 2561 BE to review and evaluate the Company's system of internal control, and the Company has constantly been given appropriate advices. For 2564 BE, the Internal auditor has proceeded to audit the work system, to follow up the revision and to evaluate the result of the internal control of the Company for 10 work systems by planning the internal audit for each quarter for 2 to 4 systems in order for the Company to get fully audited for 10 systems for the year 2564 BE as following.

Work System	Quarter			
	1	2	3	4
Revenue and Cash Collections	√			
Production Control and Cost Calculation		√		√
Procurement, Expense and Cash Disbursements			√	
Budgetary Control and Financial Management	√			
Warehouse Management and Inventory		√		
Fixed Asset Management			√	
Human Resource Management		√		
General Controls in the Information Technology System				√
Closing Process and Financial Reporting			√	
Overall Risk Management and Corporate Governance				√

To review, evaluate the system of internal control and to follow up each result of the revision, the Internal auditor has reported the audit result and revisional progress to the Audit Committee to review and to give advices for the internal control system of the Company quarterly. In 2564 BE, there was no significant remark on the internal control system that affects the operation of the Company.

Moreover, the auditors of the Company, KPMG Phoomchai Co., Ltd. has considered the Internal control system to design auditing method in order to provide advice on financial statement but not for the purpose to provide assurance the efficiency of the internal control of the Company. The auditors noted about the internal control system and the operation of the Company for the year ended December 31, 2564 BE without any significant remark.

Comments of Audit Committee

In considering the assessment of the adequacy of the internal control system of the Company by the Board of Directors with the three Members of Audit Committee of the Company participating in the meeting, there was no discrepancy in comments from the Board of Directors.

The Holder of the Position of the Head of Internal Audit

The Company has the policy to hire internal auditors from outsourcing organizations; Unique Advisor Company Limited is hired as an Internal auditor of the Company for the year 2564 BE. Mr. Kosol Yaemleemul was assigned to be the main person in charge for internal audit for the Company.

The Audit Committee has considered the qualification of Unique Advisor Company Limited and deemed that the Company is knowledgeable, capable and experienced enough for acting as an audit committee due to the fact that the Company has fifteen years' experience in internal audit; the main person in charge has passed the following training courses: Thai Financial Reporting Standards (TFRS), Accounting Standards, Auditing Standards (continuous training), Internal Audit Workshop (continuous training), Auditor's Report (continuous training), COSO 2013 (2014), Taxation and planning (various), IT Audit (various). They are not related to the Company in any way; therefore, they can freely and impartially audit and report the advices to the Company.

The Appointment, Degradation and Position Transfer of the Head/chief of internal audit

The consideration to approve the appointment, degradation or position transfer of the head of internal audit of the Company must be selected and approved by the internal auditor. After that, the Audit Committee will present the internal auditors who pass the process of consideration to the meeting of the Board of Directors in order to consider and approve the employment, including the negotiation for related expense. The employment contract for the internal auditor will be terminated for the year ended 2564 BE. The Company has the policy to hire internal auditors from outsourcing organizations in the following year 2565 BE, and the Board of Directors has resolved to appoint Unique Advisor Company Limited as an internal auditor for another term.

Related Parties Transactions

Persons who may have led to the conflict of interest of the Company involving in the transaction with the Company during 2020 and 2021 are as follows:

Persons who may have Conflict of Interest	Relationships
Suphap Group Company Limited Type of Business: Holding company	<ul style="list-style-type: none"> - The ultimate parent company - The common shareholders are Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert. - The common directors are Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert.
CDIP (Thailand) Public Company Limited Type of Business: Provides academic research and development services, training and seminar services and consulting services for research grants	<ul style="list-style-type: none"> - The common shareholders are Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert. - The common directors are Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert.
RTN Logistics Company Limited Provides freight forwarding and customs clearance services throughout the Kingdom and abroad and provides warehouse and distribution services	<ul style="list-style-type: none"> - Mrs. Jutanuch Viboonpatanawong, a director of RTN Logistics Company Limited and a spouse of Mr. Nuttawut Viboonpatanawong, a director of the Company
TREESCI Innovation Company Limited Personalised medicine business	<ul style="list-style-type: none"> - Ms. Atchara Phuchong, a director of TREESCI Innovation Company Limited and a spouse of Mr. Sittichai Daengprasert.
Mr. Sittichai Daengprasert	<ul style="list-style-type: none"> - Shareholder, director and the executive of the Company
Mr. Pissanu Daengprasert	<ul style="list-style-type: none"> - Shareholder, director and the executive of the Company
Mr. Sorasit Daengprasert	<ul style="list-style-type: none"> - Shareholder, director and the executive of the Company
Mr. Prasitchai Daengprasert	<ul style="list-style-type: none"> - One of the shareholder of the Company and a father of the directors and executives of the Company which are Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert

Details of related parties transactions between the Company and the persons who may have conflicts of interest during 2020 and 2021 are as follows:

1. Normal Business Transactions

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
CDIP (Thailand) Public Company Limited - Sales of goods - Other payables - Research expenses	0.02 - None - - None -	0.26 0.31 2.04	<p>Sale of goods</p> <p>In 2020, the Company sold cleaning products (alcohol) to be used in training and seminars. In 2021, the Company sold dietary supplement to give trading partners. All transactions made have the same prices and conditions as transactions with third parties.</p> <p>Other payables and Research Expenses</p> <p>In 2020, the Company hired CDIP (Thailand) Public Company Limited to submit testing samples and receive scientific analysis as follows:</p> <ol style="list-style-type: none"> 1. Testing cholesterol-lowering capability of "4 Mixed Oil", which is a dietary supplement of the Company distributed under the brand "Suphap-Osot" with a total service charge of Baht 0.64 million. 2. Wolffia Globosa plants research to develop Wolffia Globosa plants containing a high level of protein in powder-filled capsule by hiring CDIP (Thailand) Public Company Limited to research and coordinate with various testing agencies of the government. The project has been completed with the total expense of Baht 1.40 million. <p>However, the service fees for both items mentioned above used the cost method based on the number of hours of staff working (Manhours) plus a margin which is the pricing policy of CDIP (Thailand) Public Company Limited applies for all customers. In addition, this pricing policy is in the same manner as companies in this business field use to set prices for their customers. Furthermore, CDIP (Thailand) Public Company Limited had personnel with expertise and has worked in government agencies with various testing centres. Therefore, it was faster to coordinate and operate than the Company did it.</p> <p>Opinion of Audit Committee</p> <p>Sales of goods: The Audit Committee has considered that the aforementioned transaction was a normal business transaction which had the same price and conditions as a transaction with a third party. Therefore, the transaction was in the best interest of the Company and is reasonable.</p> <p>Research expenses: The Audit Committee has considered the reasons and necessity of such work and the benefits gained by the Company, it has shown that the pricing of such transaction was under the same fair pricing offered to the ordinary third parties of CDIP (Thailand) Public Company Limited. Therefore, the transaction was deemed necessary, reasonable and is in the best interest of the Company.</p>

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
TREESCI Innovation Company Limited - Sales of goods - Advance payment	- None - - None -	0.18 0.04	<p>The Company has determined the selling price of raw materials with TREESCI Innovation Company Limited using cost plus method, which is equivalent to the Company's selling price of raw materials offered to the third parties. The Company does not lose any benefits from this transaction.</p> <p>Opinion of Audit Committee</p> <p>Sale of goods: The Audit Committee has considered that the transaction of the sales of raw material using a mark-up pricing to determined the price, which was not different from other customers. Therefore, the transaction was in the best interest of the Company and is reasonable.</p>

2. Normal Business-Support Transactions

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
CDIP (Thailand) Public Company Limited - Service fees	- None -	0.02	<p>Due to the COVID-19 pandemic in 2020, the Company had to spray disinfectant to prevent the virus and build confidence for the customers. Therefore, there were expenses incurred in hiring CDIP (Thailand) Public Company Limited to carry out the spraying of such disinfectants since CDIP (Thailand) Public Company Limited can provide spraying services to the Company within the specified period of time. During that period of time there were a lot of need to spray disinfectants. However, these prices and conditions of hiring are the same as those of third parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has considered that the aforementioned transaction was for the Company's operations which had the same price and conditions as a transaction with a third party. Therefore, the transaction was in the best interest of the Company and is reasonable.</p>
RTN Logistics Company Limited - ransportation fees	- None -	1.10	<p>In 2020, the Company started selling alcohol products for cleaning, resulting in numerous orders received. However, the Company was unable to provide enough transportation services to meet the numerous orders. Therefore, it was necessary for the Company to outsource transportation service to alleviate the numerous orders. RTN Logistics Company Limited is a specialised logistics provider with drivers holding a valid permit to transport hazardous materials. There were also heavy-duty trucks providing fast, timely and convenient transportation at all time having the same price and conditions of the transactions with third parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has considered that the aforementioned transaction was for the Company's operations which had the same price and conditions as a transaction with a third party. Therefore, the transaction was in the best interest of the Company and is reasonable.</p>

3. Short-term Rental or Rent out of Real Estate

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
Mr. Sittichai Daengprasert - Rental Income - Other payables	- None - - None -	0.05 0.05	<p>The Company rented out the land, with title deeds no. 171416 - 171422 and 1249, located in Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province, with an area of 58 Rai to Mr. Sittichai Daengprasert and sub-lease to a farmer for farming by entering the agreement dated 28 December 2018 for a 3-year lease period from 1 January 2018 to 31 December 2020 with a rental rate of Baht 0.05 million per year, the rental rate and conditions are the same as for transactions with the third parties. On December 31, 2020 the Company wrote up a memorandum of agreement to terminate the rice field lease with Mr. Sittichai Daengprasert in order to use the following land for the Company's product development business.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that the rent out of land was in the best interest of the Company and the rental rate was reasonable since it referred to the rental rate as comparable to transactions with third parties. Therefore, it was deemed the transaction was reasonable.</p>
CDIP (Thailand) Public Company Limited - Rental expenses - Others payables	- None - - None -	0.14 0.14	<p>In 2020, the Company entered into a motor vehicle rental agreement with CDIP (Thailand) Public Company Limited to use in transporting the Company's goods to customers. The agreement had 1-year term from 1 January 2020 to 31 December 2020 at the rental rate of Baht 0.01 million per month. The rental rate and conditions were equivalent to the rental rates and conditions in the market. Subsequently, on January 1, 2021, the Company negotiated to purchase the following motor vehicle as its own assets to transport the Company's goods to customers in the value of Baht 0.16 million, which the conditions for the transaction were comparable to those made with third parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that the aforementioned transaction was for the best interest of the Company's operations which had the same price and conditions as a transaction with a third party. Therefore, the transaction was reasonable.</p>

4. Transactions Relating to Products or Services

4.1 Long Term Rented Real Estate

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
Suphap Group Company Limited - Rental expenses	4.53	3.57	<p>The Company leased land and buildings from Suphap Group Company Limited to manufacture of pharmaceuticals, dietary supplements, and medical supplies, with land title deed no. 8059, land no. 497, sub-district no. 1207, Bang Phong Phang Sub-district, Yannawa District, Bangkok, with an area of 1-0-40.0 Rai, by entering a lease agreement dated 30 March 2018 with 3-year term from January 1, 2018 to December 31, 2020, at a rental rate of Baht 0.26 million per month. The rental rate was based on the market rental rate assessed by an independent appraiser listed in SEC. Subsequently, the Board of Directors Meeting No. 3/2562, held on 15 May 2019, it was resolved that the Company shall amend the terms of the lease agreement by increasing the rental rate by 1.00% annually referring to the general inflation rate. It is effective from 1 June 2019 and will update the rent annually on 1 January of each year.</p> <p>Subsequently, the Board of Directors' meeting resolved to approve on 12 November 2020 to enter into a land and building lease agreement continuing from the original lease agreement that will expire on 31 December 2020, with lease term of 3 years from 1 January 2021 to 31 December 2023 at the rental rate of Baht 0.14 million per month. The rental rate was based on the market rental rate assessed by an independent appraiser listed in the SEC office and the Company can renew the lease agreement twice, 3 years and 1 year each time, respectively from the ending date of each agreement. The rental rate will be increased by 10.00% for each renewal of the lease.</p> <p>Later, on the Board of Directors' meeting resolved to approve on 30 June 2021 to amend the land and building lease agreement for a total lease term of 19 years, starting from 1 January 2021 to 31 December 2039 by increasing the rental rate equivalent to 10.00% from the original rental rate every 3 years, with the first rental rate adjustment scheduled on 1 January 2024. Upon the expiration of the lease term the lessee has the first right to renew the lease of property according to the conditions and periods agreed by both parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that Lease of land and factory buildings for the purpose of pharmaceuticals, dietary supplements and medical supplies production was necessary for the Company's business operations. The rental rate was reasonable since it was based on the market rental rate assessed by an independent appraiser listed in SEC, therefore, the transaction was reasonable and had a fair price.</p>

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
Mr. Sittichai Daengprasert and Mr. Pissanu Daengprasert - Rental expenses	1.73	3.12	<p>The Company leased land and buildings from Mr. Sittichai Daengprasert and Mr. Pissanu Daengprasert for manufacturing of a pharmaceuticals, dietary supplements and medical supplies, with land title deeds no. 10241 and 10243, land no. 490 (1524), Sub-district no. 2541 and land no. 479 (1526), Sub-district no. 2543, Bang Phong Phang Sub-district, Yannawa District, Bangkok, with an area of 1-1-95.9 Rai under an agreement dated 30 March 2018, with a lease term of 10 years, from 1 January 2018 to 31 December 2027 at the rental rate of Baht 0.15 million per month. The rental rate was based on market rental rates assessed by an independent appraiser listed in SEC and the Board of Directors Meeting No. 3/2562 on 15 May 2019, it was resolved that the Company shall amend the terms of the lease agreement by increasing the rental rate by 100% annually referring to the general inflation rate. It is effective from 1 June 2019 and will update the rent annually on January 1 of each year.</p> <p>Subsequently, the Board of Directors approved on 12 November 2020 to amend the rental rate to Baht 0.38 million per month. The rental rate was based on the rental rate assessed by an independent appraiser listed in SEC and the rental rate will be increased by 10.00% every 3 years. The contract will be effective on 1 January 2021.</p> <p>Later, on the Board of Directors' meeting resolved to approve on 30 June 2021 to amend the land and building lease agreement for a total lease period of 22 years, starting from 1 January 2021 to 31 December 2039 with the first rental rate adjustment scheduled on 1 January 2024. Upon the expiration of the lease term the lessee has the first right to renew the lease of property according to the conditions and periods agreed by both parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that leasing of land and buildings for the purpose of pharmaceuticals, dietary supplements and medical supplies production was necessary for the Company's business operations. The rental rate was reasonable since it was based on the market rental rate assessed by an independent appraiser listed in the SEC office, therefore, the transaction was reasonable and had a fair price.</p>
Mr. Prasitchai Daengprasert - Use of land	- None -	- None -	<p>The Company has obtained written consent to utilise the commercial building owned by Mr. Prasitchai Daengprasert to install the main electrical control cabinet (MDB) on the vacant floor on floor 1 with an area of 11.7 Square meters and store electrical materials and equipment associated with the MDB cabinet and was free of charge and had no set time limit. The booths were located in the back of the building connected to the factory area. The front part was located at a crossroads where the building has been modified so there was no way out for the front part at all. Therefore, the exit from the building must go through the land that was connected to the Company's factory area only. The building has been in such condition since around 1974 - 1975. Moreover, the condition of the building was older than 40 years. The owner has considered that it was difficult to continue to use and if the building was to be</p>

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
			<p>used for the benefit or for the external parties, the owner must invest in building improvements and build an exit way to outside area. This will require a relatively high investment which may not be worth it. As a result, there is no plan to use them in the future at all. Therefore, the Company was allowed to use it as an area to install the main electrical control cabinet (MDB) of the factory.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that area for placing the main electrical control cabinet (MDB) of the Bangkok factory, the Company's management should consider a plan to relocate the main electrical control panel of the plant to be installed in the Company's proprietary area in the future without affecting the Company's operations as a preventive plan for future risks if the main electrical control cabinet (MDB) cannot be set up in the following area.</p>

4.2 Asset Acquisitions or Sales

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
CDIP (Thailand) Public Company Limited - The purchase of motor vehicle	0.16	- None -	<p>In 2020, the Company entered into a motor vehicle rental agreement with CDIP (Thailand) Public Company Limited to use in transporting the Company's goods to customers. The lease term was 1-year from 1 January 2020 to 31 December 2020 at the rental rate of Baht 0.01 million per month. The rental rate and condition were equivalent to the rental rate and condition in the market. Subsequently, 1 on January 2021, the Company negotiated to purchase the following motor vehicle as its own assets to transport the Company's goods to customers in the value of Baht 0.16 million, which the conditions for the transaction were comparable to those made with third parties.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that the rental of motor vehicle was in the best interest of the Company and the rental rate is reasonable since it referred to the rental rate as compared to transactions with third parties. Therefore, it was deemed that the transaction is reasonable. In addition, the purchase of such motor vehicle was subjected to the same conditions as the purchase of assets from a third party with similar conditions, which was in the best interest of the Company and was reasonable.</p>

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
Mr. Sorasit Daengprasert - Sale of land	5.90	- None -	<p>At the meeting of the Board of Directors No. 6/2564, held on 13 May 2021, it was resolved to approve the Company to sell land and buildings with land title deed no. 5209, land no. 477, sub-district no. 4975, Bang Phong Phang Sub-district, Yannawa District, Bangkok, with an area of 14 square wah to Mr. Sorasit Daengprasert at the price of Baht 5.90 million since the land and buildings were not used in the Company's operations in any way. Therefore, the land is not used for the best benefit of the Company. The following purchase price was based on the market price assessed by an independent appraiser listed in SEC.</p> <p>Subsequently, on 20 May 2021, the Company entered into an agreement to purchase and sell the following land and buildings with Mr. Sorasit Daengprasert. The Company received payment and completed the registration of the transfer of ownership in August 2021.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee has come to conclusion that selling of land buildings was necessary for the Company's business operations. The rental rate was reasonable since it was based on the market rental rate assessed by an independent appraiser listed in SEC, therefore, the transaction was reasonable and had a fair price.</p>

5. Financial Assistance

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
CDIP (Thailand) Public Company Limited - Long term loan			<p>On 1 September 2017, the Company entered into a loan agreement with CDIP (Thailand) Public Company Limited with the objective was for working capital of CDIP (Thailand) Public Company Limited, the credit line was not more than Baht 11.00 million, there was no collateral for the loan and no interest rate was charged between them. The period was from 1 September 2017 to 31 August 2027. Later on, there was a change in interest charge from no interest rate to the minimum interest rate charged by a financial institution to its customers for borrowing in Thai Baht ("Prime rate") announced by a financial institution. The interest rate corresponded to the interest rate on loans that the Company borrowed from CDIP (Thailand) Public Company Limited, equivalent to 6.00% per annum (Prime rate in percent per annum) and the interest rate on loan borrowed by the Company from financial institutions (5.25% - 6.25% per year), which the new interest rate will be effective from 1 June 2019 onwards. As of 31 December 2020, CDIP (Thailand) Public Company Limited has repaid all principal and there will be no further loan in 2021.</p> <p>Opinion of Audit Committee</p> <p>The Audit Committee considered that such loan has been made since 2017 because the Company has not yet obviously separated the transaction in the Company's business, shareholders and shareholders' affairs, including no interest rate charged between them. Subsequently, the Company charged interest rates between them according to the market rates with reference to the interest rates on</p>
o Beginning of the period	-	5.77	
o Increase	-	41.78	
o Decrease	-	(47.55)	
o End of the period	-	-	
- Interest revenue	- None -	0.36	

Persons who may have Conflict of Interest	Transaction value (Unit : Million Baht)		Transaction Types, Necessity and Rationality
	2021	2020	
			loan borrowed from CDIP (Thailand) Public Company Limited and interest rates on loans from financial institutions. Therefore, the following transaction was for the best benefit of the Company and it was reasonable. However, in the future, the Company must not lend or guarantee loans to shareholders and shareholders' businesses, including those who may have conflicts under the definition of SEC anymore.

6. Loan Guarantee

Types of Credit	Total Limit (Unit : Million Baht)	Security	Transaction Types, Necessity and Rationality
Financial Institution No. 1 - Overdraft limit - Promissory note - Loan - Forward contract - LC/TR - Letter of Guarantee	20.00 59.00 61.34 0.11 Million U.S. Dollars 4.00 5.00	- The land where Lamphun factory was located and was held by the Company and the land where Bangkok factory was located with the title deeds held by Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Mr. Sorasit Daengprasert, and land held by Mr. Prasitchai Daengprasert. - Guaranteed by Mrs.Jintana Santipisud, Mr.Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, Mr. Sorasit Daengprasert, Suphap Group Company Limited and Thai Credit Guarantee Corporation (TCG) - The leasehold right of land and buildings of Bangkok factory	On 31 December 2021, the Company had entered into various credit agreements with financial institutions to be used purpose of business operations. There were guarantees for the Company's borrowings with assets and business of the directors and major shareholders, including a personal guarantee without any compensation. Opinion of Audit Committee The following loan guarantee appears to be in accordance with the necessity of the Company's business operations, rationality and benefits of the Company.
Financial Institution No. 2 - Overdraft limit	4.00	- Land owned by Mrs.Jintana Santipisud	
Financial Institution No. 3 - Promissory note	25.00	- Deposit amount as a guarantee Baht 850 million - Guaranteed by Mrs. Jintana Santipisud and Mr. Sittichai Daengprasert	
Financial Institution No. 4 - Loan	20.00	- Land in Lam Luk Ka District, owned by the Company - Guaranteed by Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert and Mr. Sorasit Daengprasert.	

Types of Credit	Total Limit (Unit : Million Baht)	Security	Transaction Types, Necessity and Rationality
Financial Institution No. 5 - Loan	6.50	- Thai Credit Guarantee Corporation (TCG) - Guaranteed by Mrs. Jintana Santipisud and Mr. Sittichai Daengprasert	
Financial Institution No. 6 - Factoring ^{6/}	20.00	- Debtor's rights as prescribed - Guaranteed by Ms. Jirada Daengprasert	
Financial Institution No. 7 - Machinery lease agreement	8.14	- Softgel encapsulation machines and product analyser device - Guaranteed by Mrs. Jintana Santipisud, Mr. Pissanu Daengprasert and CDIP (Thailand) Public Company Limited	
Financial Institution No. 8 - A car hire purchase agreement	1.78	- Toyota van - Guaranteed by Mrs. Jintana Santipisud	

1. Necessity and Rationality of the Connected Transactions

The Audit Committee has considered the aforementioned connected transactions in the table mentioned above and advised that the following connected transactions were deemed necessary and reasonable under the fair price and conditions and did not cause any damages to the Company.

2. Measures and Procedure for Approval of the Connected Transactions

The Company has established measures and procedures for approval of the connected transactions, which was approved at a meeting by the Board of Directors Meeting No. 3/2562 on 15 May 2019. If there is any necessity of connected transaction to an individual who may have a conflict of interest with the Company, the transaction can be done by assigning the Audit Committee to give opinions on the necessity and appropriateness of such transactions. If the Audit Committee does not have expertise in considering connected transactions that may occur, the Company

will assign an independent expert or the Company's auditor to give an opinion on the following connected transaction to be used in the decision of the Board of Directors and/or the Audit Committee and/or Shareholders as the case may be. A person who may have conflicts of interest or have an interest in the transaction will not be able to vote on approving the following connected transactions. The Company's policies on connected transactions are classified by type of transaction as follows:

- Normal business transactions and normal business supporting transactions such as the purchase and sale of goods, raw materials, and consulting services, etc. which such transactions shall be made under fair pricing and conditions, which do not lead to the benefit transfer comparing to the transactions between the Company and the general public, or transactions between persons who may have conflicts of interest with the general public, or transactions made in the same manner as those of other business owners. The Company establishes a policy for the Audit Committee to consider and

give opinions on the reasons and necessity of such transactions quarterly. It will comply with the law on securities and exchange and regulations, notifications, orders, or requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand, including compliance with the disclosure requirements of connected transactions.

- Other transactions besides normal business transactions and normal business support items, such as rental properties or transactions related to the sale of assets or financial assistance, etc. The Company establishes a policy for the Audit Committee to consider and give opinions on the reasons and necessity of such transactions. The Company will comply with the law on securities and exchange and regulations, notifications, orders, or requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand, including compliance with the regulations on disclosure of connected transactions and acquisition or disposition of important assets of the Company. The Company establishes no policy of lending money to individuals who may have conflicts of interest for them to conduct business or operate on behalf of the Company.

In this regard, the Board of Directors shall comply with the Securities and Exchange Act and regulations, notifications, orders or regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand, including compliance with the regulations on connected transactions and the acquisition or disposition of important assets of the Company. Therefore, the decision to enter into such transaction does not cause a conflict of interest and is in the best interests of all shareholders. The Company will disclose such connected transactions in the annual registration statement (Form 56-1 One Report) and the notes to the financial statements that have been audited by the Company's auditor.

3. Possibility of the Connected Transaction

The Company may enter into connected transactions with persons who may have conflicts of interest in the future. If it is a connected transaction that is a normal business transaction and a normal business support transaction which has general trading conditions. The Company will proceed according to the measures or procedures for approval of connected transactions as stated above. The Audit Committee will give opinions on the transactions and the price used for such item shall be appraised and comparable with the market price. In the event that there is no comparative price the price for such connected transaction must be the price that is appropriate and in the best interest of the Company and its Shareholders. If the Audit Committee have no expertise to consider connected transactions that may occur, the Company will arrange for independent experts to give opinions on the following connected transactions to be used in the decision of the Board of Directors, the Audit committee or Shareholders. However, the directors of the Company who have interests will not have voting right in such transactions and will be disclosed in the notes to the financial statements audited or reviewed by the Company's auditor and the annual registration statement

Transactions that may occur in the future that are related to the Company's directors must comply with the regulations set forth, and the directors must not approve any transaction in which they or any person may have a conflict of interest in any other manner with the Company and must disclose such transactions to the Board of Directors for consideration. The Company must comply with the law on securities and exchange and all regulations, notifications, orders, or regulations of the Stock Exchange of Thailand, as well as comply with the regulations relating to disclosure of connected transactions and the acquisition or disposition of assets of the Company and its subsidiaries and strictly follow financial reporting standards.

The graphic features a large green ring with a white center. The text 'Section 3' is in green and 'Financial Statements' is in grey. There are also several decorative circles: a white ring at the top right, a grey ring at the bottom center, a grey circle at the bottom left, and a yellow circle overlapping the bottom left of the green ring.

Section 3

Financial
Statements

**JSP Pharmaceutical Manufacturing (Thailand)
Public Co., Ltd.**

Financial statements for the year ended
31 December 2021
and
Independent Auditor's Report

Independent Auditor’s Report

To the Shareholders of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Opinion

I have audited the financial statements of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. (the “Company”), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Note 7 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>As modern medicine, traditional medicine, herbal product and dietary supplements are in highly competitive market where new products are continuously launched to meet customer's demand, sales of the Company's products are highly depend on market conditions. Consequently, certain inventories of the Company are obsolete and long outstanding, which result in the risk that the cost of inventory will be stated above their net realisable value.</p> <p>Due to the materiality of the inventory balance to the financial statements, and the significant judgment of management required in determining allowance for obsolete and slow-moving inventories. I considered the allowance for obsolete and slow-moving inventories as a key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquired the management to obtain an understanding of the Company's policy in relation to the determination of an allowance for obsolete and slow-moving inventories and the Company's compliance with this policy; - Evaluated the design and implementation of internal controls related to the estimation of allowance for obsolete and slow-moving inventories; - Attended inventory counts and observed on sampling basis the condition of inventories; - Tested the accuracy of inventory aging calculation in the inventory aging report with relevant supporting documents on sampling basis to ensure that inventories are classified within an appropriate range; - Assessed the reasonableness of management's assumptions used in determining the percentage of obsolete and slow-moving inventories by comparing with historical information, verifying with relevant supporting documents and tested calculation; - Assessed the adequacy of the Company's disclosure in accordance with the Thai Financial Reporting Standards.

The impairment testing of property, plant and equipment	
Refer to Note 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>During 2021, the management assessed the indication of impairment of property, plant and equipment leading to impairment testing of Lamphun's plant. The management determined the recoverable amount by applying value in use which estimated from discounted cash flow generated from utilisation of the plant.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Assessed whether the identification of the cash generating units were appropriate; - Evaluated appropriateness of the discounted cash flow provided by the Company and the Company's assumptions applied in the value-in-use method against relevant documents as well as externally derived data; including evaluated the financial parameters applied to the discount rate;

The impairment testing of property, plant and equipment	
Refer to Note 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
Due to the significant judgement involved in determining key assumptions used in estimating recoverable amount and the materiality of property, plant and equipment balance to the financial statements, I considered this as key audit matter.	<ul style="list-style-type: none"> - Analysed historical information to support the precision in the Company's estimation process; - Assessed appropriateness of principles and mathematical calculation applied in discounted cash flow and evaluate sensitivity analysis around the key assumptions; - Assessed the adequacy of the Company's disclosure in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Sumate Jangsamsee)
Certified Public Accountant
Registration No. 9362

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2022

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of financial position

Assets	Note	31 December	
		2021	2020
		<i>(Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents	5	623,904,837	492,447
Trade accounts receivable	6, 16	30,910,891	43,736,834
Other receivables	4	32,137,077	7,332,127
Inventories	7	109,476,917	77,885,017
Current contract cost assets	16	716,677	541,051
Other current financial assets	21	26,999,592	-
Total current assets		824,145,991	129,987,476
<i>Non-current assets</i>			
Other non-current financial assets		8,904,131	8,981,939
Investment properties	8	-	108,768,917
Property, plant and equipment	9	396,539,568	214,954,155
Intangible assets	10	4,514,371	4,768,958
Deferred tax assets	18	15,878,411	14,506,642
Non-current contract cost assets	16	209,385	-
Other non-current assets		10,444,957	2,119,260
Total non-current assets		436,490,823	354,099,871
Total assets		1,260,636,814	484,087,347

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of financial position

Liabilities and equity	Note	31 December	
		2021	2020
		(Baht)	
<i>Current liabilities</i>			
Bank overdrafts and short-term loans			
from financial institutions	12, 21	-	82,870,135
Trade accounts payable		40,271,877	29,890,560
Current contract liabilities	4, 16	29,517,955	14,864,391
Other payables	4	29,087,579	20,954,116
Current portion of long-term loans			
from financial institutions	12, 21	12,870,421	22,414,796
Current portion of lease liabilities	11, 12	2,857,630	6,954,321
Current income tax payable		-	3,088,531
Total current liabilities		114,605,462	181,036,850
<i>Non-current liabilities</i>			
Long-term loans from financial institutions	12, 21	69,634,603	61,463,712
Lease liabilities	11, 12	98,086,392	35,807,114
Non-current contract liabilities	16	1,291,535	-
Non-current provisions for employee benefits	13	10,593,410	9,812,567
Other non-current liabilities		-	52,617
Total non-current liabilities		179,605,940	107,136,010
Total liabilities		294,211,402	288,172,860
<i>Equity</i>			
Share capital	14		
Authorised share capital		227,500,000	213,000,000
Issued and paid-up share capital		227,500,000	170,000,000
Share premium		733,462,520	22,085,822
Difference arising from common control transactions	15	(11,539,171)	(11,539,171)
Retained earnings			
Appropriated			
Legal reserve	15	3,861,848	2,377,292
Unappropriated		13,140,215	12,990,544
Total equity		966,425,412	195,914,487
Total liabilities and equity		1,260,636,814	484,087,347

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Statement of comprehensive income

	Note	For the year ended 31 December	
		2021	2020
		<i>(Baht)</i>	
Revenue			
Revenue from sale of goods	16	422,341,641	455,644,231
Other income	16	6,784,718	7,099,247
Total revenue		429,126,359	462,743,478
Expenses			
Cost of sale of goods	7, 17	277,973,109	310,016,287
Distribution costs	17	46,411,634	48,123,101
Administrative expenses	17	56,443,891	49,364,194
Impairment loss from non-financial assets	9	-	2,000,000
Total expenses		380,828,634	409,503,582
Profit from operating activities		48,297,725	53,239,896
Finance costs		(10,400,807)	(11,440,759)
Impairment loss determined in accordance with TFRS 9	6	(466,845)	(2,122,707)
Profit before income tax expense		37,430,073	39,676,430
Tax expense	18	(7,738,957)	(8,592,624)
Profit for the year		29,691,116	31,083,806
Other comprehensive income (expense)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on remeasurements of defined benefit plans		(71,111)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		14,222	-
Other comprehensive income (expense) for the year, net of tax		(56,889)	-
Total comprehensive income (expense) for the year		29,634,227	31,083,806
Basic earnings per share (in Baht)	19	0.08	0.09

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings			Total equity
					Legal reserve	Unappropriated		
Year ended 31 December 2020								
Balance at 1 January 2020		160,000,000	-	(11,539,171)	823,102	15,638,928	164,922,859	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	14	10,000,000	22,085,822	-	-	-	32,085,822	
Dividends	20	-	-	-	-	(32,178,000)	(32,178,000)	
Total contributions by and distributions to owners		10,000,000	22,085,822	-	-	(32,178,000)	(92,178)	
Comprehensive income (expense) for the year								
Profit		-	-	-	-	31,083,806	31,083,806	
Other comprehensive income (expense)		-	-	-	-	-	-	
Total comprehensive income (expense) for the year		-	-	-	-	31,083,806	31,083,806	
Transfer to legal reserve	15	-	-	-	1,554,190	(1,554,190)	-	
Balance at 31 December 2020		170,000,000	22,085,822	(11,539,171)	2,377,292	12,990,544	195,914,487	

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings			Total equity
					Legal reserve	Unappropriated		
Year ended 31 December 2021								
Balance at 1 January 2021		170,000,000	22,085,822	(11,539,171)	2,377,292	12,990,544	195,914,487	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	14	57,500,000	711,376,698	-	-	-	768,876,698	
Dividends	20	-	-	-	-	(28,000,000)	(28,000,000)	
Total contributions by and distributions to owners		57,500,000	711,376,698	-	-	(28,000,000)	740,876,698	
Comprehensive income (expense) for the year								
Profit		-	-	-	-	29,691,116	29,691,116	
Other comprehensive income (expense)		-	-	-	-	(56,889)	(56,889)	
Total comprehensive income (expense) for the year		-	-	-	-	29,634,227	29,634,227	
Transfer to legal reserve	15	-	-	-	1,484,556	(1,484,556)	-	
Balance at 31 December 2021		227,500,000	733,462,520	(11,539,171)	3,861,848	13,140,215	966,425,412	

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of cash flows

	Note	For the year ended	
		31 December	
		2021	2020
		(Baht)	
Cash flows from operating activities			
Profit for the year		29,691,116	31,083,806
<i>Adjustments to reconcile profit to cash receipts (payments)</i>			
Tax expense	18	7,738,957	8,592,624
Finance costs		10,400,807	11,440,759
Depreciation and amortisation	9, 10	22,224,910	22,080,064
Impairment loss from non-financial assets	9	-	2,000,000
Loss on fair value adjustment		408	-
Impairment loss recognised in profit or loss in accordance with TFRS9	6	466,845	2,122,707
Employee benefits expense related to defined benefit plans	13	1,249,732	1,673,600
Provision for loss on inventories devaluation	7	1,924,963	1,816,171
(Gain) loss on disposal of property, plant and equipment		(2,091,248)	146,590
Interest income		(204,570)	(405,364)
		<u>71,401,920</u>	<u>80,550,957</u>
Changes in operating assets and liabilities			
Trade accounts receivable		12,359,098	11,227,236
Other receivables		(18,811,249)	3,616,835
Inventories		(33,516,865)	(41,071,761)
Contract cost assets		(385,011)	(141,509)
Other non-current financial assets		77,808	(45,833)
Other non-current assets		(233,743)	(376,944)
Trade accounts payable		10,381,317	432,679
Contract liabilities		15,945,099	477,156
Other payables		4,245,833	(1,384,778)
Other non-current liabilities		(52,617)	(315,707)
		<u>61,411,590</u>	<u>52,968,331</u>
Net cash generated from operating		61,411,590	52,968,331
Repayment of employee benefit related to defined benefit plans	13	(540,000)	-
Taxes paid		(9,149,952)	(6,980,452)
		<u>51,721,638</u>	<u>45,987,879</u>
Net cash from operating activities		51,721,638	45,987,879

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Statement of cash flows

	Note	For the year ended	
		31 December	
		2021	2020
		(Baht)	
<i>Cash flows from investing activities</i>			
Proceeds from sale of property, plant and equipment		5,613,666	105,270
Acquisition of plant and equipment		(36,546,696)	(7,149,076)
Acquisition of intangible assets		(535,307)	(689,040)
Payment of other current financial assets		(27,000,000)	-
Payment of long-term loan to a related party		-	(41,782,500)
Proceeds from repayment of long-term loan to a related party		-	47,549,241
Interest received		204,570	432,832
Net cash used in investing activities		(58,263,767)	(1,533,273)
<i>Cash flows from financing activities</i>			
Proceeds from issue of share capital	14	759,843,952	32,057,277
Repayment of bank overdrafts and short-term loans from financial institutions - net		(82,870,135)	(13,772,769)
Proceeds from long-term loans from financial institutions		51,058,463	24,500,000
Repayment of long-term loans from financial institutions		(52,431,947)	(36,749,957)
Payment of lease liabilities		(7,327,173)	(6,523,133)
Dividends paid to owners of the Company		(28,000,000)	(32,178,000)
Interest paid		(10,318,641)	(11,432,236)
Net cash from (used in) financing activities		629,954,519	(44,098,818)
Net increase in cash and cash equivalents		623,412,390	355,788
Cash and cash equivalents at 1 January		492,447	136,659
Cash and cash equivalents at 31 December	5	623,904,837	492,447

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Statement of cash flows

	Note	For the year ended	
		31 December	
		2021	2020
		(Baht)	
Disclosure of additional cash flows information			
<i>Plant and equipment acquired during the year were detailed as follows:</i>			
Total plant and equipment acquired during the year	9	33,805,524	6,098,437
Add Payment made to payables of plant and equipment at beginning of the year		343,667	1,394,306
Advances payments of plant and equipment at ending of the year		8,605,739	-
Less Payables of plant and equipment at ending of the year		(4,149,132)	(343,667)
Vehicle acquired from right-of-use assets		(2,059,102)	-
Cash paid for acquisition of plant and equipment		36,546,696	7,149,076
<i>Intangible assets acquired during the year were detailed as follows:</i>			
Total intangible assets acquired during the year	10	535,507	663,574
Add Payment made to payables of intangible assets at beginning of the year		-	25,466
Less Payables of intangible assets at ending of the year		-	-
Cash paid for acquisition of intangible assets		535,507	689,040

The accompanying notes form an integral part of the financial statements.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2021

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JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2022.

1 General information

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd., the “Company”, is incorporated in Thailand and was listed in the Stock Exchange of Thailand in November 2021. The Company’s registered office are as follows:

Head Office	:	No. 255 and 257, Sathu Pradit 58, Bang Pongphang, Yan Nawa, Bangkok
Branch no. 1	:	No. 260, Moo 4, Si Bua Ban, Mueang Lamphun, Lamphun
Branch no. 2	:	No. 88, 88/1-3 Moo 11, Bang Chalong, Bang Phli, Samut Prakan
Branch no. 3	:	No. 88/5-6, Moo 11, Bang Chalong, Bang Phli, Samut Prakan

The Company’s major shareholder during the financial period were Daengprasert family and Suphap Group Co., Ltd., with 35.56% and 32.97% shareholding, respectively (2020: *Daengprasert family and Suphap Group Co., Ltd., with 50.00% and 44.12% shareholding, respectively*).

The principal activities of the Company are manufacturing and selling of pharmaceutical, dietary supplementary and traditional medicine and herbal products.

2 Basis of preparation of the financial statements

Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. A financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2021

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method, the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in profit or loss.

(c) Financial instruments

(c.1) Recognition and initial measurement

Financial assets and financial liabilities (except trade accounts receivables (see note 3(e))) are initially recognised when the Company becomes a party to the contractual provisions of the instrument, and measured at fair value, taking into account for transaction costs that are directly attributable to its acquisition, except for financial assets measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition are recognised in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2021

Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(c.2) Derecognition and offset

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c.3) Write offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(c.4) Interest

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances and highly liquid short-term investments which has a maturity of a three month or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

A receivable is recognised when the Company has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2021

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first in first out principle. Cost includes direct costs incurred in acquiring inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investment properties

Investment properties are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Differences between the proceeds from disposal and the carrying amount of investment property, and are recognised in profit or loss.

(h) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset. No depreciation is provided on freehold land or assets under construction.

The estimated useful lives are as follows:

Buildings and building improvement	5 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	5 years
Furniture, fixtures and office equipment	3 - 5 years

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2021

(i) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Company expects to recover these costs.

Contract cost assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

(j) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. The estimated useful lives are as follows:

Product registrations	5 - 9 years
Software licences	10 years

No amortisation is provided on Software in progress.

(k) Leases

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. For the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from

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various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognises the related revenue.

(n) *Employee benefits*

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is discounted to the present value, which is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(p) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

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(r) Revenue

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Company estimates the returns based on the historical return data, does not recognise revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

Other income

Other income comprises interest income and others, and are recognised on accrual basis.

(s) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Current deferred tax assets and liabilities are offset in the financial statements.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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(u) Related parties

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(v) Segment reporting

Segment results that are reported to the Company's chief executive officer, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

The related parties that the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Suphap Group Company Limited	Thailand	Ultimate parent company; 32.97% shareholding, and common key management personnel
CDIP (Thailand) Public Co., Ltd.	Thailand	Common key management personnel
R.T.N. Logistics Company Limited	Thailand	Family relationship with director
Treesci Innovation Company Limited	Thailand	Family relationship with director
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	2021	2020
	<i>(in thousand Baht)</i>	
Ultimate parent company		
Interest expense under lease liabilities	875	1,173
Key management personnel		
Rental income	-	50
Interest expense under lease liabilities	2,285	1,343
Gain on disposal of property	2,099	-
Key management personnel compensation		
Short-term employee benefits	18,299	13,112
Post-employment benefits	275	202
Total key management personnel compensation	18,574	13,314
Other related parties		
Sale of goods	17	432
Purchase of equipment	157	-
Rental expense	-	144
Interest income	-	358
Other expense	-	3,160

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Balances as at 31 December with related parties were as follows:

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Other receivables</i>		
Key management personnel	-	50
Other related parties	-	312
Total	-	362
<i>Contract liabilities</i>		
Other related parties	-	44
Total	-	44
<i>Other payables</i>		
Key management personnel	2,360	970
Other related parties	-	144
Total	2,360	1,114
<i>Lease liabilities</i>		
Ultimate parent company	27,437	18,489
Key management personnel	71,661	21,172
Total	99,098	39,661

Significant agreements with related parties

Rental agreements

Ultimate parent company

On 30 March 2018, the Company entered into the property rental agreement of head office for operating purposes with the ultimate parent company. The term of agreement is 3 years, starting from 1 January 2018 to 31 December 2020, with monthly rental fee of Baht 0.3 million. The Company had extension option under the term of agreement.

On 15 May 2019, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the ultimate parent company from monthly rental fee of Baht 0.3 million to monthly rental fee of Baht 0.3 million and 1.0% incremental rental fee annually in which become effective since 1 June 2019.

On 1 January 2021, the Company entered into 3-year property rental agreement of head office for operating purposes with the ultimate parent company, effective from 1 January 2021 until 31 December 2023, with monthly rental fee of Baht 0.1 million. The Company can renew rental agreement 2 more times; for another 3 years and 1 year after the end of contract, respectively, with 10.0% incremental rental fee for each renewal.

On 30 June 2021, the Company entered into addendum of property rental agreement with the ultimate parent company. The addendum amended conditions of agreement from 3-year term, effective from 1 January 2021 until 31 December 2023, with monthly rental fee of Baht 0.1 million and the Company can renew rental agreement 2 more times; for another 3 years and 1 year after the end of contract, respectively, with 10.0% incremental rental fee for each renewal to 19-year term, effective from 1 January 2021 until 31 December 2039 with monthly rental fee of Baht 0.1 million, and 10.0% incremental rental fee every three years and first right of renewal. During the contractual period,

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if the lessor intends to sell or transfer the leased property, the lessor must notify the Company to consider the first right of purchasing of the leased property.

Key management personnel

On 30 March 2018, the Company entered into a property rental agreement of head office for operating purposes with the key management personnel. The term of agreement is 10 years, starting from 1 January 2018 to 31 December 2027, with monthly rental fee of Baht 0.3 million. The Company had extension option under the term of agreement.

On 15 May 2019, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the key management personnel from monthly rental fee of Baht 0.3 million to monthly rental fee of Baht 0.3 million with 1.0% incremental rental fee annually in which become effective since 1 June 2019.

On 12 November 2020, the Board of Directors approved the Company to amend terms and conditions stipulated in the property rental agreement of head office for operating purposes with the key management personnel from monthly rental fee of Baht 0.3 million and 1.0% incremental rental fee annually to monthly rental fee of Baht 0.4 million and 10.0% incremental rental fee every three years, which become effective from 1 January 2021 onward.

On 30 June 2021, the Company entered into addendum of property rental agreement with the key management personnel. The addendum amended conditions of agreement from 10-year term, effective from 1 January 2018 until 31 December 2027, with monthly rental fee of Baht 0.4 million and 10.0% incremental rental fee every three years to 22-year term, effective from 1 January 2018 until 31 December 2039, with monthly rental fee of Baht 0.4 million since 1 January 2021, and 10.0% incremental rental fee every three years and first right of renewal. During the contractual period, if the lessor intends to sell or transfer the leased property, the lessor must notify the Company to consider the first right of purchasing of the leased property.

Payment of lease liabilities and related interest expense for rental agreement with ultimate parent company and key management personnel for the year ended 31 December 2021 were Baht 1.7 million and Baht 4.5 million, respectively (2020: Ultimate parent company and key management personnel were Baht 3.1 and Baht 3.6 million, respectively).

Other related parties

On 30 September 2020, the Company entered into vehicle rental agreement with CDIP (Thailand) Public Co., Ltd., a related party. The term of agreement is 1 year, starting from 1 January 2020 to 31 December 2020, with monthly rental fee of Baht 12,000.

Land sale and purchase agreement

Key management personnel

On 20 May 2021, the Company entered into a sale and purchase agreement with key management personnel to sell a plot of land at agreed selling price of Baht 5.9 million. The Company completed selling such plot of land in August 2021. The Company recorded gain on disposal of property, net with its related expense, of Baht 2.1 million in statement of comprehensive income for the year ended 31 December 2021 (see note 9).

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5 Cash and cash equivalents

	2021	2020
	<i>(in thousand Baht)</i>	
Cash on hand	25	27
Cash at banks - current accounts	8,833	43
Cash at banks - saving accounts	615,047	422
Total	623,905	492

6 Trade accounts receivable

	2021	2020
	<i>(in thousand Baht)</i>	
Other parties		
Within credit terms	18,784	23,409
Overdue		
Less than 3 months	11,109	17,455
3 - 6 months	450	147
6 - 12 months	1,289	5,734
Over 12 months	3,441	687
Total	35,073	47,432
Less allowance for expected credit loss	(4,162)	(3,695)
Net	30,911	43,737
Allowance for expected credit loss		
At 1 January	3,695	5,043
Additions	467	2,123
Write-off	-	(3,471)
At 31 December	4,162	3,695

Information of credit risk is disclosed in note 21 (b. 1).

7 Inventories

	2021	2020
	<i>(in thousand Baht)</i>	
Finished goods	57,481	39,479
Work in progress	4,662	7,868
Raw materials	32,720	20,195
Packaging materials	23,667	17,471
Total	118,530	85,013
Less allowance for decline in value	(9,053)	(7,128)
Net total	109,477	77,885
Inventories recognised in 'cost of sale of goods':		
- Cost	276,048	308,200
- Write-down to net realisable value	1,925	1,816
Total	277,973	310,016

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8 Investment properties

	<i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 January 2020	150,085
Additions	-
Transfers	(41,316)
At 31 December 2020 and 1 January 2021	108,769
Additions	-
Transfers	(108,769)
At 31 December 2021	-
<i>Impairment losses</i>	
At 1 January 2020 and 2021	-
Impairment losses	-
At 31 December 2020 and 2021	-
<i>Net book value</i>	
At 31 December 2020	108,769
At 31 December 2021	-

As at 31 December 2020, investment properties comprise freehold land which is currently held for undetermined future use.

During the year ended 31 December 2021, the Company transferred wholly plots of land from investment properties amounting to Baht 108.8 million (2020: Baht 41.3 million) to property, plant and equipment because the Company used such land for product development activities.

The fair value of investment properties as at 31 December 2020 of Baht 111.1 million were appraised by independent valuers, at market value on an existing use basis. The fair value of investment property measurement has been categorised as a Level 3 fair value.

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9 Property, plant and equipment

	Land	Buildings and building improvements	Leaschold of land and building	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2020	18,500	163,984	43,840	92,983	7,356	4,151	-	330,814
Additions	-	-	-	2,617	-	836	2,645	6,098
Transfer from investment property (see Note 8)	41,316	-	-	-	-	-	-	41,316
Disposals	-	-	-	(2,087)	-	(79)	-	(2,166)
At 31 December 2020 and								
1 January 2021	59,816	163,984	43,840	93,513	7,356	4,908	2,645	376,062
Additions	-	1,148	-	6,873	2,311	2,152	21,321	33,805
Adjust right-of-use assets	-	-	63,970	-	-	-	-	63,970
Transfer from investment property (see note 8)	108,769	-	-	-	-	-	-	108,769
Transfers	-	12,647	-	3,213	-	442	(16,302)	-
Disposals	(3,500)	-	-	(912)	-	(103)	-	(4,515)
At 31 December 2021	165,085	177,779	107,810	102,687	9,667	7,399	7,664	578,091
<i>Depreciation and impairment losses</i>								
At 1 January 2020	-	75,447	-	56,130	5,808	2,285	-	139,670
Depreciation charge for the year	-	5,335	5,480	8,984	630	923	-	21,352
Impairment losses	-	2,000	-	-	-	-	-	2,000
Disposals	-	-	-	(1,850)	-	(64)	-	(1,914)
At 31 December 2020								
1 January 2021	-	82,782	5,480	63,264	6,438	3,144	-	161,108
Depreciation charge for the year	-	4,946	5,427	9,221	749	1,092	-	21,435
Disposals	-	-	-	(889)	-	(103)	-	(992)
At 31 December 2021	-	87,728	10,907	71,596	7,187	4,133	-	181,551

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	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment <i>(in thousand Baht)</i>	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>Net book value</i>								
At 31 December 2020								
Owned assets	59,816	81,202	-	23,111	329	1,764	2,645	168,867
Right-of-use assets	-	-	38,360	7,138	589	-	-	46,087
	59,816	81,202	38,360	30,249	918	1,764	2,645	214,954
At 31 December 2021								
Owned assets	165,085	90,051	-	24,757	442	3,266	7,664	291,265
Right-of-use assets	-	-	96,903	6,334	2,038	-	-	105,275
	165,085	90,051	96,903	31,091	2,480	3,266	7,664	396,540

In 2021, the Company increased the value of leasehold of land and buildings with ultimate parent company and key management personnel amounting to Baht 64.0 million due to entering of new lease agreement and amending of terms and conditions of lease agreement, respectively (see note 4).

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Impairment losses

In 2015, the Company ceased operations at Lamphun plant. The Company's management determined recoverable amount of property, plant and equipment in relation to Lamphun plant by appointing independent valuers to determine fair value based on cost approach. The appraised value of buildings and building improvements were less than net book value; therefore, the Company recorded impairment losses amounting to Baht 45.0 million in the 2015 financial statements.

As at 31 December 2020, the management assessed recoverable amount of Lamphun plant based on value in use approach. As a result, the Company recorded additional impairment losses amounting to Baht 2.0 million in the financial statements for the year ended 31 December 2020.

As at 31 December 2021, the management assessed recoverable amount of Lamphun plant based on value in use approach and concluded that impairment losses were not substantially changed from the latest appraisal date.

The recoverable amount of Lamphun plant was assessed based on value in use approach, whereby discounting expected cash flows. The measurement has been categorised as a Level 3 fair value.

The key assumptions used in the estimation of value in use are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2021		2020
		(%)	
Discount rate	12.20		11.00
Terminal value growth rate	0.00		0.00

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 27.5% (2020: 22.0%) at a market interest rate of 5.3% (2020: 5.3%).

The cash flow projections included specific estimates for next 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate, consistent with the assumptions that a market participant would make.

Following the impairment losses of Baht 45.0 million recorded in 2015 and the additional impairment losses of Baht 2.0 million in 2020, the recoverable amount was approximate to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

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10 Intangible assets

	Product registrations	Software licences <i>(in thousand Baht)</i>	Software under development	Total
<i>Cost</i>				
At 1 January 2020	2,290	2,515	422	5,227
Additions	280	16	367	663
Transfers	-	789	(789)	-
Disposals	-	-	-	-
At 31 December 2020	2,570	3,320	-	5,890
Additions	-	20	515	535
Transfers	-	220	(220)	-
Disposals	-	-	-	-
At 31 December 2021	2,570	3,560	295	6,425
<i>Amortisation</i>				
At 1 January 2020	156	238	-	394
Amortisation for the year	437	290	-	727
Disposals	-	-	-	-
At 31 December 2020	593	528	-	1,121
Amortisation for the year	447	343	-	790
Disposals	-	-	-	-
At 31 December 2021	1,040	871	-	1,911
<i>Net book value</i>				
At 31 December 2020	1,977	2,792	-	4,769
At 31 December 2021	1,530	2,689	295	4,514

11 Leases

The periods to maturity of lease liabilities were as follows:

	2021			2020		
	Lease payments over the remaining term of the lease liabilities	Interest	Carrying value of lease liabilities <i>(in thousand Baht)</i>	Lease payments over the remaining term of the lease liabilities	Interest	Carrying value of lease liabilities
Within one year	7,271	(4,413)	2,858	9,346	(2,392)	6,954
After one year but within five years	27,843	(16,467)	11,376	28,397	(6,019)	22,378
After five years	116,573	(29,863)	86,710	14,287	(858)	13,429
Total	151,687	(50,743)	100,944	52,030	(9,269)	42,761

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<i>For the year ended 31 December</i>	2021	2020
	<i>(in thousand Baht)</i>	
Recognised in profit or loss		
Depreciation charge of right-of-use assets:		
- Leasehold of land and building	5,427	5,480
- Machinery and equipment	804	804
- Vehicles	610	280
Interest on lease liabilities	3,433	2,517
Expenses relating to leases of low-value assets	291	415

Total cash outflow for leases presented in the statement of cash flows for the year ended 31 December 2021 was Baht 7.3 million (2020: Baht 6.5 million).

The Company entered into lease agreements with local companies and related parties to lease vehicles, equipment and leasehold right of land and building, respectively. Under the term of agreements, the Company had to comply with the conditions related to leased assets.

During 2019, the Company entered into sale and leaseback agreements with a local company for machinery amounting to Baht 6.5 million. The Company had deferred revenue amounted Baht 0.9 million, which will be amortised for 36 months. Under the term of agreements, the Company had to comply with the conditions related to leased assets.

12 Interest-bearing liabilities

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Note	2021			2020		
		Current	Non-current	Total	Current	Non-current	Total
<i>(in thousand Baht)</i>							
Secured							
Bank overdrafts (a)		-	-	-	8,870	-	8,870
Short-term loans from financial institutions (a)		-	-	-	74,000	-	74,000
Long-term loans from financial institutions (b)		12,870	69,635	82,505	22,415	61,464	83,879
Lease liabilities	11	2,858	98,086	100,944	6,954	35,807	42,761
Total interest-bearing liabilities		15,728	167,721	183,449	112,239	97,271	209,510

Assets pledged as security for interest-bearing liabilities and credit facilities, excluding lease liabilities, as at 31 December were as follows:

	2021	2020
	<i>(in thousand Baht)</i>	
Other non-current financial assets	8,904	8,881
Investment properties	-	26,840
Property, plant and equipment	70,087	15,000
Total	78,991	50,721

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The periods to maturity of interest-bearing liabilities, excluding lease liabilities, as at 31 December were as follows:

	2021	2020
	<i>(in thousand Baht)</i>	
Within one year	12,870	105,285
After one year but within five years	60,943	54,227
After five years	8,692	7,237
Total	82,505	166,749

As at 31 December 2021, the Company had unutilised credit facilities amounting to Baht 108.0 million (2020: Baht 25.1 million).

(a) Bank overdrafts and short-term loans from financial institutions

As at 31 December 2020, the Company had bank overdrafts amounting to Baht 8.9 million bore interest at the rate MOR and these bank overdrafts were secured by land owned by the Company, land owned by key management personnel and key management personnel.

As at 31 December 2020, the Company had promissory notes from financial institutions of Baht 74.0 million. The promissory notes amounting to Baht 49.0 million bore interest at the rate MLR and MLR-1% which were secured by land owned by the Company, land owned by key management personnel, key management personnel and related parties. In addition, the promissory notes amounting to Baht 25.0 million bore interest at the rate Prime rate-0.25%, which were secured by a fixed deposit owned by the Company, key management personnel and related parties. All promissory notes were entirely repaid during 2021.

(b) Long-term loans from financial institutions

As at 31 December 2021, the Company had long-term loans of Baht 82.5 million (2020: Baht 83.9 million) from several financial institutions. These loans had various monthly repayment schedule for principal and interest up to 2030 as follows:

Interest rate	Maturity of the last installment	Collaterals as at 31 December 2021	2021	2020
			<i>(in thousand Baht)</i>	
Year 1: MLR-4.10%,	2030	Land owned by the Company	27,877	-
Year 2-3: MLR-3.10%,				
Year 4-5: MLR-2.10%,				
Year 6-maturity: MLR-1.60%				
Year 1: MLR-1.47%,	2028	Key management personnel and Thai Credit Guarantee Corporation (TCG)	19,926	-
Year 2-maturity: MLR-1.1%				
Year 1-2: MLR-2%,	2027	Key management personnel and Thai Credit Guarantee Corporation (TCG)	19,849	19,632
Year 3-maturity: MLR-1%				

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Interest rate	Maturity of the last installment	Collaterals as at 31 December 2021	2021 <i>(in thousand Baht)</i>	2020
MLR-1.775%	2024	Land owned by the Company and key management personnel	8,375	11,542
Year 1-2: 2% Year 3-maturity: MRR	2025	Key management personnel and Thai Credit Guarantee Corporation (TCG)	3,760	4,755
Year 1-2: 2% Year 3-maturity: 7%	2026	Thai Credit Guarantee Corporation (TCG)	1,500	-
2% per annum	2023	Bank guarantee from a financial institution	656	1,160
MLR	2024	Land owned by the Company and land owned by key management personnel, key management personnel and ultimate parent company	416	1,971
MLR-1%	2022	Land owned by the Company, key management personnel and ultimate parent company	146	7,874
Year 1-3: MLR-1%, Year 4-maturity: MLR	2025	Land owned by key management personnel, leasehold rights with key management personnel, key management personnel and ultimate parent company	-	26,212
MLR-0.85%	2024	Land owned by the Company and key management personnel	-	10,483
0.5% and 0.68% per month	2021	Vehicles owned by the Company and key management personnel	-	250
		Total	82,505	83,879

As at 31 December 2020, the Company has to comply with financial debt covenant on long-term loans facilities from financial institution amounting to Baht 15.5 million. The covenants required the Company to maintain debt-to-equity ratio not exceed than 2.3:1, but not less than 0. In addition, the Company has to maintain Debt Service Coverage Ratio (DSCR) not less than 1.1:1, for annual financial statements. The Company complied with all financial covenants. On 29 June 2021, the aforesaid financial institution release financial covenants on such long-term loans from financial institution in relation to maintaining debt-to-equity ratio and Debt Service Coverage Ratio.

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13 Non-current provisions for employee benefits

	2021	2020
	<i>(in thousand Baht)</i>	
Post-employment benefits	<u>10,593</u>	<u>9,813</u>

Defined benefit plan

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plan exposes the Company to actuarial risks, such as longevity risk and interest rate risk.

	2021	2020
	<i>(in thousand Baht)</i>	
At 1 January	9,813	8,139
<i>Included in profit or loss</i>		
Current service costs	1,062	1,509
Interest on obligation	187	165
Total	<u>1,249</u>	<u>1,674</u>

Included in other comprehensive income (expense)

Actuarial loss		
- Demographic assumptions	-	-
- Financial assumptions	(1,260)	-
- Experience adjustment	1,331	-
	<u>71</u>	<u>-</u>
Benefit paid	(540)	-
At 31 December	<u>10,593</u>	<u>9,813</u>

<i>Actuarial assumptions</i>	2021	2020
		(%)
Discount rate	2.70	2.02
Future salary growth	5.00	5.00
Employee turnover	5.73 - 28.65	0.00 - 38.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2021, the weighted-average duration of the defined benefit obligation was 16 years (2020: 6.75 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Effect to the defined benefit obligation at 31 December 2020	Increase (in thousand Baht)	Decrease
Discount rate (1% movement)	(659)	767
Future salary growth (1% movement)	925	(810)
Employee turnover (1% movement)	(722)	277
Effect to the defined benefit obligation at 31 December 2021	Increase (in thousand Baht)	Decrease
Discount rate (1% movement)	(1,073)	1,285
Future salary growth (1% movement)	1,217	(1,040)
Employee turnover (20% movement)	(1,452)	1,937

14 Share capital

	Par value per share (in Baht)	Number	2021 Baht	Number	2020 Baht
			(thousand shares/in thousand Baht)		
<i>Authorised</i>					
At 1 January					
- Ordinary shares	0.5	426,000	213,000	340,000	170,000
- Reduction of shares	0.5	(86,000)	(43,000)	-	-
- Increase of new shares	0.5	115,000	57,500	86,000	43,000
At 31 December					
- Ordinary shares	0.5	455,000	227,500	426,000	213,000
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	0.5	340,000	170,000	320,000	160,000
- Increase of new shares	0.5	115,000	57,500	20,000	10,000
At 31 December					
- Ordinary shares	0.5	455,000	227,500	340,000	170,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Initial Public Offering

In October 2021, the Company offered 115.0 million ordinary shares to the initial public offering ("IPO"). The new shares were issued at a price of Baht 7.0 per share (par value at Baht 0.5 and share premium on ordinary share at Baht 6.5). The Company received cash from issuing of new ordinary shares of Baht 805.0 million. The Company registered the increase of paid-up share capital with Ministry of Commerce on 28 October 2021 and the shares of the Company were begun trading in the Stock Exchange of Thailand on 2 November 2021. The Company had expenses (net of tax) directly attributable to the issued share capital amounting to Baht 36.1 million. Hence, the Company recognised premium on ordinary shares totalled Baht 711.4 million.

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Share offering for directors, management and employees

In October 2021, the Company offered not to exceed 1.25 million ordinary shares to its directors, management and employees (par value at Baht 0.5 per share) at the price of Baht 7.0 per share which is considered as reasonable fair value based on the issuing price of ordinary share at the initial public offering. The ordinary shares offered to directors, management and employees is a part of ordinary shares to the Initial Public Offering (“IPO”).

Decrease of ordinary shares

At the extraordinary general meeting of the Shareholder of the Company held on 26 May 2021, the shareholders approved the Company to reduce the registered share capital of Baht 43.0 million (86.0 million shares at par value of Baht 0.5 per share) by cancellation of registered shares that have not been paid-up. The Company registered the decrease in share capital with the Ministry of Commerce on 1 June 2021.

Issue of ordinary shares

At the extraordinary general meeting of the Shareholder of the Company held on 26 May 2021, the shareholders approved the Company to increase the share capital of Baht 57.5 million (115.0 million shares at par value of Baht 0.5 per share) for initial public offering purposes. The Company registered the increase in share capital with the Ministry of Commerce on 2 June 2021.

At the board of directors meeting of the Company held on 12 November 2020, the board of directors approved the increase of authorised share capital from Baht 170.0 million (340 million shares at par value of Baht 0.5 per share) to Baht 213.0 million (426.0 million shares at par value of Baht 0.5 per share). The Company issued 86.0 newly million shares at par value of Baht 0.5, totalling Baht 43.0 million. The Company registered the increase in share capital with the Ministry of Commerce on 8 December 2020.

At the annual general meeting of the Shareholder of the Company held on 18 March 2020, the shareholders approved the Company to allot and offer the increased share capital of Baht 10.0 million (20.0 million shares at par value of Baht 0.5 per share) to (1) Private Equity Trust for SME Growing Together 1, which the trustee is ONE Asset Management Limited and (2) H E P Holdings 4 Co., Ltd. at 19.0 million shares and 1.0 million shares, respectively, with the price of Baht 1.61 per share. The Company called-up of the increased share capital amounting to Baht 32.2 million and registered with the Ministry of Commerce on 27 March 2020. The Company had expenses (net of tax) directly attributable to the issued share capital amounting to Baht 0.1 million. Hence, the Company recognised premium on ordinary shares totalled Baht 22.1 million.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

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15 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

According to the Public Companies Act B.E. 2535, Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Difference arising from common control transaction

The difference arising from common control transaction represented excess between consideration and book value of acquired entities or businesses under common control. This difference is presented as a component of equity, which will not be distributed and remain until acquired entities or businesses are disposed.

16 Segment information and disaggregation of revenue

Management determined that the Company has two reportable segments which are the Company's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Company's reportable segments.

- | | |
|-----------|--|
| Segment 1 | Manufacture and distribution of products under customer's brand name (OEM) |
| Segment 2 | Manufacture and distribution of products under the Company's brand name (Own brands) |

Other segments include revenue from sales of goods and service. None of these segments meets the quantitative thresholds for determining reportable segments in 2021 or 2020.

Each segment's performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Company's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments.

The Company's main revenue is derived from contracts with customers and recognised at a point in time.

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For the year ended 31 December	Segment 1		Segment 2		Other segments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from sales of goods	274,197	249,294	139,953	182,770	8,192	23,580	422,342	455,644
Segment operating profit	<u>54,171</u>	<u>48,941</u>	<u>43,330</u>	<u>45,884</u>	<u>456</u>	<u>2,680</u>	<u>97,957</u>	<u>97,505</u>
Unallocated revenues							6,785	7,099
Unallocated expenses							(56,444)	(49,364)
Impairment loss from non-financial assets							-	(2,000)
Impairment loss in accordance with TFRS 9							(467)	(2,123)
Finance costs							(10,401)	(11,441)
Profit before income tax							<u>37,430</u>	<u>39,676</u>

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Geographical segments

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customers

Revenues from two major customers of the Company for the year ended 31 December 2021 was approximately Baht 105.2 million and Baht 83.2 million, respectively (2020: revenue from two major customers was approximately Baht 63.3 million and Baht 59.1 million, respectively.)

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2021	2020
	<i>(in thousand Baht)</i>	
Trade account receivables	35,073	47,432
Less allowance for expected credit loss	(4,162)	(3,695)
Net	<u>30,911</u>	<u>43,737</u>
Contract liabilities		
- Product deposits received	29,518	14,864
- Long-term advances received	1,292	-

Product deposits received and long-term advances received primarily relate to sales of made-to-order products which the Company will recognise revenue from sales on the date on which the products are delivered to customers. The Company's contract liabilities amounted to Baht 1.3 million (2020: nil), are expected to be recognised as revenue when the products are delivered after 12 months from the reporting date.

Contract cost assets

The contract cost assets primarily relate to advance commission paid as incremental cost to obtain a long-term contract with customer. Therefore, the Company recognise such cost as an asset and systematically amortise over the term of the contract it relates to, consistent with the related revenue recognition.

The Company amortised contract cost assets for the year ended 31 December 2021 amounting to Baht 0.08 million (2020: Baht 0.4 million).

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17 Expenses by nature

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Included in cost of sale of goods</i>		
Changes in inventories of finished goods and work in progress	(14,796)	(27,354)
Raw materials and packaging materials used	194,520	234,985
Employee benefit expenses	50,088	45,102
Depreciation and amortisation	18,719	18,022
Cost of trading goods	3,851	14,497
Others	25,591	24,764
Total	277,973	310,016
<i>Included in distribution costs</i>		
Employee benefit expenses	19,343	17,403
Advertising and promotion expenses	17,524	15,946
Depreciation and amortisation	592	678
Others	8,953	14,096
Total	46,412	48,123
<i>Included in administrative expenses</i>		
Employee benefit expenses	34,018	29,495
Professional fees	5,837	5,878
Depreciation and amortisation	2,914	3,380
Travelling expenses	1,584	1,376
Others	12,091	9,235
Total	56,444	49,364

During 2021, the Company has contributed provident funds for its employees amounting to Baht 1.2 million (2020: Baht 0.5 million), which included in employee benefit expenses.

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18 Income tax expense

<i>Income tax recognised in profit or loss</i>	2021 <i>(in thousand Baht)</i>	2020
Current tax expense		
Current year	-	7,089
Income tax related to equity arising from initial public offering share issuance expense	9,033	-
Adjustment for prior years	56	-
	<u>9,089</u>	<u>7,089</u>
Deferred tax expense		
Movements in temporary differences	(1,350)	1,504
Total income tax expense	<u>7,739</u>	<u>8,593</u>

	Before tax	2021 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2020 Tax (expense) benefit	Net of tax
<i>Recognised in other comprehensive income (expense)</i>						
Actuarial loss	(71)	14	(57)	-	-	-
<i>Recognised in equity</i>						
Shares issuance expense	(45,125)	9,025	(36,100)	(143)	29	(114)

Reconciliation of effective tax rate

	Rate (%)	2021 <i>(in thousand Baht)</i>	Rate (%)	2020 <i>(in thousand Baht)</i>
Profit before income tax		37,430		39,676
Income tax using the Thai corporation tax rates	20	7,486	20	7,935
Expenses not deductible for tax purposes		523		217
Additional expenses deductible for tax purposes		(326)		(253)
Written off unutilised deferred tax asset		-		694
Under provided in prior years		56		-
Total	21	<u>7,739</u>	22	<u>8,593</u>

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Movements of deferred tax assets and liabilities during the years were as follows:

	At 1 January 2021	(Charged) / Credited to			At 31 December 2021
		Profit or loss	Other comprehensive income	Equity	
<i>Deferred tax assets</i>					
Trade accounts receivable	1,668	2,046	-	-	3,714
Allowance for doubtful accounts	739	93	-	-	832
Other receivables	16	(16)	-	-	-
Allowance for decline in value of inventories	1,425	392	-	-	1,817
Allowance for impairment losses on non-financial assets	7,900	(396)	-	-	7,504
Contract liabilities	607	(97)	-	-	510
Other payables	81	90	-	-	171
Deferred revenue	280	(269)	-	-	11
Non-current provisions for employee benefits	1,963	142	14	-	2,119
Difference arising from under common control transaction	1,906	(382)	-	-	1,524
Loss carry forward	-	483	-	-	483
Total	16,585	2,086	14	-	18,685
<i>Deferred tax liabilities</i>					
Inventories	(645)	(707)	-	-	(1,352)
Contract cost assets	(108)	16	-	-	(92)
Deferred cost	(94)	74	-	7	(13)
Property, plant and equipment	(1,231)	(119)	-	-	(1,350)
Total	(2,078)	(736)	-	7	(2,807)
Net	14,507	1,350	14	7	15,878

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	At 1 January 2020	(Charged) / Credited to Profit or loss <i>(in thousand Baht)</i>	At 31 December 2020
<i>Deferred tax assets</i>			
Trade accounts receivable	1,183	485	1,668
Allowance for doubtful accounts	1,009	(270)	739
Other receivables	-	16	16
Allowance for decline in value of inventories	1,062	363	1,425
Allowance for impairment losses on non-financial assets	7,875	25	7,900
Contract liabilities	448	159	607
Other payables	34	47	81
Deferred revenue	2,695	(2,415)	280
Non-current provisions for employee benefits	1,628	335	1,963
Difference arising from under common control transaction	2,213	(307)	1,906
Total	18,147	(1,562)	16,585
<i>Deferred tax liabilities</i>			
Inventories	(463)	(182)	(645)
Contract cost assets	(80)	(28)	(108)
Deferred cost	(400)	306	(94)
Property, plant and equipment	(1,193)	(38)	(1,231)
Total	(2,136)	58	(2,078)
Net	16,011	(1,504)	14,507

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19 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2021 and 2020 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2021	2020
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the years attributable to ordinary shareholders of the Company	29,691	31,084
Number of ordinary shares outstanding at 1 January	340,000	320,000
Effect of shares issued on 27 March 2020	-	15,301
Effect of shares issued on 28 October 2021	20,479	-
Weighted average number of ordinary shares outstanding (basic)	360,479	335,301
Basic earnings per share (in Baht)	0.08	0.09

20 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Dividend payment date	Dividend per share (Baht)	Amount (in thousand Baht)
<i>2021</i>				
2021 Interim dividend	13 August 2021	August 2021	0.0529	18,000
2020 Annual dividend	18 April 2021	April 2021	0.0294	10,000
<i>2020</i>				
2020 Interim dividend	26 June 2020	June 2020	0.0293	9,950
2020 Interim dividend	14 August 2020	August 2020	0.0226	7,700
2019 Annual dividend	18 March 2020	March 2020	0.0454	14,528

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21 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

At 31 December 2021	Carrying amount		Fair value				
	Hedging instruments	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>							
Investment in debt securities open-ended fund	-	27,000	-	-	27,000	-	27,000
			Total				
			<i>(in thousand Baht)</i>				
			27,000	-	27,000	-	27,000

As at 31 December 2020, the Company has no financial assets and liabilities which are measured at fair value.

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(b) Financial risk management policies

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The risk management committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

(b.1.1) Trade accounts receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 16.

The executive committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Company reviews credit limit to each customer on annually basis. Revenue of sales which exceeds than credit limit has to be approved by chief financial officer.

The Company limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 120 days. Outstanding trade receivables are regularly monitored by the Company. An impairment analysis is performed by the Company at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Information relevant to trade accounts receivables is disclosed in note 6.

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(b.1.2) Cash and cash equivalent

The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum investment grade credit rating given from external rating agency, for which the Company considers to have low credit risk.

(b.2) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<i>At 31 December</i>	Carrying Value	Contractual cash flows			Total
		1 year or less	More than 1 year but Less than 5 years	More than 5 years	
<i>(in thousand Baht)</i>					
2021					
<i>Non-derivative financial liabilities</i>					
Trade account payables	40,811	40,811	-	-	40,811
Other payables	23,496	23,496	-	-	23,496
Lease liabilities	100,944	7,271	27,843	116,573	151,687
Income tax payable	-	-	-	-	-
Long-term loan	82,505	16,270	70,391	9,216	95,877
	247,756	87,848	98,234	125,789	311,871
2020					
<i>Non-derivative financial liabilities</i>					
Trade account payables	29,891	29,891	-	-	29,891
Other payables	20,142	20,142	-	-	20,142
Bank overdrafts and short-term loans from financial institutions	82,870	83,513	-	-	83,513
Lease liabilities	42,761	9,346	28,397	14,287	52,030
Income tax payable	3,089	3,089	-	-	3,089
Long-term loan	83,879	25,667	60,084	7,525	93,276
	262,632	171,648	88,481	21,812	281,941

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(b.3) Market risk

The Company is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

(b.3.1) Foreign currency risk

The Company do not have purchase nor sale in foreign currency. Thus, the Company is not exposed to significant foreign currency risk.

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because most of loan interest rates are mainly floated. The Company is primarily exposed to interest rate risk (see note 12).

Exposure to interest rate risk at 31 December

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Financial instruments with fixed interest rates</i>		
Long-term loans from financial institutions	2,156	1,410
	<u>2,156</u>	<u>1,410</u>
<i>Financial instruments with variable interest rates</i>		
Bank overdrafts and short-term loans from financial institutions	-	82,870
Long-term loans from financial institutions	80,349	82,469
	<u>80,349</u>	<u>165,339</u>

22 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and monitors the level of dividends to ordinary shareholders.

23 Commitments with non-related parties

	2021	2020
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Building and building improvements	14,236	-
Furniture, fixtures and office equipment	1,173	-
Total	<u>15,409</u>	<u>-</u>
<i>Other commitments</i>		
Bank guarantees	<u>1,830</u>	<u>1,248</u>

As at 31 December 2021, the Company had bank guarantees with a financial institution, issued to Provincial Electricity Authority to guarantee for electricity usage amounting to Baht 0.8 million, issued to Metropolitan Electricity Authority for electricity usage amounting to Baht 0.6 million and issued to Safety, Health and Environmental At Work Fund for securing a borrowing amounting to Baht 0.4 million (2020: the Company had bank guarantees with a financial institution, issued to Provincial Electricity Authority to guarantee for electricity usage amounting to Baht 0.8 million, issued to Safety, Health and Environmental At Work Fund for securing a borrowing amounting to Baht 0.4 million, and issued to Metropolitan Electricity Authority for electricity usage amounting to Baht 0.1 million).

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
Notes to the financial statements
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Significant agreement with non-related party

On 5 October 2021, the Company entered into the Memorandum of Agreement with a customer to support sell of the certain product from 15 October 2021 to 31 December 2022. Under the term of the Memorandum of Agreement, the Company agrees to pay a consideration to the customer totalling Baht 50.0 million as per the term stipulated in the Memorandum of Agreement.

As at 31 December 2021, the Company recorded advance payment and other payables relating to such agreement of Baht 17.2 million and Baht 5.0 million, respectively. The Company recorded consideration payable to a customer net from revenue from sales of goods for the year ended 31 December 2021 of Baht 2.8 million.

24 Contingent liabilities

On 11 September 2019, the Company was accused of a trademark infringement case with a claim amounting to Baht 50.0 million. On 14 December 2021, the Central Intellectual Property and International Trade Court dismissed the case in which the plaintiff could appeal within 14 January 2022. The plaintiff applied a motion to extend the period of appeal for 60 days which will be due on 16 March 2022.

25 Events after the reporting period

On 25 February 2022, the Board of Director proposed the appropriation of dividend of Baht 0.0132 per share, totalling Baht 6.0 million. The dividend is subjected to the approval by the annual general meeting.



Appendix 1

Information on Directors, Executives, Controllers, and Company Secretary

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
1. Mr. Thongchai Thavichachart - The Chairman of the Board Date of Appointment 21 July 2020	- Ph.D. in Pediatrics Specialist, Chulalongkorn University - Master of Science, Chulalongkorn University - Bachelor of Science Program in Medical Sciences, Chulalongkorn University	-	-	2020 - present	Chairman and Independent Director	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2011 - 2018	Chairman	A9 BIO Company Limited	Dietary supplement manufacturing business
2. Ms. Sopawadee Lertmanaschai - Independent Director - Chairman of the Audit Committee Date of Appointment 24 March 2021	- Master of Science (Accounting), Thammasat University - Bachelor of Law, Thammasat University - Bachelor of Science (Accounting), Thammasat University	-	-	2021 - present	Independent Director and Chairman of the Audit Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2018 - present	Independent Director and Chairman of the Audit Committee	Central Plaza Hotel Public Company Limited	Hotel and Restaurant Business
				2015 - present	Independent Director and Chairman of the Audit Committee	Independent Director and Chairman of the Audit Committee	Securities Company
				2020 - present	Director	Chotiwat Manufacturing Public Company Limited	Canned seafood business (tuna)
				2019 - present	Director and the Chairman of Audit Committee	The Stock Exchange of Thailand	The Stock Exchange of Thailand
				2018 - present	Chairman and Independent Director	KTBST REIT Management Company Limited	Real Estate Investment Trust fund management service
				2014 - 2021	Independent Director, Audit and Risk Committee and Corporate Social Responsibility Committee (CSR Committee) for Sustainable Development	Intouch Holdings Public Company Limited	Satellite business, internet business, telecommunications media and advertising business
				2019 - 2021	Independent Director	Dohome Public Company Limited	Retail, wholesale and construction materials and furnishing one-stop services
				2015 - 2017	Independent Director and Chairman of the Audit Committee	Metropolitan Electricity Authority	Metropolitan Electricity Authority
				2014 - 2018	Committee	Government Pharmaceutical Organisation	State-owned enterprises manufacturing Pharmaceuticals and medical supplies
3. Mr. Vinit Usavakidviree - Independent Director - Members of the Audit Committee Date of Appointment 3 December 2018	- Doctor of Pharmacy, Chulalongkorn University	-	-	2018 - present	Independent Director and Member of the Audit Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2019 - present	Specialised Pharmacist	Food and Pharmaceutical Administration, Ministry of Public Health	Protect consumers and promote entrepreneurs in health products for the public
				2003 - 2016	Expert Member, Director of Medical Device Control Division, Director of Pharmaceutical Administration and Pharmacist	Food and Pharmaceutical Administration, Ministry of Public Health	Protect consumers and promote consumer potential

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
4. Mr. Nattawut Viboonpatanawong - Independent Director - Chairman of the Risk Management Committee Date of Appointment 3 December 2018	- Master of Business Administration, Thammasat University - Bachelor of Engineering Program, King Mongkut's Institute of Technology Ladkrabang	0.02%	-	2019 - present	Independent Director and Chairman of the Risk Management Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Dietary supplement manufacturing business Agricultural equipment/tool distribution business
				2006 - present	President	V.B. Engine Impex Company Limited	
5. Ms. Lalita Hongratanawong - Independent Director - Members of the Audit Committee Date of Appointment 3 December 2018	- Ph.D. in Management Science (Finance), Illinois Institute of Technology - Master of Finance, Illinois Institute of Technology - Master of Information Technology in Business (MIS), Chulalongkorn University - Bachelor of Accountancy (AIS), Chulalongkorn University	-	-	2020 - present	Independent Director and Member of the Audit Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Dietary supplement manufacturing business Distributing funds other than by making loans (Digital assets trading centre) Insurance business
				2021 - present	Director	Int X Co., Ltd.	
				2019 - present	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	Syn Mun Kong Insurance Public Company Limited	
				2018 - present	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	Infraset Public Company Limited	
6. Ms. Jintana Santipisud - Director - Chairman of the Executive Committee Date of Appointment 3 December 2018 Former Name - Surname Ms. Jintana Daengprasert Ms. Jintana Tangsaksatit	- Bachelor of Business Administration (Marketing), Assumption University	6.59%	Mother of Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert	2005 - present	Director and Chairman of the Executive Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Dietary supplement manufacturing business Provides academic research and development services, training and seminar services and consulting services for research grants A holding company
				2004 - present	Director	CDIP (Thailand) Public Company Limited	
				2014 - present 1981 - 2018	Director Managing Partner and Chief Executive Officer	Suphap Group Company Limited COX Laboratories (Thailand) Limited Partnership (The Company is no longer in operations)	
7. Mr. Sittichai Daengprasert - Director - Members of the Executive Committee - Members of the Risk Management Committee - President Date of Appointment 3 December 2018	- Ph.D. in Technopreneurship and Innovation Management (TIP) (Ph.D.) - Master of Business Administration (MBA) Thammasat University - Bachelor of Science Program in Biotechnology, Faculty of Agro-Industry (B.Sc.), Kasetsart University	6.44%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert	2005 - present	Director, Member of Executive Committee, Member of Risk Management Committee, and President	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Dietary supplement manufacturing business Provides academic research and development services, training and seminar services and consulting services for research grants
				2009 - present	Director	CDIP (Thailand) Public Company Limited	

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
				2014 - present	Director	Suphap Group Company Limited	A holding company
				2012 - present	Director	JSP Trading Supply Company Limited	Medical supplies distributor
				2004 - 2018	Director of Manufacturing	COX Laboratories (Thailand) Limited Partnership(The company is no longer in operation)	Pharmaceutical and chemical products manufacturing
8. Mr. Pissanu Daengprasert - Director - Members of the Executive Committee - Executive Vice President of Business Development - Executive Vice President of Research and Development Date of Appointment 3 December 2018	- Master of Business Administration, Entrepreneurship Management, King Mongkut's University of Technology Thonburi	6.44%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Sittichai Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert	2005 - present	Director, Member of Executive Committee, Executive Vice President of Business Development and Executive Vice President of Research and Development	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2009 - present	Director	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2009 - 2019	President	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2014 - present	Director	Suphap Group Company Limited	A holding company
				2014 - present	Director	JSP Better Life Company Limited (The Company is no longer in operation)	General merchandise wholesaler on a fee or contract basis
				2004 - 2018	Director of SalesOEM	COX Laboratories (Thailand) Limited Partnership(The company is no longer in operation)	Pharmaceutical and chemical products manufacturing
9. Ms. Jirada Daengprasert - Director - Members of the Executive Committee - Company Secretary - Executive Vice President of Accounting and Finance - A person taking the highest responsibility in finance and accounting Date of Appointment 3 December 2018	- Master of Business Administration (MBA) Thammasat University - Bachelor of Accounting Program, Thammasat University	6.44%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert and Mr. Sorasit Daengprasert	2007 - present	Director, Member of Executive Committee, Company Secretary and Executive Vice President of Accounting and Finance	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2017 - present	Director	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2014 - present	Director	Suphap Group Company Limited	A holding company
				2008 - present	Director	Zeutical Bio Sci Company Limited	Wholesale of textiles, clothing, footwear, leather goods and household goods
				2013 - present	Director	Duldee Company Limited	Accounting, bookkeeping and auditing activities; tax consultancy
				2007 - 2018	Director of Management	COX Laboratories (Thailand) Limited Partnership(The company is no longer in operation)	Pharmaceutical and chemical products manufacturing

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
10. Mr. Sorasit Daengprasert - Director - Members of the Executive Committee - Members of the Risk Management Committee - Executive Vice President of Manufacturing Date of Appointment 6 February 2019	- Bachelor of International Business Management, Kasetsart University	6.44%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, and Mrs. Jirada Daengprasert	2017 - present	Director, Member of Executive Committee, Member of Risk Management Committee, and Executive Vice President of Production	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2014 - present	Director	Suphap Group Company Limited	A holding company
				2018 - present	Director	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2009 - 2018	Director of Hospital Sales and Pharmacy	COX Laboratories (Thailand) Limited Partnership (The company is no longer in operation)	Pharmaceutical and chemical products manufacturing
11. Mr. Tawat Kitkungvan - Director Date of Appointment 18 March 2020	- Master of MSc. Risk Management, Imperial College London - Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University	-	-	2020 - present	Director	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2021 - present	Director	Panthera Partners Company Limited	A holding company
				2021 - present	Director	Master Motor Services (Thailand) Co., Ltd.	Maintenance and repair of motor vehicle engines and other parts
				2021 - present	Director	New Paradigm Company Limited	Distributing funds other than by making loans
				2021 - present	Director	DRJ Group Corporation Co., Ltd.	Wholesale of cosmetics
				2021 - present	Director	DRJ Holding Co., Ltd.	A holding company
				2016 - present	Director	Hatton Equity Partner (Thailand)	A holding company
				2020 - present	Director	MFIP 1 Company Limited	Provide service on being a manager and take care of benefits, collect benefits and manage assets for other people
				2016 - present	Director	Tom N Toms Tasse 1 Company Limited	Non-alcoholic beverage service
				2018 - present	Director	TKK Corporation Company Limited	Retail-wholesale of the tools, spare parts, equipment used with machines in general factories
				2016 - present	Director	TASSE Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2016 - present	Director	Bangkok Healthcare Service Company Limited	Operate nursing home with residential facilities and day care provided full-time staff for elderly people
				2017 - present	Director	Momoko Bag and Shoes Spa Company Limited	Footwear and leather goods repair service
				2020 - present	Director	Microfiber Industries Company Limited	Insulation machines & equipment
2017 - present	Director	Wright Partners (Thailand) Company Limited	Other activities that enhance financial services activities				
2018 - present	Director	Linkman LP Company Limited	Financial services not classified elsewhere				
						Other activities that enhance financial services activities	

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
				2018 - present	Director	HEP Holdings 1 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2016 - present	Director	HEP Holdings 3 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2016 - present	Director	HEP Holdings 4 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2020 - present	Director	HEP Holdings 5 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2020 - present	Director	MFIP 1 Company Limited	Provide service on being a manager and take care of benefits, collect benefits and manage assets for other people
				2017 - present	Director	MMK (GP) Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2017 - present	Director	MMK (BETA) Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2017 - present	Director	MMK (ALPHA) Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2017 - present	Director	MM E&M Company Limited	Non-alcoholic beverage service
				2017 - present	Director	MM E&M Holdings Company Limited	Activities of holding companies that do not primarily invest in financial businesses
				2012 - 2017	Associate Director	Government Pension Fund	Fund business
12. Mr. Kriangkrai Rungraungthaweekul - Members of the Executive Committee - Vice President of Finance Date of Appointment 15 November 2018	- Master of Science in Financial Engineering, Chulalongkorn University - Bachelor of Accounting Program, Thammasat University	0.01%	-	2018 - present	Executive Committee and Vice President of Finance	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2019 - present	Director	BB KK Advisory Company Limited	Accounting, bookkeeping, auditing and tax consultancy
				2017	Vice President of Accounting and Finance	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2015 - 2017	Manager Transaction Advisory Services	EY Corporate Services Company Limited	Consulting business
				2007 - 2012	Assistant Manager Assurance and Business Advisory Services	Pricewaterhouse Coopers ABAS Company Limited	Audit business
13. Mrs. Nongnuch Cheawpattayakorn - Members of the Executive Committee - Senior Quality Assurance Manager Date of Appointment 18 January 2021	- Master of Business Administration (MBA) , Khon Kaen University - Bachelor of Pharmacy Program, Rangsit University	-	-	2021 - present	Member of the Executive Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2008 - present	Quality Assurance Senior Manager	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business

First-Family Name / Former First-Family Name (if any) Position/Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2021	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
14. Mr. Danaisuan Kunarojanasombhat - Members of the Executive Committee - Senior Plant Manager Date of Appointment 18 January 2021 Former Name - Surname Mr. Danaisuan Rienrachata	- Bachelor of Engineering Program (Industrial Engineering), Thammasat University	-	-	2021 - present	Member of the Executive Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
				2015 - present	Plant Senior Manager	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business
15. Ms. Phoosap Ruangsri - Vice President of Accounting - A person who is responsible for supervising, tracking and controlling accounting activities Date of Appointment 1 January 2015	- Master of Information Technology, King Mongkut's University of Technology Thonburi - Bachelor of Accountancy, Ramkhamhaeng University	0.002%	-	2015 - present	Vice President of Accounting	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business

Details of Shareholder, Director, Executive, Control Person and Company Secretary

Name	Positions	Associated Company					
		1	2	3	4	5	6
Mr. Thongchai Tavichachat	C, ID						
Ms. Sopawadee Lertmanaschai	ID, CAC						
Mr. Vinit Usawakidviree	ID, AC						
Mr. Nattawut Viboonpatanawong	ID, CRM						
Ms. Lalita Hongratanawong	ID, AC						
Mr. Tawat Kitkungvan	D						
Mrs. Jintana Santipisud	D, CEC	D	D				
Mr. Sittichai Daengprasert	D, RM, EC, CEO	D	D	D			
Mr. Pissanu Daengprasert	D, EC, EVP	D	D				D
Ms. Jirada Daengprasert	D, EC, CS, CFO	D	D		D	D	
Mr. Sorasit Daengprasert	D, RM, EC, EVP	D	D				
Mr. Kriangkrai Rungraungthaweekul	EC, MF						
Ms. Nongnuch Cheawpattayakorn	EC						
Mr. Danaisuan Kunarojanasombhat	EC						
Ms. Phoonsap Ruangsri	MA						

Remark: C = Chairman D = Director EC = Executive Committee CEC = Chairman of Executive Committee ID = Independent Director
CAC = Chairman of Audit Committee AC = Audit Committee CRM = Chairman of Risk Management Committee
RM = Risk Management Committee CEO = Chief Executive Officer EVP = Executive Vice President CFO = Chief Financial Officer
MA = Manager, Accounting MF = Manager, Finance CS = Company Secretary

Associated Company

No.	Company Name	Nature of Business
1.	CDIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
2.	Suphap Group Company Limited	A holding company
3.	JSP Trading Supply Company Limited	Medical supplies distributor
4.	Zeutical Bio Sci Company Limited	Wholesale of textiles, clothing, footwear, leather goods and household goods
5.	Duldee Company Limited	Accounting, bookkeeping and auditing activities; tax consultancy
6.	JSP Better Life Company Limited	General merchandise wholesaler on a fee or contract basis



Appendix 2

Information on Head of Internal Audit and Head of Corporate Governance

Subject	Details
Head of Internal Audit (Outsource)	<p>Unique Advisor Company Limited Address: Floor 25, no. 253 Sukhumvit 21 Road (Asok), Khlong Toei Nua Sub-District, Wattana District, Bangkok 10110 Tel. 02-261-9689 Fax.02-261-9697 Website : www.u-advisor.com</p>
Head of Internal Audit	Mr. Kosol Yamleemul
Educational Qualifications	<ul style="list-style-type: none"> • Master of Science in Information Technology in Business, Chulalongkorn University • Bachelor of Accounting and Finance, Thammasat University
Diploma/Certificate	<ul style="list-style-type: none"> • Certified Public Accountant (CPA), The Federation of Accounting Professions (FAP) • Certified Internal Auditor (CIA), The Institute of Internal Auditors (IIA) • Certified Financial Services Auditor (CFSA), The Institute of Internal Auditors (IIA)
Work Experience	<p>2013 - Present Managing Director, Unique Advisor Company Limited 2002 - 2013 Director, Grant Thornton Limited 2001 - 2002 International Audit Manager, Grant Thornton LLP Seattle Office, USA 2000 - 2001 Senior Manager, Grant Thornton Limited 1995 - 2000 Senior Manager, PricewaterhouseCoopers ABAS Limited</p>
Relevant Trainings	<ul style="list-style-type: none"> • Adopting Data Science & Automation in Internal Audit • Personal Data Protection Act for IA • IIAT Annual Seminar • Orientation Course - CFO Focus on Financial Reporting Class 4/2018 • Reference Document Assessment Program for Independent Auditors for SMEs that joined Collective Action against Corruption (CAC) SME Certification Project • Working Papers for Anti-Corruption in Organization Training Program • Theories and Practice, COSO 2013 Program • IT Audit Program, Federation of Accounting Professions • Internal Audit Program, The Institute of Internal Auditors of Thailand • Tax and Tax Planning Program • Continuing Program in Thai Financial Reporting Standards (TFRS) and Thai Standards on Auditing (TSA) • Amended Thai Accounting Standards Program • Audit Methodology and Software Tools Program • Advanced COSO ERM • Financial Advisor (FA) License Program, Association of Thai Securities Companies





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