



JSP Pharmaceutical Manufacturing (Thailand) PCL.

56-1 ONE REPORT 2022





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Section 1

Business Operation and Performance



1 Structure and Operation of the Company

Policies and Business Overview

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. (“the Company” or “JSP”), 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 became management of the business and saw the growth opportunity in the dietary supplements market. Later in 2005, JSP Pharmaceutical Manufactory (Thailand) Co., Ltd. was established with an initial registered capital of Baht 1,000,000 (divided into 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 Bangkok10120 (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 2018, the Company was converted into a public limited company (JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.) and changed the par value from Baht 100.00 per share to Baht 0.5 per share. Subsequently, in 2021, on 26 May 2021, the Company increased its registered capital from Baht 170,000,000 to Baht 227,500,000 by issuing 115,000,000 new ordinary shares for initial public offering. The Company then offered the increased shares through initial public offering and registered in mai market on 2 November 2021.

In 2022, the Company established a new subsidiary i.e. Caresutic Co., Ltd. to operate business in Innovation Centre and small-scale factory for dietary supplements and cosmetics, with initial registered capital of Baht 5,000,000 (divided into 50,000 ordinary shares with a par value of Baht 100 per share). The Company had ownership interest at 99.99% of registered and paid-up capital. As of 31 December 2022, Caresutic Co., Ltd. had registered and paid-up capital of Baht 30,000,000 (divided into 300,000 ordinary shares with a par value of Baht 100 per share) and the Company was a major shareholder with 99.99% ownership interest.

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)¹ 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 outstanding 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 societies, communities and environment and use of resources worthily
4. Develop innovation in production, 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, vendors and stakeholders, together with accountability to the products and offered service sustainably



Business Strategies

1. Expand the business by focusing on product growth under the Company's own brand.

The Company realised that the products under the Company's own brand have the potential to increase profitability and to decrease the risk from concentrating on the large-contract manufacturing customer base. The Company develops herbal products, dietary supplements with natural extracts and plant-based protein under brand name “Supap Osot™”, and innovative dietary supplements such as using new raw materials or having new production process for both beauty and health under brand name “EVITON™”. In addition, the Company is planning to develop and registration new conventional medicine continuously.

Moreover, the Company has a marketing policy to encourage the growth of revenue from the products under the Company's brand by emphasis in 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 expects that this strategy will make the overall market share and market size become larger. The Company has set aside budget for advertisement and PR for the products under the Company's brand aiming at new consumers who are health-conscious through various communicational modes. Correspondingly, the Company uses online channels for marketing the business and have promotion activity at the Point of Sale.

2. Present the innovation and new products with high potential growth from the Company's research and development

The Company is determined to develop innovations and new products with high potential growth 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 organisations,

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 research and development projects of the Company, such as (1) the project to research, develop and process Wolffia for commercial production. The Wolffia is a high-protein plant and can be developed to be plant-based dietary supplements, (2) the project to develop herbs from hemp and cannabis and (3) the project to research chewable soft gelatin 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 gelatin, which is a safe and edible chemical. As a result, this process allows the gelatin to be reused in the production process again. Therefore, the wastes, the cost for raw materials and the cost for waste destruction were reduced. Currently, the Company has submitted 4 requests to receive petty patents.

3. Expand the growth of online channel in order to meet the customer needs in digital age

The Company realised the growing change of customer behavior towards online channels from the convenience of purchasing goods via their smart phones and the pandemic of COVID-19. These are some of crucial factors that urge the customers to avoid from traditional 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.

Presently, the Company has advertising budget in Thailand, especially advertising to attract new customers through various channels. Additionally, the Company employs internet marketing and activities at Point of Sale.

- PR of the Company's products and research papers through website www.jsppharma.com in order to present the Company's history, product, research and domestic and overseas distribution channels
- Advertising and distributing products through (1) TV channels, including digital TV and satellite TV, (2) the Company's social media namely (a) JSP Pharma - JP Suphap Osot 70 years, (b) JSP Sale 4 mix oil and Solanum Lozenge Suphap Osot, (c) 4 Mix Oil Thailand, etc. The Company has personnel who responsible for social media in order to support changes of consumers' behaviour that tend to use more of social media

4. Expand the market to the international level, especially in the CLMV, such as Cambodia, Laos, Myanmar, and Vietnam

The Company has the policies to emphasis more on international distribution since there is potential for the growth opportunity in the CLMV, comprises Cambodia, Laos, Myanmar, and Vietnam. In the past, the Company's products have been registered by related organisations 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 aim 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 importing product must be carried out by the distributors of those countries themselves. Nevertheless, the Company opens for 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. Invest in other companies by the mean of merger and acquisition in the businesses of medicine, dietary supplements and other products for health with high potential growth

In order to encourage the future growth of the Company, the Company has sought for opportunities to invest in any business relating to medicines and products for health with high potential growth in order to support core business of the Company. Especially, the Company focuses mainly on selling products under the brand of the target 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 healthcare products that have high potential growth. However, the Company will propose the transactions to the Risk Management Committee and/or the Audit Committee and the Board of Directors to consider before processing any further, in order to ensure that the Company will have 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, B.E. 2547 (2004) with other additional revision of Notifications, the Notifications of the Capital Market Supervisory Board Tor.Jor. 21/2551 (2008) regarding guidelines to Connected Transaction and the Notification of the The Board of the Stock Exchange of Thailand regarding Disclosure of Information and Act of Listed Companies Concerning the Connected Transaction, B.E. 2546 (2003) with other additional revision of Notifications

In case, the Company receives the opportunity to expand the business of medicines and dietary supplements as mentioned above; the consideration and the timing of transactions depend on various factors, such as opportunity to accept proposal, the sufficiency of source of fund of the Company, the worthiness in investing and due diligence.

6. Manage the cost efficiently by investing in machinery, increasing production capacity and improving the efficiency in sourcing raw materials to enhance the potential from economy of scale

To support the future growth of the Company, the Company has set strategies to support the growth by focusing on effective cost management in the forms of investing in modern machinery, designing proficient production lines, reducing dependence on human labour and increasing production capacity of the products with high potential growth and high profitability. The Company has been able to decrease the overall cost by emphasising 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 15 November 2005, the Company was registered and established under the name of “JSP Pharmaceutical Manufactory (Thailand) Company Limited” with initial registered capital of Baht 1,000,000 divided into 10,000 ordinary shares at a par value of Baht 100 per share. The head office is located at 255,257, Soi Sathupradit 58, Bangphongphang Sub-district, Yannawa District, Bangkok 10120.

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

- The Company has restructured by acquiring COX Laboratory Limited Liability Partnership in which it was considered as business combination under common control since Daengprasert family is the Company’s major shareholder before and after the following transaction.

Year 2018

- The Extraordinary General Meeting of Shareholders had the resolutions as follows:
 - Converted the Company into a Public Company Limited, namely JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited.
 - Approved changes in par value from Baht 100 per share to Baht 0.50 per share. After the changes had made to a par value the Company had 260,000,000 ordinary shares at a par value of Baht 0.50.

Year 2021

- May** : The Extraordinary General Meeting of Shareholders has resolved to approve the plan to list the company on the Market for Alternative Investment (mai) with the following resolutions:
 - Approved the reduction of registered capital from Baht 213,000,000 divided into 426,000,000 shares at a par value of Baht 0.50 per share, to Baht 170,000,000 divided into 340,000,000 shares at the par value of Baht 0.50 per share.
 - Approved the registered capital increase from Baht 170,000,000 divided into 340,000,000 shares at a par value of Baht 0.50 per share, to Baht 227,500,000 divided into 455,000,000 shares at a par value of Baht 0.50 per share, by issuing 115,000,000 new ordinary shares at a par value of Baht 0.50 per share, totalling Baht 57,500,000 for Initial Public Offering.
 - Approved the allotment of the Company’s newly issued ordinary shares in the amount of 115,000,000 shares at a par value of Baht 0.50 for the Initial Public Offering (IPO) or equivalent to 25.27% of the total paid-up capital post-IPO.
- September** : The Board of Directors’ 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:
 - Approved the offering of the Company’s newly issued ordinary shares of not less than 113,750,000 shares through IPO
 - 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 started trading shares on the Market of Alternative Investment (mai) on 2 November 2021.

Year 2022

- **June :** The Board of Directors' Meeting has resolved to approve the establish of a subsidiary i.e. Care-sutic Co., Ltd. with initial registered capital of Baht 5,000,000 divided into 50,000 shares at a par value of Baht 100 per share which the Company held 99.99% of registered and paid-up capital. Caresutic Co., Ltd. operates business in relation to Innovation Center and small-scaled production factory of dietary supplements and cosmetics.
- **August:** The Extraordinary General Meeting of Shareholders had the resolutions as follows:
 - 1) Changed utilisation objectives of the increase capital from IPO by adding objective about investing in a subsidiary in relation to Innovation Center and small-scaled production factory of dietary supplements and cosmetics and expand business in form of invest in other entities with potential to support and/or enhance the business.
 - 2) Issued the Warrants to Purchase Newly Issued Ordinary Shares of the Company No. 1 not exceeding 227,500,000 units for allotting to the existing shareholders in proportion of their respective shareholding with free-of-charge. The allotment ratio is 2 existing shares to 1 unit of the warrant. The warrant has 2-year maturity and exercise ratio at 1 unit of the warrant to 1 newly issued ordinary shares with Baht 2.50 exercise price.
 - 3) Increased the Company's registered capital not exceeding Baht 113,750,000 from previously Baht 227,500,000 divided into 455,000,000 shares at a par value of Baht 0.50 per share, to Baht 341,250,000 divided into 682,500,000 shares at a par value of Baht 0.50 per share, by issuing 227,500,000 new ordinary shares at a par value of Baht 0.50 per share in order to support the exercise of the warrants to purchase newly issued ordinary shares of the Company No. 1.
- **September :** The Company has changed security symbol from "JP" to "JSP"
- **September :** Caresutic Co., Ltd; which is the Company's subsidiary, increased its registered capital amounting to Baht 25,000,000 from previously Baht 5,000,000 divided into 50,000 shares at a par value of Baht 100 per share, to Baht 30,000,000 divided into 300,000 shares at a par value of Baht 100 per share, by issuing 250,000 new ordinary shares at a par value of Baht 100 per share and allotted newly ordinary shares to the Company wholly. Therefore, the Company's ownership interest in the subsidiary did not change.
- **December :** The Company has finished expanding conventional medicine production line at Bangkok. The new production line could produce conventional medicine totalled 20 - 25 million bottles per year.



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 newly issued ordinary shares which are Baht 7.00 each, then those ordinary shares were registered at mai on 2 November 2021. The Company received cash from this fundraising amounting to Baht 805.00 million and after deducted underwriting fees and other related expenses of the offering, the Company received Baht 755.38 million. Subsequently, the Extraordinary

Shareholders Meeting No. 1/2022 on 16 August 2022 approved to change the objectives of utilisation of proceed from IPO by adding objectives in relation to invest in other businesses and operate in Innovation Center and small-scaled factory of dietary supplements and cosmetics.

Report of use of fund from Initial Public Offering (IPO) ended on 31 December 2022 was detailed as follows.

(Unit : Million Baht)

Use of proceed objectives	Planned usage amount		Actual use of proceed until 31 December 2022	Remaining balance as of 31 December 2022
	As previously reported in the prospectus	As approved to change by the Extraordinary Shareholders Meeting No. 1/2022 on 16 August 2022		
1. New product development	20.00	20.00	11.32	8.68
2. Develop, present and PR advertisements	200.00	70.00	40.70	29.30
3. Renovate and expand factories	298.00	223.00	194.72	28.28
4. Repayment of loans from financial institutions	100.00	100.00	100.00	-
5. Working capital for operations	137.38	112.38	99.79	12.59
6. Invest in business expansion in form of investment in other businesses	-	170.00	-	170.00
7. Invest in Innovation Center and small-scaled factory	-	60.00	31.86	28.14
Total	755.38	755.38	478.39	276.99

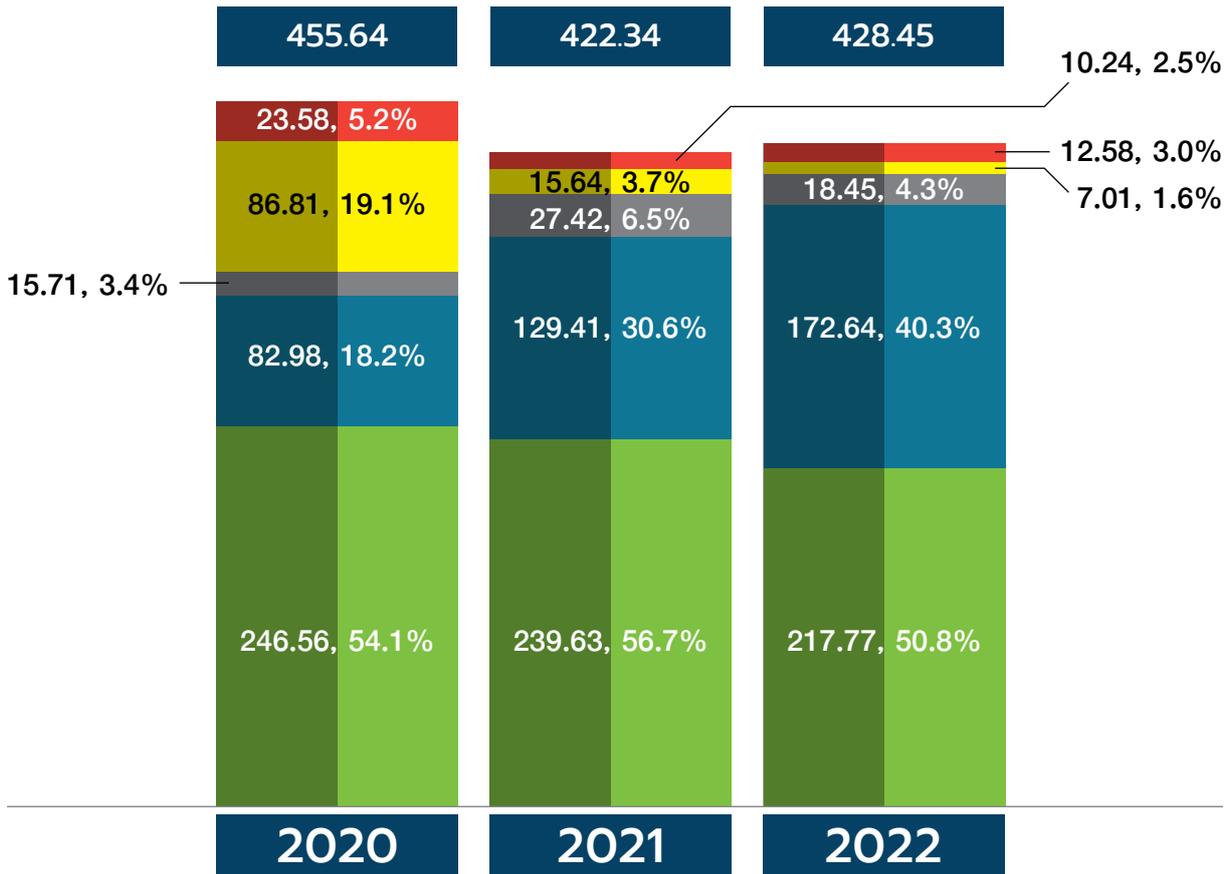


Nature of Business

Revenue Structure

The Company's revenue structure for the years 2020 - 2022 is classified by product types as follows:

Unit: Baht Million, %



■ Dietary supplements
 ■ Conventional medicine
 ■ Herbal products
 ■ Alcohol products
 ■ Other products

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 Product and Innovation for Business Development

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 COX™ whose products are widely recognized and well-known such as cough syrup and contraceptive pills.

As of 31 December 2022, the Company has totalled 109 registered conventional medicine formulas, 46 terminated formulas and 63 active 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 สุภาพโอสถ™ (Suphap-Osoth) including herbal cough lozenges and herbal pills, etc.

As of 30 December 2022, the Company has totalled 281 registered traditional medicine 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 EVITON™ including collagen extracts, multivitamins, and Coenzyme Q10, Ginkgo Biloba extract and สุภาพโอสถ™ (Suphap-Osoth) including natural dietary supplements.

As of 31 December 2022, the Company has totalled 1,950 registered dietary supplement formulas (or food serial numbers with the FDA).

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

COX™		
Such as cough syrup, contraceptive pills, etc.		

2. The EVITON™ brand for dietary supplements

EVITON™		
Such as 1000 mg. collagen extract tablets, etc.		

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

สุขภาพโอสด™





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

JSP™





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. Currently, 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™, สุขภาพโอสอ™ (Suphap-Osot), and JSPTM, 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", "ยาสมุนไพรตราสุขภาพโอสอ" 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 54.7%, 64.9% and 58.2% of sales revenue in 2020, 2021 and 2022, 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 2020, 2021 and 2022, 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 9.35 million, Baht 4.54 million and Baht 3.12 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 48 full-time employees (as of 31 December 2022), 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 2020, 2021 and 2022, the Company had sales revenue from customers sold through agents amounting to Baht 72.17 million, Baht 92.05 million and Baht 129.09 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:

- 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.
- 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 E-mail: sale.os@jsppharma.com.



Competitive Condition with in 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 summarised as following,

The Conventional Pharmaceutical

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 Categorised 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 176 conventional medicine GMP compliance manufacturers (Information as of 19 August 2022). The primary pharmaceutical manufacturer is the Government Pharmaceutical Organization (GPO). However, the Government Procurement and Inventory Management Act B.E. 2560 has come into effect on August 2017 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 organisations 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 1 August 2016.

Trends in Pharmaceutical Industry

According to the information from Krungsri Researcher Team, the sale value of medicines in 2020 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 2020 that lead to the recession in pharmaceutical distribution in hospitals. TTB analytics predicted that the sale value of medicines in 2020 increased by 0.1%. However, Krungsri Researcher Team has predicted that in 2021 - 2022, the domestic sale value of medicines will increase by 2.5% and 3.5% respectively. Accordingly, TTB analytics predicted that in 2021 - 2022, 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 2018 to 13.5 million people in 2023, and the expenses for healthcare of the elderly population will increase to Baht 2.28 hundred billion (2.8% of GDP) in 2022 from Baht 63 billion 2010 (2.1% of GDP) (cited from the National Health Development Plan for the National Economic and Social Development Plan No.12 of 2017 - 2021).
- (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 2019 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 2020 has created high demand for Thai Traditional medicines, such as green chiretta and fingerroot. The Announcement of the Committe of National Medicine System for Thailand National List of Essential Herbal Medicines (No.2) 2546 BE. which came into effect on 4 June 2021. 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 2010 to 2020 or in the period of the past 10 years, the value of the vitamins and dietary supplements market in Thailand has increased. Especially, in 2010, the market value was Baht 29,561.8 million and grew to Baht 66,801.4 million in 2020; the compound annual growth rate (CAGR) was 8.5% per year, and when comparing the market value of the year 2019 which the market value was Baht 72,661.3 million to the year 2020 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 (2021 - 2025) 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 2025 will equal Baht 77,329.6 million 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 176 pharmaceutical manufacturers for conventional medicines that have been certified for GMP PIC/S (last updated as of 19 August 2022), and 53 pharmaceutical manufacturers for traditional medicines (last updated on June 2020 and retrieved on December 2022) Nonetheless, the companies have planed 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 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 will-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 analyse 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 quality control division will correct any defects in the production process in timely manner which helps reduce waste in the process and minimise 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 conventional medicines, traditional medicines, and dietary supplements such as 1. main medicines/macronutrients or active ingredients 2. excipients like starches and lactose 3. lubricants such as talcum 4. flavours and 5. packaging. Active ingredients for conventional 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 conventional 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 had domestic purchases of 99.25% from the total purchase value in 2022.

The Company orders raw materials and packaging from various suppliers without relying on any specific supplier and in 2022, the Company had 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 operate a business, a license to manufacture pharmaceutical products or import registration certificate, and other standard certificates such as GMP or 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 quality assurance 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 deliver to customers.

The Company has 2 manufacturing plants 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 and dietary supplements.
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 2022, the Group had a list of important operating fixed assets as follows:

Types/Descriptions of Assets	Book Value (Unit: Baht Million)	Types of Ownership	Encumbrance
1. Land			
<ul style="list-style-type: none"> Land title deed no. 14514 located in Mueang District, Lamphun Province with the area of 8-3-58.01 rai 	15.00	The Group	A collateralised mortgage with a financial institution
<ul style="list-style-type: none"> 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	The Group	A collateralised mortgage with a financial institution
<ul style="list-style-type: none"> 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	The Group	None
<ul style="list-style-type: none"> Land title deed no. 193223 located in Lam Luk Ka Sub-district, Lam Luk Ka District, Pathum Thani Province with the area of 0-3-96.9 rai 	22.43	The Group	None
2. Buildings and Building Improvements			
<ul style="list-style-type: none"> Improvements of the office building / plant / warehouse no. 255, 257 Sathupradit 58, Bangpongpang Sub-district, Yannawa District, Bangkok 	64.63	The Group	None
<ul style="list-style-type: none"> Office building / plant / warehouse no. 48/4 Lak Luk Ka Sub-district, Lam Luk Ka District, Pathum Thani Province 	9.06	The Group	None
<ul style="list-style-type: none"> Office building / plant / warehouse no. 260 Moo. 4 Sri Bua Ban Sub-district, Mueang District, Lamphun Province 	33.28	The Group	A collateralised mortgage with a financial institution
<ul style="list-style-type: none"> Land and office building improvements in Bueng Kham Phroi Sub-district, Lam Luk Ka District, Pathum Thani Province 	19.18	The Group	None
<ul style="list-style-type: none"> Leasehold right of the land / the plant for the production of medicine, dietary supplement, medical supplies and other products / warehouse 	102.96	Lease agreement	None
3. Machinery and Equipment			
<ul style="list-style-type: none"> Machinery and equipment used in the production of goods 	76.57	The Group	None
<ul style="list-style-type: none"> Softgel encapsulation machines and product analyser device 	5.88	Lease agreement	A collateralised mortgage with a financial institution

Types/Descriptions of Assets	Book Value (Unit: Baht Million)	Types of Ownership	Encumbrance
4. Motor Vehicles			
• Vehicles used in the operations	0.86	The Group	None
• Vehicles used in the operations	3.68	Lease agreement	A collateralised mortgage with a financial institution
5. Furniture, Fixtures & Office Equipment	6.33	The Group	None
6. Construction-In-Progress	159.16	The Group	None
Total Property, plant and equipment, net	669.08		

2) Intangible Assets

As of 31 December 2022, the Group owned the registration of products and computer software with a book value of Baht 5.38 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 Products 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.

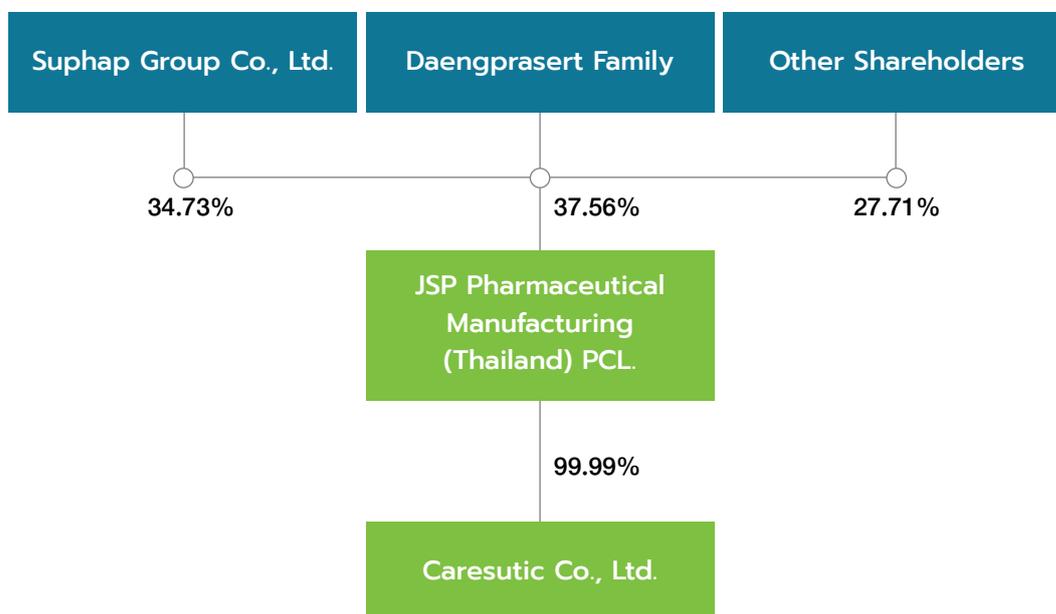
3.2 The trademark used in the operation of the current product under the Company's trademark (Own Brand)

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



The Group Shareholding Structure

As of 31 December 2022, the Group had shareholding structure as follow:



Subsidiary's information

Company name	Business Description	Total Ownership Interest (%)	Registered capital (Baht million)
Caresutic Co., Ltd.	Manufacture and distribute of dietary supplements and cosmetic products	99.99	30.00



Relationship with Major Shareholders' Businesses

As of 31 December 2022, 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 37.56% of the Company's registered and paid-up capital and Suphap Group Company Limited ("Suphap Group") holding 34.73% of the Company's registered and paid-up capital. Suphap Group is an investment management company operated by Daengprasert family, which shareholders are Mrs. Jintana Santipisud, Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert holding totalled 100.00% of Suphap Group's registered and paid-up capital.

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 2022, there are 10 major shareholders according to shareholders' registration as the following details:

List of shareholders	Number of shares	%
1. Daengprasert family		
• Suphap Group Company Limited ^{1/}	157,999,000	34.73
• Mrs. Jintana Santipisud	30,000,200	6.59
• Mr. Sittichai Daengprasert	29,602,300	6.51
• Mr. Pissanu Daengprasert	30,000,200	6.59
• Ms. Jirada Daengprasert	42,559,700	9.35
• Mr. Sorasit Daengprasert	29,965,200	6.59
• Mr. Prasitchai Daengprasert	8,752,118	1.93
2. 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
3. Mr. Kriangyot Jitsudjaphong	4,328,900	0.95
4. Mrs. Siriphorn Daengsupha	4,100,000	0.90
5. Mr. Samart Chuasiriphattana	4,000,000	0.88
6. Mr. Ekkachai Eiawsiwikul	3,031,000	0.67
7. Ms. Siriwan Asawarakwong	2,353,750	0.52
8. Mr. Sombat Thanaboonyawat	2,200,000	0.48
9. Mr. Suwatchai Panyachirawut	2,000,000	0.44
10. Mr. Asawin Thosiripattana	1,680,000	0.37

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 2022, the Company's registered capital was Baht 341,250,000 divided into 682,500,000 ordinary shares with Baht 0.50 par value each. Whereby, paid-up capital was Baht 227,500,000 divided into 455,000,000 ordinary shares.

Convertible Securities

On 16 August 2022, the Extraordinary General Meeting of Shareholders had resolutions approve the issue of warrant to purchase the newly issued ordinary shares of the Company (JP-W1, which subsequently change security symbol to JSP-W1 on 22 September 2022) not exceeding 227.5 million units, to be allotted to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering) at the allotment ratio of every 2 existing ordinary shares for 1 unit of JSP-W1 warrant with exercise price of Baht 2.5 per share. The warrant had details as follow:

Description	Details
Grant date	<ul style="list-style-type: none"> 31 August 2021
Exercise ratio	<ul style="list-style-type: none"> 1 unit of warrant per 1 ordinary share, except there is a change according to the right adjustment conditions
Exercise price	<ul style="list-style-type: none"> Baht 2.50 per share, except there is a change according to the right adjustment conditions
Exercise period and proportion	<ul style="list-style-type: none"> The Warranholders may exercise the rights under the warrants on the last Business Day of March and September throughout the Term of Warrants. The Warranholders may exercise their rights for the first time on the last Business Day of March i.e. 31 March 2023 and the last time to exercise their rights is the date such that the Warrants have 2 years from the Warrant Issuance Date, which shall be 30 August 2024.

As of 31 December 2022, the Company had outstanding JSP-W1 warrant totalled 227.5 units.



Dividend Policy

The Company had dividend policy at the rate of not less than 40% of net income according to the Company's separated 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 separated financial statements and in case the Company had deficit in separated financial statements, 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 totalled Baht 0.07 per share and totalled Baht 24.01 million, which is 85.1 of the annual net profit after legal reserve and prescribed in law and the Company's Articles of Association. In 2022, the Company has not declared dividend from operating results of such period.



2 Risk Management

Risk Management Policy and Plan

JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited has set out the firmwide risk management policy, risk assessment and action plan implemented to manage risk into an acceptable level. The Company communicates, arranges of 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 and operations processes throughout the Company.
- To provide procedures, guidelines and measures on appropriate quality risk management in an international scale. This includes identifying, analysing, evaluating, prioritising, managing, controlling, monitoring, reporting, assessing results 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 financial performance, 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 at an acceptable level 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 Company determinates the main guideline topics that cover the risk assessment and risk management as follow:



- **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 e.g. the Company financial performance report
 - **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) Analysis and assessing internal control to determine the level of risk remaining after the assessment. If 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 determining a method for creating an action plan as it has been defined in the risk assessment steps. The acceptable method should be taken into account along with the acceptable level of risk, the costs and benefits analysis. 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, Reduce and Risk Acceptance.
 - 4) Monitoring of risk is done by the responsible person including the officer to consider the risk management or control activities, which 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 responsible by the Risk Management Committee 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 major 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 pro-

vide 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.



3 Business Development for Long-term Sustainability

Sustainability Management Policy and Goal

Overview Policy

At JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd., we understand the significance of conducting business sustainably while upholding our corporate social responsibilities. We prioritise stakeholders in the economy, society, and the environment, guided by strong moral, ethical, and conduct standards. Through responsible business operations, we aim to benefit the public and promote the growth of our company. In line with this objective, we have established a social responsibility policy consisting of 8 sections, as follows:

- 1) **Operating the business with fairness:** The Company focuses on conducting business with honesty, fairness, and ethics, which is determined to compete in trade in accordance with ethical business practices, laws, and fair-trade competition principles, including refusing any behavior that obstructs fair competition, such as seeking competitors' confidential information, requesting or receiving bribe, and not giving any dishonest commercial benefits in purchasing property, etc. The Company also respects the intellectual property rights of others. The Company has a policy for its personnel to comply with the laws or requirements related to intellectual property rights, such as the use of computer programs that are legally copyrighted, etc. In addition, the Company has campaigns to promote and cultivate conscience for its personnel at all levels to create social responsibility as well.
- 2) **Anti-Corruption:** The Company conducts its business with transparency, ethics, and adherence to the principles of good corporate governance. We comply with laws related to the prevention and anti-corruption, including regulations against giving or accepting bribes to government officials or the private sector. Our organizational structure includes a clear division of duties, responsibilities, and chain of command in each department to ensure checks and balances, and appropriate oversight. We use the principles and guidelines of 'Thailand's Private Sector Collective Action Coalition Against Corruption' (CAC) to guide our practices. Our directors, executives, and all employees are required to comply strictly with this policy.
- 3) **Respect for Human Rights:** The Company has a policy of supporting and respecting the protection of human rights. We treat all individuals involved in our business operations, including employees, with respect for their inherent value as human beings. We promote equality, freedom, and non-discrimination on the basis of race, nationality, religion, language, skin color, gender, age, or education. We are committed to ensuring that our business operations do not involve human rights violations, such as child labor and sexual harassment. Additionally, we have implemented measures to monitor compliance with human rights requirements, including providing channels for complaints and opinions for those who have suffered damages from infringement of their rights arising from our business operations. We provide reasonable remedies to ensure effective respect for human rights. Our company has also undertaken initiatives to educate and raise awareness among our personnel about human rights principles.
- 4) **Fair Treatment of Workers:** The Company acknowledges the significance of human resource development and treating workers fairly. We believe that this factor will increase our business value, enhance our competitiveness, and ensure our sustainable growth in the future. To ensure fair treatment to our labor force, we have established policies and guidelines as follows:

1. Respect the rights of employees as according to human rights principles and comply with labor laws
 2. We provide a fair employment process and working conditions, including determining remuneration and considering merit-based results through a transparent and unbiased performance evaluation process.
 3. Promote human resource development by organizing training, seminars, training, as well as sending personnel to attend seminars and providing academic training in various related fields to develop knowledge competence and potential of personnel as well as instilling good attitude, morality, ethics, and teamwork among personnel.
 4. We provide employees with required welfare benefits as stipulated by law, such as social security, as well as additional benefits, such as health insurance, accident insurance, and provident funds. Additionally, we offer various types of assistance to employees, such as scholarships for children and funeral benefits.
 5. Provide annual health check-up services for employees of all levels of the Company by considering the risk factors according to the level, age, gender, and work environment of individuals
 6. We ensure that our employees work in a safe and healthy environment by implementing measures to prevent accidents and promoting safety awareness. This includes providing safety training, encouraging good hygiene practices, and ensuring a clean and safe workplace.
 7. We provide employees with opportunities to express their opinions or file complaints regarding unfair treatment or misconduct within the company. We also ensure the protection of employees who report such matters.
- 5) Responsibility to Customers:** The Company is committed to developing our services for the highest satisfaction and benefit of our customers. We adhere to treating customers with responsibility, honesty, and care, as if they were members of our company's family. Our approach includes the following:
1. The Company recognises the importance of maintaining quality and standards. We prioritise providing quality, hygienic, and sanitary services to maximize customer satisfaction. Our employees are committed to providing accurate and complete information about our services.
 2. The Company has an ongoing project to develop and innovate new services to meet the evolving needs of our customers. Our goal is to provide our customers with a diverse range of high-quality services that meet their standards and requirements.
 3. The Company adheres to fair marketing practices and has established a policy to ensure customers receive accurate, non-deceptive, and sufficient information related to our services. This enables customers to make informed decisions.
 4. We prioritise the safety of our customers and strive to provide quality and safe services that adhere to international standards and safety regulations, as well as legal requirements. We continuously design, create, and develop our services to maintain the highest standards of quality and safety that customers can trust.
 5. We provide a customer relations system to communicate with customers and efficiently address complaints about the quality of our services. Customers can easily access this system through our website, enabling us to respond quickly to their needs.
 6. The Company keeps customer information confidential and does not misuse such information.
 7. We organise various activities to build sustainable relationships between our customers and the Company.

6) Environmental Care: The Company places great importance on social responsibility in caring for the environment. We operate and control our services to strictly comply with laws related to environmental preservation. Our company operates under the concept of caring for and preserving the environment by focusing on developing service processes and material selection, as well as producing products that are environmentally friendly. Furthermore, we prioritise reducing waste from the production process by adhering to the principle of using resources efficiently to prevent environmental damage. We aim to use non-consumable materials that can be reused many times and provide environmental preservation systems as both guidelines and equipment for our business operations. Our goal is to reduce greenhouse gases and preserve the environment by implementing environmentally-friendly designs. Our company recognises the impact of global warming and is committed to preserving the environment. The summary of our important management practices is as follows:

1. Reducing Paper Usage: The Company implements information technology systems to minimize the use of paper in our work processes.
2. Energy Conservation: Our company has switched to energy-saving light bulbs (LED) in factories, warehouses, and offices to reduce electricity consumption. We have also changed all air conditioners to inverter systems.
3. Water Conservation and Waste Reduction: We have developed production processes to efficiently use water within our production process and reduce waste and waste destruction. For example, we have reduced waste from the production of soft gelatin capsules.
4. In accordance with our social responsibility policy, we establish an annual project to preserve the environment and reduce greenhouse gas emissions. We require reporting of the project progress to the Risk Management Committee at least twice a year.

At present, the Company has not prepared greenhouse gas emission data as our operating activities do not significantly emit greenhouse gases. However, we are in the process of studying and preparing a work plan guideline for the preparation of our organization's carbon footprint. This plan was developed by the Thailand Greenhouse Gas Management Organization (Public Organization) and includes detailed steps from establishing a working group, defining organizational boundaries, identifying sources of greenhouse gas emissions, calculating greenhouse gas emissions, collecting and verifying data, analyzing measures, preparing greenhouse gas reduction plans, and summarizing and reporting results. Our working group will begin operations on June 23, 2021, and we expect to summarize the results and prepare a report by January 2022.

7) Participation in Community Development: The Company is committed to being a responsible member of the community and society. We aim to strengthen the community and give back to society by creating knowledge, jobs, and opportunities. To achieve this, we have implemented policies that focus on donations and education support. We also cooperate with surrounding communities in conducting appropriate business activities and respond promptly to events that affect the community, society, and the environment resulting from our operations. Additionally, we encourage our employees to be aware of and take responsibility for the environment and society as follows:

1. Training for employees to have digital skills and integrate technology into work, such as the development of the MIS (Management Information System) system to reduce the use of paper or reduce the use of natural resources in work as much as possible.
2. Organizing activities to support employee well-being, such as introducing self-care during the COVID-19 outbreak, having a proactive testing program to find the virus for employees.
3. Organization of health education training for nearby communities.

8) Innovation and dissemination of innovations derived from socially responsible operations

Environment and Stakeholders: The Company places great importance on creative activities and services that are motivated by social responsibility. Environment and stakeholders appropriately It aims to create innovation in the company's operations first, where innovation is a process and social services can also be provided. "Rethink." To meet the needs of society in various aspects. The company also provides employees with the opportunity to participate and offer their opinions on creative development.

The Company is committed to supporting and enhancing the quality of life, society, community and environment, with a focus on creating sustainable livelihoods and income opportunities for farmers. As part of this mission, the company has developed plans to assist farmers in various communities by developing land in Bueng Kham Phroi District, Pathum Thani Province, and establishing a center for knowledge transfer on the cultivation of Khai Nam plants. The company also plans to support the planting and purchasing of produce from farmers in the future, including the development of dietary supplements from Wolffia with high nutritional value that can potentially be used as meat substitutes and various types of dietary supplements.



Stakeholder Management in Business Value Chain

Value Chain

The Company recognises the importance of operating 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, creating diverse and efficient products and give benefits to customers and shareholders such as employment, tax payment, and community and environment development that cause positive effects to the whole value chain.

Strategic Cooperation (upstream to downstream)



Stakeholder Analysis in the Business Value Chain

The Company believes that stakeholders’ participation is the foundation to build a sustainable organisation. Therefore, the Company use the information to evaluate the key issues about all stakeholders which assists the Company to operate with decent methods. The Company holds a brainstorming with a related group of representatives for the purpose of identifying and prioritising interested persons fairly.

Summary table of stakeholders’ 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 fictitious information 	<ul style="list-style-type: none"> • Company Website • 56-1 One Report (Website) • Complaint channel
 Distributor / Partner	<ul style="list-style-type: none"> • Fairtrade • Mutual growth • Keep trade secrets, intellectual property, and copyright • Debt payment in the specified time 	<ul style="list-style-type: none"> • No disclosure of confidential information of customers without consent or legal authorisation • 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 • 56-1 One Report (Website) • Conference, Factory inspection and visit • Telephone and Email • Complaint channel
 Employee	<ul style="list-style-type: none"> • Fair compensation • Safety life and assets • Knowledge and career development • Work-life balance 	<ul style="list-style-type: none"> • Promote employee skills development • Promote safe workplace environment • Promote teamwork • Respect privacy 	<ul style="list-style-type: none"> • Company Website • 56-1 One Report (Website) • Internal conference and annual employee training • Annual Performance Evaluation • Complaint channel • Suggestion box
 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 • 56-1 One Report (Website) • Shareholders’ Meeting • Quarterly Financial Information • Investor Relations • Telephone and E-mail

Stakeholder	Anticipation	Methods of operation	Communication and participation channels
 <p>Community</p>	<ul style="list-style-type: none"> Operate 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 56-1 One Report (Website) Telephone and E-mail 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 the Company's corporate governance policy.



Operating Results on Environmental

In 2022, the Company changed light bulbs from 1,333 fluorescent to 1,238 LED, which resulted to reduction of CO₂ by 34,607.87 kgCO₂eq. In addition, the Company changed air conditioner from 137 standard type to 50 inverter, which could reduce CO₂ emission by 23,756.63 KgCO₂e/kWh

Furthermore, the Company donated plastic tanks to Sri Bua Ban municipal, to be Green Cone. This could reduce window glass effect, global warming and support the community's daily life.



Results of Operations on Social

During 2022, the Company had various activities in relation social as follow:

Developing and supporting knowledge to community



Donation



Donation



4 Management Discussion and Analysis

Management Discussion and Analysis

Management Discussion and Analysis For the Year Ended 31 December 2022

Executive Summary

(Unit: THB000)

Consolidated financial statements	Year 2022 ("FY22")	Year 2021 ("FY21")	Change %YoY
Revenue from sales	428,458	422,342	1.4%
Gross profit	122,615	144,369	(15.1%)
EBITDA	10,988	70,523	(84.4%)
Net profit (loss)	(17,483)	29,691	(158.9%)
Normalised net profit (loss)⁽¹⁾	(17,483)	33,271	(152.5%)
Gross profit margin	28.6%	34.2%	(5.6%)
EBITDA margin	2.5%	16.4%	(13.9%)
Net profit (loss) margin	(4.0%)	6.9%	(10.9%)
Normalised net profit (loss) margin⁽¹⁾	(4.0%)	7.8%	(11.8%)

Source : Financial statements FY22 (Audited) and management information

Remark : ⁽¹⁾ Non-operating expenses mainly comprised expenses in relation to initial public offering ("IPO")

Operating results

- Although consumers had to stringent their spending from uncertainties in local and global levels, revenue from sales for FY22 increased from FY21 by 1.4%. This was mainly because collaboration with a customer on sale promotion and expansion of production facility and capacity.
- The Group's gross profit margin for FY22 decreased by 5.6% when compared to FY21 since the Group set aside more of reserve to inventory totalled Baht 7.0 million. However, the management scrutiny oversights the situations for expansion of brand loyalty and increase inventory turnover.

- Even though the Group had more service fees for goods distribution under online channel in FY22, the Group had less finance costs because of repayment of loans from financial institutions.

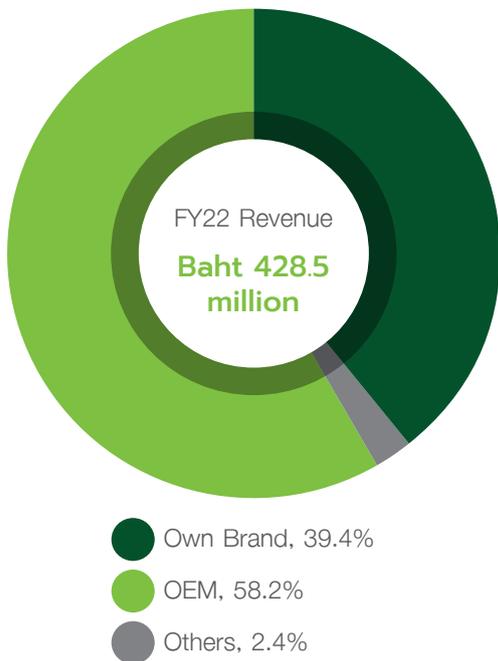
Annual Period financial ratios YoY (FY22 vs FY21)

- The Group had net loss, therefore, return on assets and equity for FY22 became negative figures.

	FY22	FY21
Return on assets	(1.4%)	2.4%
Return on equity	(1.9%)	3.1%
Debt-to-equity ratio (Times)	0.30	0.30

Operating results

1. Revenue from sales structure



Products under customer’s brand (OEM)

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

Products under the Group’s brand (Own Brand)

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

Other products (Others)

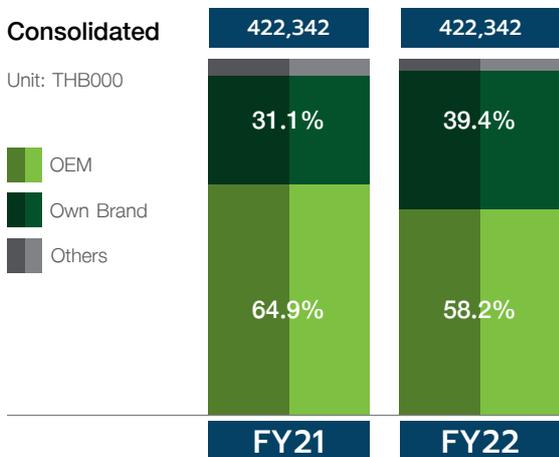
- The Group traded certain products such as COVID-19 test kits, drug test kits.

1.1 Revenue by product type

(Unit: THB000)

Consolidated financial statements	Year 2022 (“FY22”)	Year 2021 (“FY21”)	Change %YoY
OEM	249,379	274,198	(9.1%)
Own Brand	168,914	139,952	20.7%
Others	10,165	8,192	24.1%
Total	428,458	422,342	1.4%

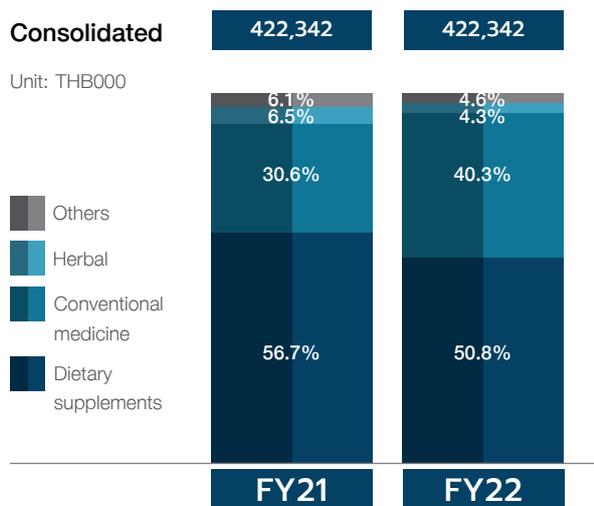
Source : Financial statements FY22 (Audited)



The Group had revenue for FY22 higher than FY21 by 1.4% because

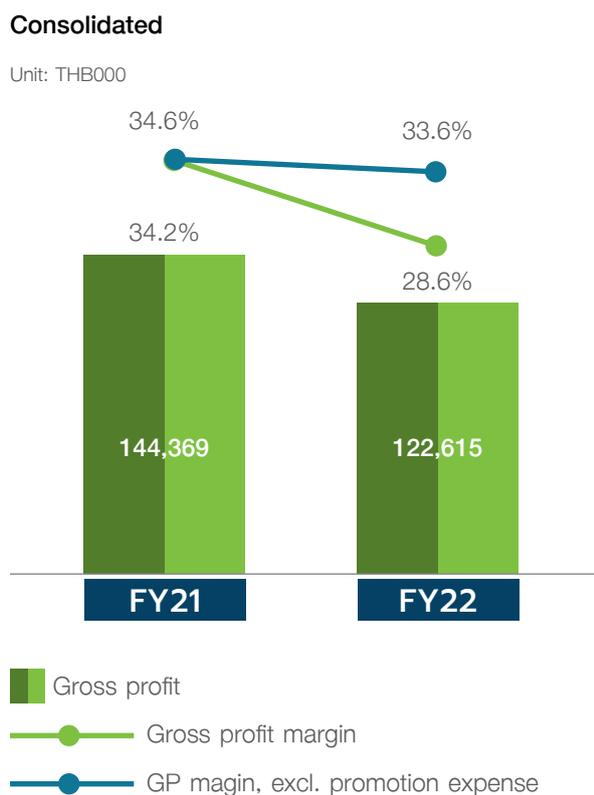
- **OEM products** : The Group had lower revenue from OEM products since less of customers’ orders received for dietary supplements and herbal products. While, the Group had more orders from conventional medicine. Hence, OEM revenue had less proportion of revenue by 5.7%, comparing with FY21.
- **Own Brand products** : The increase in revenue from Own Brand products was mainly from effectiveness of sales promotion campaign, in collaboration with a customer.

1.2 Revenue by product category



- Dietary supplements :** The Group had revenue from dietary supplements for FY22 amounting to Baht 217.8 million, decreased from FY21 by Baht 21.9 million. The change principally from economics sluggish; however, the Group has still developed products to offer customer.
- Conventional medicine :** Revenue from conventional medicine for FY22 was Baht 172.6 million, rose up from FY21 amounting to Baht 43.3 million. The increase in revenue from conventional medicine was mainly from plant expansion at Bangkok and additional leases of warehouses.

2. กำไรขั้นต้นและอัตรากำไรขั้นต้น

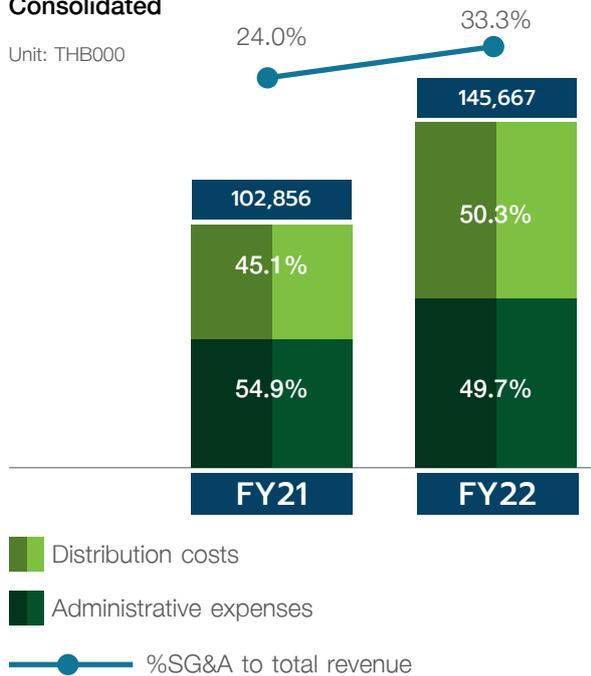


- The Group had gross profit for FY22 lower than FY21 by Baht 21.8 million since cost of sales increased, especially adjustment in inventory to present at net realisable value increased by Baht 7.0 million. In addition, the Group reported sales promotion with a customer as a deduction to revenue, in accordance with TFRS 15. The Group should have gross profit margin for FY21 and FY22 at 34.6% and 33.6%, respectively, if the effect of this transaction was excluded.

3. Distribution costs and administrative expenses

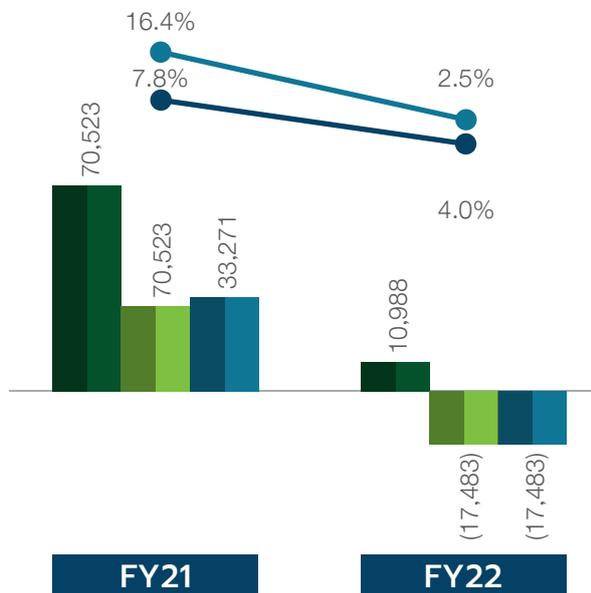
Consolidated

Unit: THB000



- Distribution costs :** Distribution costs for FY22 increased from FY21 by Baht 26.9 million. This was because of staff costs, freight-out and goods distribution service fees to support sales via omni channel, together with advertising expense for the Group’s branding.
- Administrative expenses :** Administrative expenses for FY22 was 28.1% higher than FY21 because of staff costs and professional service fees in relation to finance and administration.
- Distribution costs and administrative expenses to total revenue :** The Group had this ratio for FY22 at 33.3% of total revenue; which higher than FY21, because of the increase of distribution costs and administrative expenses as explained earlier.

4. EBITDA and net profit



Consolidated

Unit: THB000

- EBITDA
- Net profit
- Normalised
- EBITDA margin

- The Group’s net loss margin at 4.0% since higher of expenses to support business expansion. However, the management has monitored closely to increase revenues and decrease expenses in order to create sustainable profit.

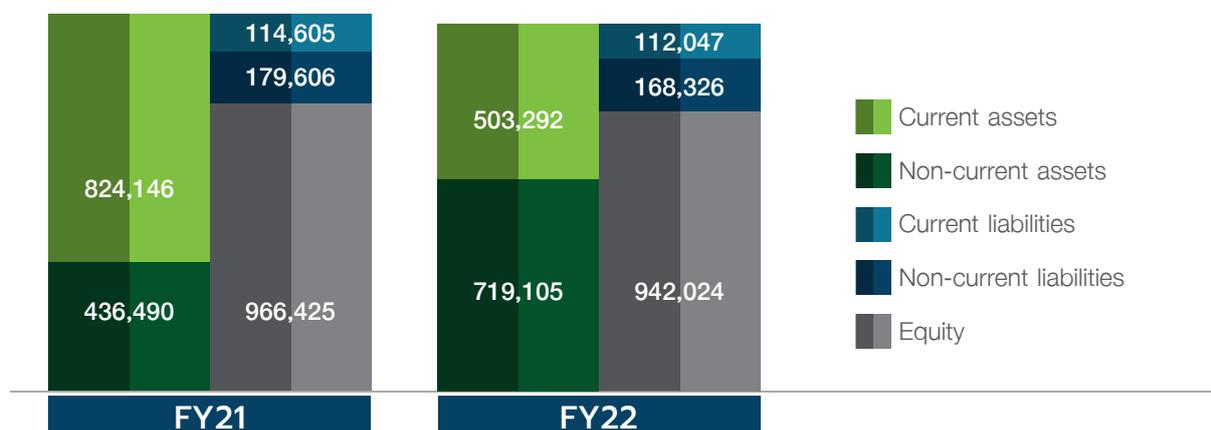
Consolidated income statement

(Unit: THB000)

Consolidated financial statements	Year 2022 ("FY22")	Year 2021 ("FY21")	Change %YoY
Revenue from sales	428,458	422,342	1.4%
Cost of sales	(305,843)	(277,973)	10.0%
Gross profit	122,615	144,369	(15.1%)
Other income	7,995	6,785	17.8%
Distribution costs	(73,263)	(46,412)	57.9%
Administrative expenses	(72,404)	(56,444)	28.3%
Operating profit (loss)	(15,057)	48,298	(131.2%)
Finance costs	(7,302)	(10,401)	(29.8%)
Gain on measurement of financial assets	312	-	100.0%
Reversal of impairment loss in accordance with TFRS 9	608	(467)	230.2%
Profit (Loss) before taxes	(21,439)	37,430	(157.3%)
Income taxes	3,956	(7,739)	(151.1%)
Net profit (loss)	(17,483)	29,691	(158.9%)
Earnings per share (Baht)			
Basic	(0.04)	0.08	
Diluted	(0.04)	0.08	

Source : Financial statements FY22 (Audited)

Financial position



Assets

- **Current assets** : As of 31 December 2022 ("FY22"), current assets primarily comprised cash and cash equivalents, short-term investments and inventories, accounted for 80.4% of total current assets. Cash and cash equivalents as of FY22 decreased from FY21 because the Group used cash to invest in

short-run amounting to Baht 209.5 million and to invest in long-lived assets for business expansion purposes. In addition, inventories balance decreased because the Group accelerated selling goods in various marketing channels and effectiveness of sales promotion resulted to faster sale of goods.

- **Non-current assets :** As of FY22, the Group had property, plant and equipment accounted for 54.7% of total assets. The higher value of property, plant and equipment as of FY22 than FY21 because renovation of production facility at Bangkok, construction of new plant at Lamphun province and constructing new production facility at Pathumthani province.

Liabilities

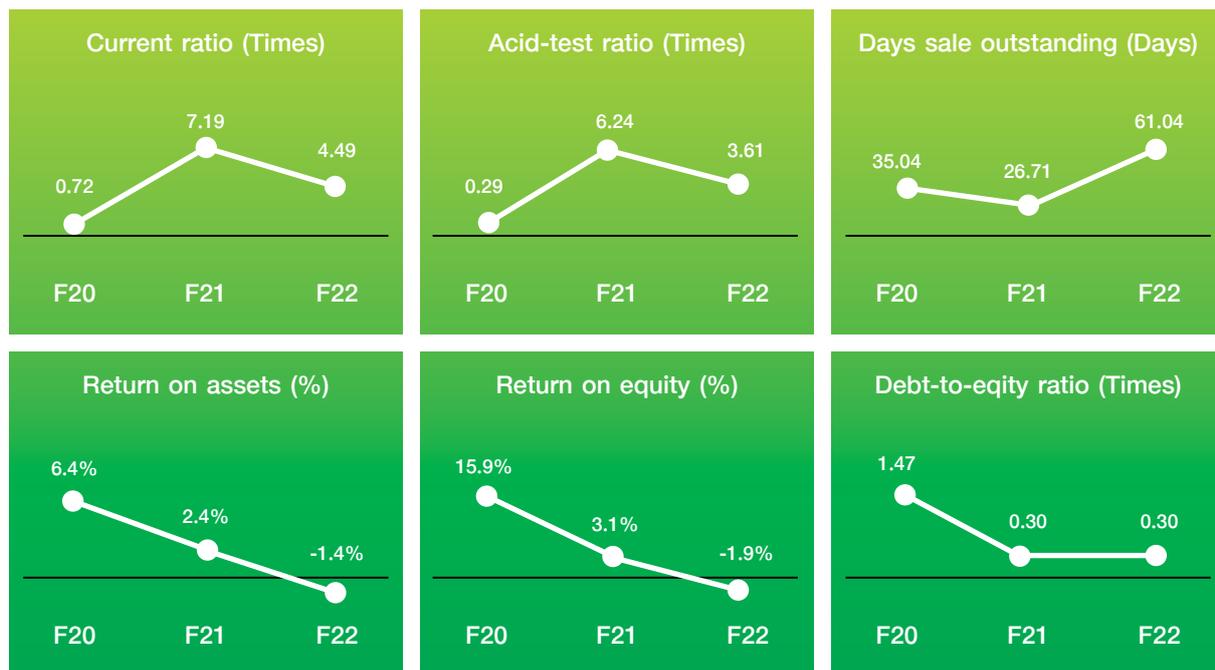
- **Current liabilities :** Current liabilities of the Group as of FY22 was lower than FY21 by Baht 2.3 million. This was because the Group had current portion of interest-bearing liabilities decreased totalled Baht 2.6 million.

- **Non-current liabilities :** Non-current liabilities as of FY22 decreased from FY21 by 6.3% because the Group repaid long-term loans from financial institutions during FY22. While, the Group entered into new long-term lease agreements to rent building and equipment for operating purposes.

Equity

- During FY22, the Group’s equity declined amounting to Baht 17.5 million resulted from net loss. In addition, the Company declared and paid dividend for the annual operating performance of 2021 amounting to THB 6.0 million.

Significant financial ratios



- Due to IPO during FY21, the Group had better liquidity. Therefore, there were significant increase in current and acid-test ratios. During FY22, the Group has used the funds partially to invest in long-lived assets.
- Days sale outstanding of FY22 rose up from FY21 because of higher trade receivables as of FY22 increased from previous period. However, the Group has still monitored collection from receivables closely to prevent bad debt problem.
- Return on assets and return on equity tended to decreased because of IPO in FY21 and net loss in FY22.

5 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	: JSP (change security symbol from JP to JSP on 19 September 2022)
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	: Baht 341,250,000 (Three hundred and forty-one million two hundred and fifty thousand Baht), consists of 682,500,000 ordinary shares (Six hundred and eighty-two million and five thousand ordinary shares)
Issued and Paid-up Share Capital	: Baht 227,500,000 (Two hundred and twenty-seven million five hundred thousand Baht), consists of 455,000,000 ordinary shares (Four hundred and fifty-five million ordinary shares)
Par Value per Share	: 0.50 Baht (Fifty Satang)
Company Secretary	: Tel. 02-284-1218 E-mail : jspcs@jsppharma.com
Investor Relations	: Tel. 064-479-1691 E-mail : ir@jsppharma.com

Reference 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
Auditor	: 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 2022, the Group had an outstanding legal dispute caused by the Group's business which might have negative effect more than 5% of consolidated total equity as reported in consolidated financial statements for the year ended 31 December 2022. The dispute details are as follows.

Litigant	Plaintiff : ZHULIAN (THAILAND) Company Limited ("Zhulian") Defendant : Defendant 1 - JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited (the "Company") 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
Prosecution date	Baht 50.00 million, accounted for 5.31% of consolidated total equity or 4.09% of consolidated total assets according to the Group's consolidated financial statements for the year ended 31 December 2022
Causes of Prosecution	<p>Plaintiff operates a direct sales business that has an instant ginseng coffee powder as a best seller (Coffee Plus), making the plaintiff's reputation 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 (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>

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.

Case Status	<p>The Company’s lawyer gave testimony on 15 October 2019 where the court has scheduled a pretrial conference on 24 February 2020, which the testimony from the lawyer of defendant 2 stated that the contention that defendant 2’s directors were sentenced to be bankrupt by the court since 2015 and the directors did not 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 entity 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 prosecution with defendant 2 on 24 May 2021. Since the pandemic of coronavirus 2019, the court postponed the investigation and appointed the 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, on 20 May 2022, the plaintiff appealed the case and the Court accepted. Then the Company filed an amendment of the plaint to the Court on 23 June 2022. After that, the Court will compile all documents and pass to the Specialised Court of Appeal for judgement. When the Specialised Court of Appeal completes the judgement, the Court will read the judgement accordingly.</p> <p>On 16 January 2023, the Specialised Court of Appeal read the judgement to dismiss the case. However, the plaintiff appealed the case to extend filing of petition period to 16 March 2023.</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>According to the Group’s consolidated financial statements as of 31 December 2022, there was no contingent liabilities set aside in this case because the management believed the Company did not commit such infringement.</p>

Section **2**

Corporate Governance



6 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 summarised 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 organisation, analyse 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 organisation'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 realisation

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 organisation'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. In order to support efficiency and effectiveness of the Board's operations, the independent director should not have tenure more than 3 years and should not take a position for 3 consecutive periods. Except for the Board of Directors opines that taking a position for more than 3 consecutive period does not have impact to independence. However, the Board of Directors should disclose such opinion to the Shareholders.

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 among independent directors, 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 analyses 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 emphasises 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 maximise 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 prioritising 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, prioritising 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 jeopardise 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 organisation 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 Member of the Board of Directors
3. By E-mail : jspcs@jsppharma.com
 Chairman of the Audit Committee :
jspac@jsppharma.com
 Company secretary : jspcs@jsppharma.com
4. By 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.
 JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited
 Address : 255, 257 Soi Sathupradit 58
 Bangphongphang, 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 recognise 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 organises 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 has 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.

Since 2021 until present, 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 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 2022

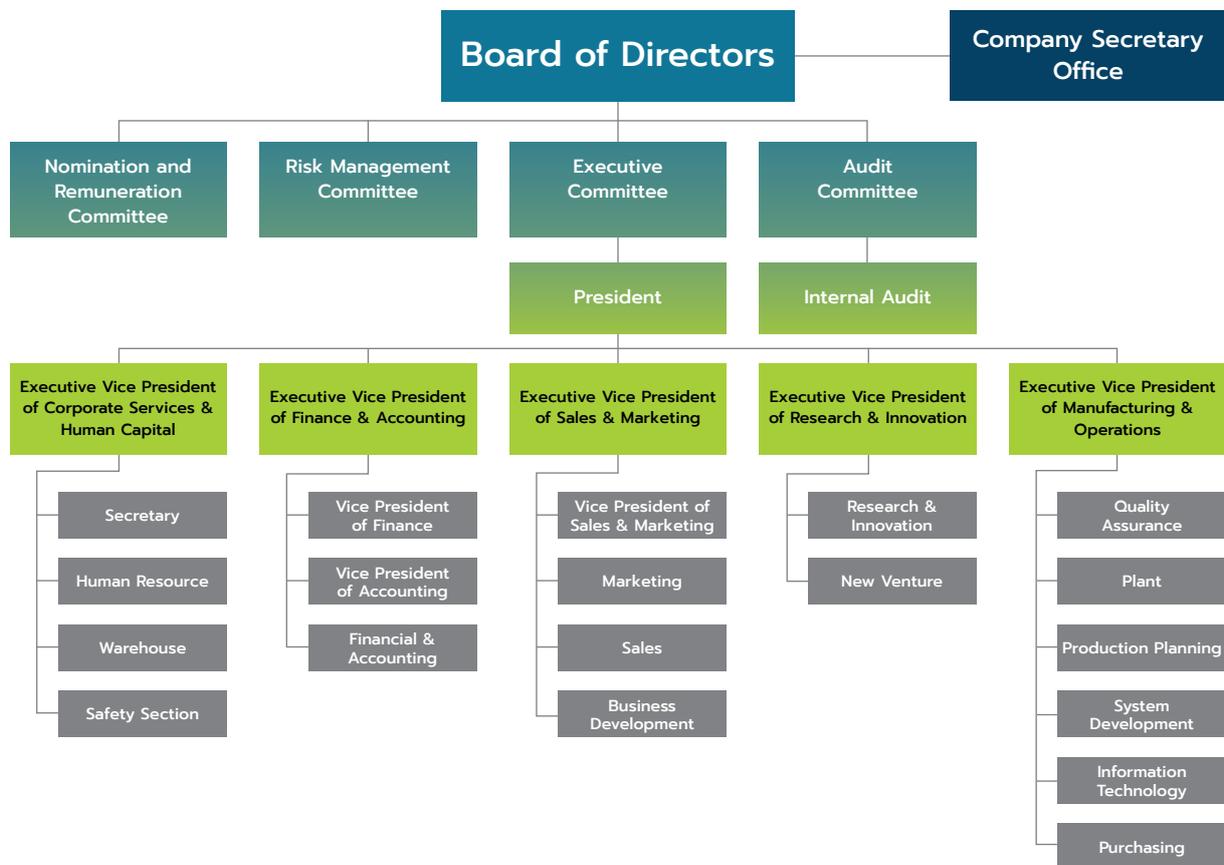
The Company has realised the importance of the Corporate Governance is a crucial part that supports the operation of the Company in order to become efficient and to grow sustainably. This will help to ensure that every stakeholder such as staff, investors, shareholders and other interested persons will 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.



7 The Structure of Corporate Governance

The Structure of Corporate Governance

Approved from the Board of Directors Meeting No. 8/2022 on 1 December 2022



Information of the Board of Directors

Composition of the Board of Directors

The Company's management structure consists of the Board and sub-committees; which consist of the Board of Directors, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Executive Committee.

Individual information of the Board of Directors and the authorised persons

As of 31 December 2022, the Company had 11 Board of Directors, consisting of:

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 / Member of the Nomination and Remuneration Committee ^{1/}
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. Dr. Lalita Hongratanawong	Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee ^{1/}
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	(CEO) / Executive Vice President of Research and Innovation
9. Ms. Jirada Daengprasert	Director / Executive Committee / Executive Vice President of Sales and Marketing
9. Ms. Jirada Daengprasert	Director / Member of the Nomination and Remuneration Committee ^{1/} / Executive Committee / Executive Vice President of Finance and Accounting (CFO) / Executive Vice President of Corporate Services and Human Capital
10. Mr. Sorasit Daengprasert	Director / Risk Management Committee / Executive Committee / Executive Vice President of Manufacturing and Operations
11. Mr. Tawat Kitkungvan	Director / Member of the Nomination and Remuneration Committee ^{1/}

Remarks : ^{1/} On 14 November 2022, the Board of Directors' Meeting No. 7/2022 approved to appoint the Nomination and Remuneration Committee. The key objective is to nominate and consider remuneration of directors and senior management.

Significant information about directors was reported as follow:

Name - Surname	Gender		Independent Director		Management	
	Male	Female	Yes	No	Yes	No
1. M.D. Thongchai Thavichachart	•		•			•
2. Ms. Sopawadee Lertmanaschai		•	•			•
3. Pharmacist Vinit Usavakidviree	•		•			•
4. Mr. Natthawut Viboonpatanawong	•		•			•
5. Asst. Prof. Dr. Lalita Hongratanawong		•	•			•
6. Mrs. Jintana Santipisud		•		•		•
7. Dr. Sittichai Daengprasert	•			•	•	
8. Mr. Pissanu Daengprasert	•			•	•	
9. Ms. Jirada Daengprasert		•		•	•	
10. Mr. Sorasit Daengprasert	•			•	•	
11. Mr. Tawat Kitkungvan	•			•		•
Total (person)	7	4	5	6	4	7
Percentage	63.6	36.4	45.5	54.5	63.6	36.4

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 determined 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 one 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 sufficient profits to do so, such payment shall be informed 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 suitability of internal control.

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 Shareholders 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 3 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 2022, the Company had 3 Audit Committees, consisting of:

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

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 bachelor and master degrees 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 degree in Finance and Ph.D. in financial management from Illinois Institute of Technology.

In addition, Ms. Jirada Daengprasert acted as secretary of the Audit Committee

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 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 Board of Directors' meeting
- 1.3 The Audit Committee shall appoint the secretary of the Audit Committee

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

- 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

- 1) Review to ensure that the Company has an appropriate and effective risk management system
- 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
- 3) Review the Company's annual audit plan of internal audit
- 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

- 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.
- 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

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

4.4. Supervision of auditor's performance

- 1) Review the Company's annual audit plan of financial report
- 2) Attend meetings with auditor without management at least once a year

4.5 4.5.Miscellaneous

- 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.
- 2) Consider, review, and revise the Charter of Audit Committee and propose to Board of Directors for approval when it deems necessary to rectify
- 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 members 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 secretary of the Audit Committee or appointed individual has duties to take responsibilities in the meeting preparation such as scheduling a meeting as assigned by the Chairman of the Audit Committee, preparing the agenda, delivering the documents to the members of Audit Committee within a decent time before the meeting (which should be at least 3 days prior to the meeting date), and record the minutes of the meeting.

7. Reporting of the Audit Committee

- 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 2022, the member of Risk Management Committee consisted of:

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

In addition, Ms. Jirada Daengprasert acted as 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 members 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 assigned 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 (which should be at least 3 days prior to the meeting date), and 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 Nomination and Remuneration Committee

As of 31 December 2022, the Company's nomination and remuneration committee consists of:

Name - Surname	Position
1. Assoc. Prof. Dr. Lalita Hongratanawong	Chairman of the Nomination and Remuneration Committee
2. Ms. Sopawadee Lertmanaschai	Member of the Nomination and Remuneration Committee
3. Mr. Tawat Kitkungvan	Member of the Nomination and Remuneration Committee
4. Ms. Jirada Daengprasert	Member and Secretary of the Nomination and Remuneration Committee

Roles of the Nomination and Remuneration Committee

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

1. Composition of the Nomination and Remuneration Committee

- 1.1 The Board of Directors is responsible for appointing the members of the Nomination and Remuneration Committee. This committee should have a minimum of three members, with at least half of them being independent directors. Additionally, the Chairman of the Board should not be a member of this committee.
- 1.2 The Chairman of the Nomination and Remuneration Committee should be an independent director who has been appointed by the Board of Directors.
- 1.3 The Company's executive of the Human Resources Division will serve as a director and secretary of the Nomination and Remuneration Committee, based on their position within the Company.

2. Qualifications of the Nomination and Remuneration Committee

- 2.1 Have expertise appropriated for the assigned tasks. Be honest and entrusted and accepted.
- 2.2 Understand the principles of good management. Have discretion, decision-making skills, and the ability to analyse problems and provide appropriate feedback.
- 2.3 Have creativity and the ability to express opinions and listen to others' opinions.
- 2.4 Be sufficiently dedicated to performing duties as a Director of the Nomination and Remuneration Committee.

3. Authorities, Duties, and Responsibilities of the Nomination and Remuneration Committee

- 3.1 Nomination
 - 1) Consider the structure, size, and composition of the Board of Directors and any sub-committees in relation to the Company's strategy and current circumstances. They should also evaluate the qualifications of these individuals to ensure they are suitable for their roles.
 - 2) Consider the independence of each Independent Director to ensure that they are fully qualified.
 - 3) Establish criteria and procedures for identifying and nominating qualified individuals to serve as directors and executives, in line with the Company's business strategy. One way to do this is by creating a Board Skill Matrix to aid in the nomination process. The committee should consider a variety of factors when selecting individuals, including their qualifications, diversity in terms of profession, skills, age, experience, gender, race, religion, origin, expertise and any specific skills required for the role, as well as their contributions to the company and suggestions for the Board of Directors. This may involve looking at the list of nominees from previous Board of Directors, giving shareholders an opportunity to nominate directors, and other methods

- 4) When re-nominating Directors whose terms have expired, the Nomination and Remuneration Committee should carefully evaluate their past performance during their previous term. This evaluation should include assessing their contributions and attendance records at board meetings and shareholders' meetings. The committee should then provide this information, along with their recommendations, to the Board of Directors for approval before presenting the nominee for a final decision at the shareholders' meeting.
- 5) Oversee the creation and implementation of succession plans for key positions such as President, executives, and other key personnels. This includes planning for potential situations where these individuals may retire, resign, or be unable to perform their duties. The committee will also oversee the management and development of personnel to ensure the company has the appropriate number, knowledge, skills, experience, and motivation to continue its operations effectively.
- 6) Consider the development needs of the Board of Directors, sub-committees, and President and create a plan to enhance their knowledge and understanding of the Company's operations, roles, duties, and key developments such as economic and industrial landscapes, and relevant laws and regulations. This plan should include training and development opportunities for both current and new personnels to ensure they are well-equipped to effectively fulfill their responsibilities.

3.2 Remuneration Consideration

- 1) Consider several factors when determining the remuneration and compensation schemes for directors and executives. This includes both monetary and non-monetary elements, and should take into account the practices of similar companies in the same industry and of similar size. The committee should also evaluate the performance, experience, duties, roles, and responsibilities of the individuals in relation to the Company's expansion plans, financial position, and overall performance in line with the Company's long-term strategy and goals. The aim of this evaluation is to provide incentives for good management and retain qualified directors and executives.
- 2) Conduct the performance assessment regulations for the Board of Directors, sub-committees, and executives to consider their annual remuneration and submit to the Board of Directors for approval.
- 3) Assess the remuneration of the executives to be in line with their performance by using the goals and assessment regulations linked to both short-term and long-term strategies and plans.

3.3 Others

- 1) In performing duties within the scope, the Nomination and Remuneration Committee shall have the authority to summon the related management division, executives, and employees to give their opinions, attend meetings, or submit documents that are deemed relevant and necessary.
- 2) The Company shall have the power to hire consultants or external experts under the Company's regulations, if necessary. The Company shall be responsible for any incurred costs.
- 3) The Nomination and Remuneration Committee shall evaluate the performance by conducting both self-assessments and group assessments and report the results along with operational obstacles which are potential failures to meet the objectives of establishing the committee to the Board of Directors annually.
- 4) Review and update the charter of the Nomination and Remuneration Committee and propose for the Board of Directors' approval when it deems it appropriate to amend it.
- 5) Perform other tasks assigned by the Board of Directors within the scope of duties and responsibilities of the Nomination and Remuneration Committee.

4. Term of Office

- 4.1 The Nomination and Remuneration Committee's agenda should align with the term of office of the directors. If a director of the committee also serves as a director of the Company and their term ends, but they are subsequently appointed for another term, they should also continue to serve on the Nomination and Remuneration Committee for another term.
- 4.2 In addition to the term lapses or the lapses of status as a director of the Company, the Director of the Nomination and Remuneration Committee retires when:
- 1) Decease
 - (2) Resignation
 - (3) Disqualification as a Director of the Nomination and Remuneration Committee under the charter.
 - (4) The Board of Directors has a resolution to vacate the position.
- 4.3 If any member of the Nomination and Remuneration Committee intends to resign, they shall submit a resignation letter to the Chairman of the Board of Directors with specifying reasons.
- 4.4 If a position on the Nomination and Remuneration Committee becomes vacant for any reason other than a term expiring, the Board of Directors should appoint a qualified individual to fill the position within three months. This is to ensure that the committee has the required number of members as specified by the Board. The appointed Director will only serve for the remaining term of the replaced director.

5. Meeting of the Nomination and Remuneration Committee

- 5.1 The Nomination and Remuneration Committee should meet at least twice a year. The Chairman of the committee may also call special meetings as necessary to address urgent matters or upon request from a member of the committee or the Chairman of the Board of Directors to discuss important issues.

- 5.2 In the meeting of the Nomination and Remuneration Committee, a minimum of half of the committee's members must be presented to complete the quorum.
- 5.3 The Chairman of the Nomination and Remuneration Committee shall preside over the meeting. In case the Chairman is absent, the attending Directors of the Committee shall elect one to function as the Chairman of the meeting.
- 5.4 A director who has a stake in any matters has no rights to vote on such matter.
- 5.5 Decisions at meetings of the Nomination and Remuneration Committee should be made by a majority vote. In the event of a tie, the Chairman shall cast the deciding vote. However, any dissenting votes by members should be recorded and reported to the Board of Directors.
- 5.6 The Secretary of the Nomination and Remuneration Committee or their designated representative shall be responsible for preparing and organising the meetings, including scheduling them as directed by the Chairman. They should prepare the agenda, relevant meeting materials, and provide them to the Committee at least 3 days prior to the meeting date. Additionally, they should take and record the minutes of the meeting

6. Report of the Nomination and Remuneration Committee

- 6.1 The Chairman of the Nomination and Remuneration Committee shall report the meeting summary to the following Board of Directors' meeting every time.
- The Nomination and Remuneration Committee's meeting minutes which consists of the thorough resolutions and opinions for each agenda.
 - Report on activities considered and implemented in the year
 - Any other reports that the Nomination and Remuneration Committee may agree to propose to the Board of Directors for consideration or acknowledgement, etc.



Individual Information of the Executive Committee

As of 31 December 2022, the Company had 8 Executive Committees, consisting of:

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 (which should be at least 3 days prior to the meeting date), and 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 2022, the Company is composed of 8 management as listed below:

Name - Surname		Position
1. Mr. Sittichai	Daengprasert	President (CEO) / Executive Vice President of Research and Innovation
2. Mr. Pissanu	Daengprasert	Executive Vice President of Sales and Marketing
3. Ms. Jirada	Daengprasert	Executive Vice President of Finance and Accounting (CFO) (The person taking the highest responsibility in finance and accounting) / Executive Vice President of Corporate Services and Human Capital
4. Mr. Sorasit	Daengprasert	Executive Vice President of Manufacturing and Operations
5. Ms. Poonsap	Ruangsi	Vice President of Accounting (The person supervising 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 is shown on the attached document 1.



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

The Policy and Determination of the Remuneration and the Structure of the Remuneration of the Directors and the Structure of the Remuneration of Directors and Executives

In 2022, the Company has set the fixed per time and quarterly, together with financial performance-related remunerations for Directors. The executives will receive monthly fixed and financial performance-related remunerations.

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 obtain approval annually.

Financial Compensation

• Board of Directors' Remuneration

At the Annual General Meeting of Shareholders for the year 2022 on 5 April 2022, there was a resolution to approve remuneration for the Board of Directors and the Sub-committees for the year 2022 as follow:

(Unit: Baht)

	Director's Remuneration (Excluding the Company's Executives)	
	Per Time	Quarterly
The Chairman of the Board	40,000	15,000
Director (not an employee of the Company)	12,000	-
Chairman of the Audit Committee	30,000	10,000
Member of the Audit Committee	15,000	-
Chairman of the Risk Management Committee	10,000	-
Member of the Risk Management Committee	7,500	-

In addition, 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 31 December 2022, the Company has provided financial remuneration for the Directors and Sub-Committees for six people as following,

(Unit: Baht Million)

Name - Surname	Board of Directors	Audit Committee	Risk Management Committee	Total
1. Dr. Thongchai Thavichachart	0.380	-	-	0.380
2. Ms. Sopawadee Lertmanaschai	0.136	0.150	-	0.286
3. Pharmacist Vinit Usavakidviree	0.096	0.075	-	0.171
4. Mr. Tawat Kitkungvan	0.096	-	-	0.096
5. Mr. Nattawut Viboonpatanawong	0.096	-	0.030	0.126
6. Asst. Prof. Dr. Lalita Hongratanawong	0.096	0.075	-	0.171
Total	0.900	0.300	0.030	1.230

• Executives Remuneration

In 2022, the Company has provided financial remuneration to 8 executives of the Company totalled Baht 22.63 million; the financial remuneration consists

of salary, bonus, provident fund contribution, Social Security Fund contribution and post-retirement employee benefits.



Employee Information

Number of employees

The Group has staff and employees (Executive excluded) as of 31 December 2022 which divided into each section as follows:

(Unit: Persons)

	Bangkok and Metropolitan factories		Lamphun factory		Total	
	Male	Female	Male	Female	Male	Female
Accounting and Finance	5	9	-	-	5	9
Corporate Services and Human Capital	24	16	2	7	26	23
Sales and Marketing	10	37	-	1	10	38
Research and Innovation	-	14	-	-	-	14
Manufacturing and Operations	44	108	18	45	62	153
Total	83	184	20	53	103	237

Employee Compensations

Employee Compensations (Executive excluded); which comprise salary, bonus, allowance, travelling expenses, Social Security Fund contributions, provident fund contributions, and other benefits, for the year ended 31 December 2022 totalled Baht 96.34 million.

Provident Fund

The Group has established provident fund for full-time employees in the Group 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 Group in the long-term.

In 2022, the Group had training expenses totalled Baht 0.69 million and had average training hours per headcount as tabulated below:

(Unit: Hours per headcount)

	Bangkok and Metropolitan factories	Lamphun factory
Internal training	14.66	17.33
External training	12.69	5.75
Total	27.35	23.08

Staff turnover ratio

The Group had 17.7% staff turnover ratio in 2022.

Litigation in relation to labour

- None -

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 Board of Directors must provide a company secretary to be responsible on behalf of the Company or the Board of Directors. At the meeting of the Board of Directors No. 6/2018 on 15 November 2018, 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

The Person Supervising Accounting

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 2015. The information and details related to the person supervising accounting are shown in the attached document.

Head of Internal Audit

The Company has the policy to hire internal auditors from outsourcing organisations; In the meeting of the Board of Directors No. 12/2021 on 26 November 2021 has approved to hire Unique Advisory Company Limited as an Internal auditor of the Company for the year 2022. 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 head of internal audit 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 2022. The Company has the policy to hire internal auditors from outsourcing organisations in the following year 2023, and the Board of Directors has resolved to appoint ISBAR Corporation Limited as an internal auditor for the year 2023.

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

Head of Compliance

Head of compliance of the Company has duty to oversight the operations under related laws and regulations. The Company has assigned Mr. Kriangkrai Rungruangthaweekul to be head of compliance. The information and details related to the head of compliance are shown in the attached document.



Auditor's Remuneration

The Company paid remunerations to KPMG Phoomchai Audit Limited for financial statement audit for the accounting period 2020 - 2022 as follows:

	2020	2021	2022
	(Unit: Baht million)		
Annual Financial Statement Audit Fee	1.83	1.80	1.80
Interim Financial Statement Review Fee	0.60	0.60	0.60
Total	2.43	2.40	2.40

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.



8 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, associates, companies of major shareholder, companies of controlling 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, associates, same-level subsidiaries, 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 or 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 advisor 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, subsidiaries, associates, 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, subsidiaries, associates, 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, associates, major shareholder or controlling person of the Company and shall not be a significant shareholder, controlling person or a partner of the audit firm which has an auditor of the Company, parent company, subsidiaries, associates, major shareholder or the Company's controlling 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 advisor who receives service fee in excess of Baht 2 million per year from the Company, parent company, subsidiaries, associates, major shareholder, or the Company's controlling person, and shall not be a significant shareholder, controlling 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, advisor 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

Qualifications of the President

The important qualifications 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 Executive Committee and/or the Board of Directors;
- 6) Approve and appoint advisors 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.

Directors' Meeting Attendances

Board of Directors and Sub-Committee Meetings

The details of 2022 Board of Directors and sub-committee meetings are as follows:

Name - Surname		Board of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Executive Committee
		No. of Attendance/ No. of Meeting				
1.	M.D. Thongchai Thavichachart	8/8				
2.	Ms. Sopawadee Lertmanaschai	8/8	5/5		1/1	
3.	Pharmacist Vinit Usavakidviree	8/8	5/5			
4.	Asst. Prof. Dr. Lalita Hongratanawong	8/8	5/5		1/1	
5.	Mr. Nattawut Viboonpatanawong	8/8		3/3		
6.	Mr. Tawat Kitkungvan	8/8			1/1	
7.	Mrs. Jintana Santipisud	8/8				11/11
8.	Dr. Sittichai Daengprasert	8/8		3/3		11/11
9.	Mr. Pissanu Daengprasert	8/8				11/11
10.	Ms. Jirada Daengprasert	8/8			1/1	11/11
11.	Mr. Sorasit Daengprasert	8/8		3/3		11/11
12.	Mr. Kriangkrai Rungruangthaweekul					11/11
13.	Ms. Nongnuch Chiewpattanakorn					11/11
14.	Mr. Danaisuan Kunarojanasombhat					11/11

Shareholders' Meeting

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

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



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 organisation 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 conflict 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 Party 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 enter into 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 benefits 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 shareholding exceeding 30 percent of the total voting rights and holds the largest proportion of shares in such 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 and change of holding of the Company's securities and derivatives 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 via electronic system of the 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 benefits 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 authorised 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 advice 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. 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 benefits, 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 executives of the Company recognise 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 organisation 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 supervises and ensures 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, the stakeholders 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: 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 fundamental 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. In 2022, the Company had 4 lost time injuries.

Report of the Audit Committee

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 2022, the Audit Committee held a total of 5 meetings and held a meeting with the external 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:

Reviewing of the Financial Report

The Audit Committee reviewed key information on the Company's quarterly and annual financial statements for 2022 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.

Reviewing Sufficiency and Appropriateness of Internal Control

The Audit Committee considered and approved annual internal audit plan for the year 2022 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.

Reviewing 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.

Reviewing the 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.

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 2023

The Audit Committee considered and nominated the Company's auditor, including the audit fees. In the past year, the Audit Committee considered 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. Then the Audit Committee proposed to the Board of Directors for approval at the 2023 Annual General Meeting of Shareholders to appoint Miss Kanokkon Phooriphanyawanit, CPA License No. 10512 and/or Miss Nadsasin Wattanapaisal, CPA License No. 10767 and/or Miss Jamjuree Sathapornchaiwat, CPA License No. 11567 from KPMG Phoomchai Audit Limited as the auditors of the Company including the propose to approve the audit fee for year 2023.

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

9 Internal Control and Related Party Transaction

Internal Control

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 31 December 2022, 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 2/2022 on 25 February 2022, 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 internal control system 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 2018 to review and evaluate the Company's system of internal control, and the Company has constantly been given appropriate advices. In 2022, 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 13 operating systems by planning the internal audit for each quarter for 2 to 4 systems in order for the Company to get fully audited for 13 systems for the year 2022 as follow:

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				✓
Financial Management and Investments	✓			
Readiness of PDPA Compliance	✓			
Sustainable Organisation Management under ESG				✓

In reviewing, evaluating the internal control system 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 provide advices for the internal control system of the Company on quarterly basis. In 2022, there was no significant remark on the internal control system that affects the operation of the Company.

Moreover, the statutory auditor of the Company i.e. KPMG Phoomchai Co., Ltd. has considered the internal control system to design auditing strategy in order to provide opinion on financial statement, but not for the purpose to provide assurance the efficiency of the internal control of the Company. The statutory auditor noted about the internal control system and the operation of the Company for the year ended 31 December 2022 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 2022. 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 internal auditor due to the fact that the firm 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 2022. The Company has the policy to hire internal auditors from outsourcing organisations in the following year 2023. Since current internal audit firm had been engaged for considerable time period and the Company sought for new viewpoint in internal audit works from other internal audit firm, the Company then engaged with ISBAR Corporation Company Limited to provide internal audit services for the year 2023 and appoint Mr. Sirisak Manitkunakorn to be the main person in charge for internal audit for the Company.

The Audit Committee has considered the qualification of ISBAR Corporation Company Limited and deemed that the Company is knowledgeable, capable and experienced enough for acting as an internal auditor due to the fact that the firm has fifteen years' experience in internal audit; the main person in charge has acted as member of the audit committee in the listed company in Thailand, central committee of the Institute of Internal Auditors in Thailand, consultant on state-owned enterprises and permanent instructor of the Institute of Internal Auditors in Thailand. In addition, the main person in charge has passed the training courses: Certified Internal Auditor (CIA), The Institute of Internal Auditors (IIA), Certification in Risk Management Assurance (CRMA), The Institute of Internal Auditors (IIA), Certified Professional of Internal Audit Thailand (CPIAT), The Institute of Internal Auditors Thailand (IIAT), Certified Credit Skills (CSA), OMEGA. The firm does not relate to the Company in any way; therefore, they can freely and impartially audit and report the advices to the Company.



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.
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"> 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

1. Normal Business Transactions

Unit: Baht million

Persons who may have Conflict of Interest	Transaction type	2022	2021	Description, Necessity and Rationality
CDIP (Thailand) Public Company Limited	<i>Transactions</i> <ul style="list-style-type: none"> Sale of goods Research expense Booth expense 	0.02 0.14 0.19	0.02 - None - - None -	<p><u>Sales of goods</u></p> <ul style="list-style-type: none"> Sale transactions in 2022 represented raw materials sold to CDIP for providing research and development to clients. The transaction had the same prices and conditions as transactions with third parties In 2021, the Company sold dietary supplement to give trading partners. The transaction had the same prices and conditions as transactions with third parties. <p><u>Research expense</u></p> <ul style="list-style-type: none"> In 2022, the Company hired CDIP to perform laboratory test over active ingredients in hemp essence further product development. Hiring of CDIP was appropriate since it would take longer time to complete if hiring external parties. <p><u>Booth expense</u></p> <ul style="list-style-type: none"> In 2022, the Company paid booth expense to CDIP in a training event that CDIP was organiser in order to expand the Company's customer base, especially small businesses which interested in selling healthcare products and end-user consumers. The Company might have to spend more if hiring external parties. In addition, the customer base might differ. The price of transaction was determined base on cost plus margin. <p>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> 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.

Persons who may have Conflict of Interest	Transaction type	2022	2021	Description, Necessity and Rationality
				<ul style="list-style-type: none"> Research and booth 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. Therefore, the transaction was deemed necessary, reasonable and is in the best interest of the Company.

2. Normal Business-Support Transactions

- None -

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

- None -

4. Transactions Relating to Assets or Services

4.1 Long Term Rented Real Estate

Unit: Baht million

Persons who may have Conflict of Interest	Transaction type	2022	2021	Description, Necessity and Rationality
Suphap Group Company Limited	<i>Transactions</i> <ul style="list-style-type: none"> Rental 	1.73	1.73	<p><u>Rental</u></p> <ul style="list-style-type: none"> 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. On 12 November 2020, the Board of Directors approved the Company to enter into a land and building lease agreement 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, 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. 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>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> 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.

Persons who may have Conflict of Interest	Transaction type			Description, Necessity and Rationality
		2022	2021	
Mr. Sittichai Daengprasert and Mr. Pissanu Daengprasert	<i>Transactions</i> <ul style="list-style-type: none"> Rental 	4.53	4.53	<u>Rental</u> <ul style="list-style-type: none"> 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 1.00% 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. On 12 November 2020, the Board of Directors approved the Company 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. On 30 June 2021, the Board of Directors' meeting resolved to approve amending 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>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> 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.
Mr. Prasitchai Daengprasert	<i>Transactions</i> <ul style="list-style-type: none"> Use of land 	- None -	- None -	<u>Use of land</u> <ul style="list-style-type: none"> 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 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>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> 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.

4.2 Asset Acquisitions or Disposals

Unit: Baht million

Persons who may have Conflict of Interest	Transaction type	2022 2021		Description, Necessity and Rationality
CDIP (Thailand) Public Company Limited	<i>Transactions</i> <ul style="list-style-type: none"> • Purchase of motor vehicle 	- None -	0.16	<u>Purchase of motor vehicle</u> <ul style="list-style-type: none"> • On 1 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>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> • 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.
Mr. Sorasit Daengprasert	<i>Transactions</i> <ul style="list-style-type: none"> • Sale of land 	- None -	5.90	<u>Sale of land</u> <ul style="list-style-type: none"> • 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. • 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. The Company recognised profit from sale of land amounting to Baht 2.10 million in profit and loss account. <p>Opinion of Audit Committee:</p> <ul style="list-style-type: none"> • 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.

5. Financial Assistance

- None -

As of 31 December 2022, the Company received guarantees from persons who may have conflict of interest as follow:

Financial Institution	Type of facilities	Credit facilities (Baht million)	Description
Financial institution no. 1	Overdraft Promissory note Long-term loan Bank guarantee	7.50 15.00 20.00 2.00	<ul style="list-style-type: none"> The land located at Lamphun Province, owned by the Company 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)
Financial institution no. 2	Promissory note	25.00	<ul style="list-style-type: none"> Deposit pledged as collateral amounting to Baht 8.55 million Guaranteed by Mrs. Jintana Santipisud and Mr. Sittichai Daengprasert
Financial institution no. 3	Overdraft	4.00	<ul style="list-style-type: none"> The land located at Bangkok, owned by Mrs. Jintana Santipisud
Leasing company	Hire purchase agreement	1.54	<ul style="list-style-type: none"> Toyota van Guaranteed by Mrs. Jintana Santipisud

As of 31 December 2022, the Company entered into credit facility agreements with several financial institutions for operating purposes. Certain credit facilities were secured by property owned by directors and major shareholders, together with personal guarantees. However, all guarantees were free-of-charge.

Opinion of Audit Committee

The aforementioned guarantees incurred as necessary for normal business operations were reasonable and had the best interest of the Company.

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.



Section **3**

Financial Statements



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

Financial statements for the year ended
31 December 2022
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 consolidated and separate financial statements of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its subsidiary (the "Group") and of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2022 and their 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 Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate 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	
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 10	
The key audit matter	How the matter was addressed in the audit
<p>During 2022, 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 10	
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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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
28 February 2023

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary**Statement of financial position**

Assets	<i>Note</i>	Consolidated	Seprate financial	
		financial	statements	
		statements	statements	
		31 December	31 December	
		2022	2022	2021
			<i>(Baht)</i>	
Current assets				
Cash and cash equivalents	5	95,800,339	91,336,087	623,904,837
Trade accounts receivable	6, 18	71,647,535	71,647,535	30,910,891
Other receivables		26,195,083	25,661,426	32,137,077
Short-term loans to and interest receivable from a subsidiary	4	-	13,557,329	-
Inventories	7	99,120,825	99,120,825	109,476,917
Current contract cost assets	18	716,677	716,677	716,677
Other current financial assets	23	209,811,711	209,811,711	26,999,592
Total current assets		503,292,170	511,851,590	824,145,991
Non-current assets				
Other non-current financial assets		8,946,278	8,946,278	8,904,131
Investment in a subsidiary	9	-	29,999,500	-
Property, plant and equipment	10	669,080,004	633,315,535	396,539,568
Intangible assets	11	5,380,166	5,318,067	4,514,371
Deferred tax assets	20	20,062,298	19,779,128	15,878,411
Non-current contract cost assets	18	209,385	209,385	209,385
Other non-current assets		15,426,477	13,138,226	10,444,957
Total non-current assets		719,104,608	710,706,119	436,490,823
Total assets		1,222,396,778	1,222,557,709	1,260,636,814

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary
Statement of financial position

	Note	Consolidated	Seprate financial	
		financial statements	statements	
		31 December	31 December	
Liabilities and equity		2022	2022	2021
			(Baht)	
Current liabilities				
Trade accounts payable		46,161,257	46,161,257	40,271,877
Current contract liabilities	18	28,463,517	28,463,517	29,517,955
Other payables	4	24,375,458	23,404,206	29,087,579
Current portion of long-term loans from financial institutions	13, 23	6,592,166	6,592,166	12,870,421
Current portion of lease liabilities	12, 13	6,454,311	6,454,311	2,857,630
Total current liabilities		112,046,709	111,075,457	114,605,462
Non-current liabilities				
Long-term loans from financial institutions	13, 23	37,621,918	37,621,918	69,634,603
Lease liabilities	12, 13	109,425,876	109,425,876	98,086,392
Non-current contract liabilities	18	8,269,572	8,269,572	1,291,535
Non-current provisions for employee benefits	14	13,008,189	13,008,189	10,593,410
Total non-current liabilities		168,325,555	168,325,555	179,605,940
Total liabilities		280,372,264	279,401,012	294,211,402
Equity				
Share capital				
Authorised share capital	15	227,500,000	227,500,000	227,500,000
Issued and paid-up share capital		227,500,000	227,500,000	227,500,000
Share premium		733,462,520	733,462,520	733,462,520
Difference arising from common control transactions	17	(11,539,171)	(11,539,171)	(11,539,171)
Retained earnings (Deficit)				
Appropriated				
Legal reserve	17	3,861,848	3,861,848	3,861,848
Unappropriated		(11,261,164)	(10,128,500)	13,140,215
Equity attributable to owners of the parent		942,024,033	943,156,697	966,425,412
Non-controlling interests		481	-	-
Total equity		942,024,514	943,156,697	966,425,412
Total liabilities and equity		1,222,396,778	1,222,557,709	1,260,636,814

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary**Statement of comprehensive income**

	<i>Note</i>	Consolidated	Separate financial	
		financial	statements	
		statements	statements	
		For the year ended	For the year ended	
		31 December	31 December	
		2022	2022	2021
			<i>(Baht)</i>	
<i>Income</i>				
Revenue from sale of goods	18	428,457,519	428,457,519	422,341,641
Other income	18	7,995,761	8,164,409	6,784,718
Total income		436,453,280	436,621,928	429,126,359
<i>Expenses</i>				
Cost of sale of goods	7, 19	305,842,896	305,842,896	277,973,109
Distribution costs	19	73,262,508	73,262,508	46,411,634
Administrative expenses	19	72,403,865	71,156,659	56,443,891
Total expenses		451,509,269	450,262,063	380,828,634
Profit (loss) from operating activities		(15,055,989)	(13,640,135)	48,297,725
Finance costs		(7,301,997)	(7,301,997)	(10,400,807)
Gain on measurement of financial assets		311,711	311,711	-
Reversal of (impairment loss) determined in accordance with TFRS 9	6	607,778	607,778	(466,845)
Profit (loss) before income tax expense		(21,438,497)	(20,022,643)	37,430,073
Tax income (expense)	20	3,955,706	3,672,535	(7,738,957)
Profit (loss) for the year		(17,482,791)	(16,350,108)	29,691,116
Other comprehensive income (expense)				
<i>Items that will not be reclassified</i>				
<i>subsequently to profit or loss</i>				
Loss on remeasurements of defined benefit plans	14	(1,140,908)	(1,140,908)	(71,111)
Income tax relating to items that will not be reclassified subsequently to profit or loss	20	228,182	228,182	14,222
Other comprehensive income (expense) for the year, net of tax		(912,726)	(912,726)	(56,889)
Total comprehensive income (expense) for the year		(18,395,517)	(17,262,834)	29,634,227

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

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

	<i>Note</i>	Consolidated	Separate financial	
		financial	statements	
		statements		
		For the year ended	For the year ended	
		31 December	31 December	
		2022	2022	2021
			<i>(Baht)</i>	
Profit (loss) attributable to:				
Owners of the parent		(17,482,772)	(16,350,108)	29,691,116
Non-controlling interests		(19)	-	-
		<u>(17,482,791)</u>	<u>(16,350,108)</u>	<u>29,691,116</u>
Total comprehensive income (expense) attributable to:				
Owners of the parent		(18,395,498)	(17,262,834)	29,634,227
Non-controlling interests		(19)	-	-
		<u>(18,395,517)</u>	<u>(17,262,834)</u>	<u>29,634,227</u>
Basic earnings (loss) per share <i>(in Baht)</i>	21	<u>(0.04)</u>	<u>(0.04)</u>	<u>0.08</u>
Diluted earnings (loss) per share <i>(in Baht)</i>	21	<u>(0.04)</u>	<u>(0.03)</u>	<u>0.08</u>

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

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

	Consolidated financial statements						
	Retained earnings (Deficit)	Equity attributable to owners of the parent	Non-controlling interests	Total equity	Issued and paid-up share capital	Share premium	Difference arising from common control transaction
	Legal reserve	Unappropriated	(Baht)				
Year ended 31 December 2022							
Balance at 1 January 2022	3,861,848	13,140,215	966,425,412	-	733,462,520	(11,539,171)	227,500,000
Transactions with owners, recorded directly in equity							
Distributions to owners of the parent	-	(6,005,881)	(6,005,881)	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total distributions to owners of the parent	-	(6,005,881)	(6,005,881)	-	-	-	-
Changes in ownership interests in subsidiary							
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiary	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity	-	(6,005,881)	(6,005,881)	500	-	-	-
Comprehensive income (expense) for the year							
Loss	-	(17,482,772)	(17,482,772)	(19)	-	-	-
Other comprehensive income (expense)	-	(912,726)	(912,726)	-	-	-	-
Total comprehensive income (expense) for the year	-	(18,395,498)	(18,395,498)	(19)	-	-	-
Balance at 31 December 2022	3,861,848	(11,261,164)	942,024,033	481	733,462,520	(11,539,171)	227,500,000

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

	Separate financial statements					Total equity
	Issued and paid-up share capital	Share premium	Difference arising from common control transaction (Baht)	Legal reserve	Retained earnings (Deficit)	
Year ended 31 December 2022						
Balance at 1 January 2022	227,500,000	733,462,520	(11,539,171)	3,861,848	13,140,215	966,425,412
Transactions with owners, recorded directly in equity						
Distributions to owners						
Dividends	-	-	-	-	(6,005,881)	(6,005,881)
Total distributions to owners	-	-	-	-	(6,005,881)	(6,005,881)
Comprehensive income (expense) for the year						
Loss	-	-	-	-	(16,350,108)	(16,350,108)
Other comprehensive income (expense)	-	-	-	-	(912,726)	(912,726)
Total comprehensive income (expense) for the year	-	-	-	-	(17,262,834)	(17,262,834)
Balance at 31 December 2022	227,500,000	733,462,520	(11,539,171)	3,861,848	(10,128,500)	943,156,697

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

	Note	Separate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings (Deficit)	Legal reserve	
Year ended 31 December 2021							
Balance at 1 January 2021		170,000,000	22,085,822	(11,539,171)	12,990,544	2,377,292	195,914,487
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	15	57,500,000	711,376,698	-	-	-	768,876,698
Dividends	22	-	-	-	(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		-	-	-	(1,484,556)	1,484,556	-
Balance at 31 December 2021		227,500,000	733,462,520	(11,539,171)	13,140,215	3,861,848	966,425,412

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

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

	Consolidated		Separate financial	
	financial		statements	
	statements		statements	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2022	2022	2021	
				(Baht)
<i>Cash flows from operating activities</i>				
Profit (loss) for the year		(17,482,791)	(16,350,108)	29,691,116
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense (income)	20	(3,955,706)	(3,672,535)	7,738,957
Finance costs		7,301,997	7,301,997	10,400,807
Depreciation and amortisation	10, 11	26,045,170	25,838,850	22,224,910
Gain on disposal of other financial assets		(1,857,500)	(1,857,500)	-
(Gain) loss on fair value adjustment		(311,711)	(311,711)	408
Reversal of (impairment loss) recognised in profit or loss in accordance with TFRS9	6	(607,778)	(607,778)	466,845
Employee benefits expense related to defined benefit plans	14	1,273,871	1,273,871	1,249,732
Provision for loss on inventories devaluation	7	8,962,339	8,962,339	1,924,963
Gain on disposal of property, plant and equipment		(714,108)	(714,108)	(2,091,248)
Interest income		(1,037,885)	(1,206,533)	(204,570)
		17,615,898	18,656,784	71,401,920
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable		(40,128,866)	(40,128,866)	12,359,098
Other receivables		5,941,994	6,475,651	(18,811,249)
Inventories		1,393,753	1,393,753	(33,516,865)
Contract cost assets		-	-	(385,011)
Other non-current financial assets		(42,147)	(42,147)	77,808
Other non-current assets		(231,022)	(231,022)	(233,743)
Trade accounts payable		5,889,380	5,889,380	10,381,317
Contract liabilities		5,923,599	5,923,599	15,945,099
Other payables		(1,516,248)	(1,958,158)	4,245,833
Other non-current liabilities		-	-	(52,617)
Net cash generated from (used in) operations		(5,153,659)	(4,021,026)	61,411,590
Repayment of employee benefit related to defined benefit plans	14	-	-	(540,000)
Taxes paid		-	-	(9,149,952)
Net cash from (used in) operating activities		(5,153,659)	(4,021,026)	51,721,638

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary**Statement of cash flows**

	Consolidated		Separate financial	
	financial		statements	
	statements		statements	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2022	2022	2021	
		<i>(Baht)</i>		
<i>Cash flows from investing activities</i>				
Acquisition of interest in a subsidiary	-	(29,999,500)	-	
Proceeds from sale of property, plant and equipment	756,084	756,084	5,613,666	
Acquisition of plant and equipment	(288,541,323)	(250,812,527)	(36,546,696)	
Acquisition of intangible assets	(1,825,479)	(1,762,479)	(535,307)	
Payment of short-term loan to a subsidiary	-	(13,500,000)	-	
Proceeds from sale of other financial asset	568,857,092	568,857,092	-	
Payment of other financial asset	(749,500,000)	(749,500,000)	(27,000,000)	
Interest received	1,037,885	1,149,204	204,570	
Net cash used in investing activities	(469,215,741)	(474,812,126)	(58,263,767)	
<i>Cash flows from financing activities</i>				
Proceeds from issue of share capital	15	-	-	759,843,952
Proceeds from change in ownership interest in subsidiary without a change in control		500	-	-
Repayment of bank overdrafts and short-term loans from financial institutions - net		-	-	(82,870,135)
Proceeds from long-term loans from financial institutions		-	-	51,058,463
Repayment of long-term loans from financial institutions		(38,191,084)	(38,191,084)	(52,431,947)
Payment of lease liabilities		(2,529,798)	(2,529,798)	(7,327,173)
Dividends paid to owners of the Company		(6,003,506)	(6,003,506)	(28,000,000)
Interest paid		(7,011,210)	(7,011,210)	(10,318,641)
Net cash from (used in) financing activities		(53,735,098)	(53,735,598)	629,954,519
Net increase (decrease) in cash and cash equivalents		(528,104,498)	(532,568,750)	623,412,390
Cash and cash equivalents at 1 January		623,904,837	623,904,837	492,447
Cash and cash equivalents at 31 December	5	95,800,339	91,336,087	623,904,837

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

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

	Note	Consolidated	Separate financial	
		financial statements	statements	
		For the year ended	For the year ended	
		31 December	31 December	
		2022	2022	2021
			<i>(Baht)</i>	
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	10	301,811,361	265,841,474	33,805,524
Add Payment made to payables of plant and equipment at beginning of the year		4,149,132	4,149,132	343,667
Advances payments of plant and equipment at ending of the year		14,574,684	12,286,433	9,431,620
Less Payables of plant and equipment at ending of the year		(952,807)	(423,465)	(4,149,132)
Advances payments of plant and equipment at beginning of the year		(9,431,620)	(9,431,620)	(825,881)
Property, plant and equipment acquired from right-of-use assets		<u>(21,609,427)</u>	<u>(21,609,427)</u>	<u>(2,059,102)</u>
Cash paid for acquisition of plant and equipment		<u>288,541,323</u>	<u>250,812,527</u>	<u>36,546,696</u>
Non-cash transactions				
(a) Lease modification which remeasured the right-of-use asset and lease liabilities		4,143,464	4,143,464	-

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2022

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JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2022

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 28 February 2023.

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, 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 37.56% and 34.73% shareholding, respectively (2021: *Daengprasert family and Suphap Group Co., Ltd., with 35.56% and 32.97% shareholding, respectively*).

The principal activities of the Company are manufacturing and selling of pharmaceutical, dietary supplementary, traditional medicine and herbal products. Subsidiary (together referred to as “Group”)’s principal activities are research, development and manufacturing dietary supplementary and cosmetic. Details of the Company’s subsidiary as at 31 December 2022 is given in notes 9.

2 Basis of preparation of the financial statements

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 note to the financial statements to the nearest thousand unless otherwise stated. The accounting policies described in note 3 have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’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.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2022

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation.

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 respective functional currency of each entity in the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated 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 Group becomes a party to the contractual provisions of the instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

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 Group 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.

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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. 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 Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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) Derivatives

Derivatives are recognised at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(c.4) Write offs

The gross carrying amount of a financial asset is written off when the Group 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.5) 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 have maturities 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.

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(e) Trade and other accounts receivable

A receivable is recognised when the Group 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 Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. 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.

(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 in subsidiaries

Investment in subsidiaries in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investment 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 Group, 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.

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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 and installation.

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

(i) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group 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 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 Group 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 Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 are recognised as an expenses on a straight-line basis over the respective lease terms.

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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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Group uses incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from 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 or a change in the assessment of options specified in the lease. 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 Group'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 Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(n) Employee benefits

Defined contribution plan

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

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Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated 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 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 Group 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.

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 Group 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 Group 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 Group 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 Group 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 Group 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:

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- 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 Group 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 Group 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.

(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 Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax, or other sale taxes, 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 Group estimates the returns based on the historical return data, does not recognise revenue and cost of sale 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 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 it relates 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group 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. Current tax assets and liabilities are offset in the financial statements.

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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 earnings per share (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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(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 Group; a person or entity that are under common control or under the same significant influence as the Group; or a person or entity over which the Group 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 Group'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 Group had significant transactions with during the years ended 31 December 2022 and 2021 were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Suphap Group Company Limited	Thailand	Ultimate parent company; 34.73% shareholding, and common key management personnel
Caresutic Company Limited	Thailand	Subsidiary; 99.99% shareholding, and common director personnel
CDIP (Thailand) Public Co., Ltd.	Thailand	Common key management personnel
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

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

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht)</i>		
Ultimate parent company			
Interest expense under lease liabilities	1,208	1,208	875
Subsidiary			
Interest income	-	172	-
Key management personnel			
Interest expense under lease liabilities	3,156	3,156	2,285
Gain on disposal of property	-	-	2,099
Key management personnel compensation			
Short-term employee benefits	22,334	22,334	18,299
Post-employment benefits	293	293	275
Total key management personnel compensation	22,627	22,627	18,574
Other related parties			
Sale of goods	19	19	17
Purchase of equipment	-	-	157
Other expense	331	331	-

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

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht)</i>		
Short-term loan to			
Subsidiary	-	13,500	-
Total	-	13,500	-
Interest receivables			
Subsidiary	-	57	-
Total	-	57	-
Other payables			
Key management personnel	1,556	1,556	2,360
Total	1,556	1,556	2,360
Lease liabilities			
Ultimate parent company	26,911	26,911	27,437
Key management personnel	70,290	70,290	71,661
Total	97,201	97,201	99,098

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Significant agreements with related parties

Rental agreements

Ultimate parent company

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 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, 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 June 2021, the Company entered into addendum of property rental agreement of head office for operating purposes 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 2022 were Baht 1.7 million and Baht 4.5 million, respectively (*2021: Ultimate parent company and key management personnel were Baht 1.7 and Baht 4.5 million, respectively*).

Short-term loan agreement

Subsidiary

On 20 September 2022, the Company, as a lender, entered into short-term loan agreement in form of promissory note with a subsidiary for operating purposes, with amount not exceeding Baht 40.0 million. The loan bore 5.0% interest per annum. As at 31 December 2022, the subsidiary drawdown loan of Baht 13.5 million which will be due within 27 January 2023.

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5 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht)</i>		
Cash on hand	79	55	25
Cash at banks - current accounts	4,545	4,523	8,833
Cash at banks - saving accounts	91,176	86,758	615,047
Total	95,800	91,336	623,905

6 Trade accounts receivable

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
Other parties		
Within credit terms	43,580	18,784
Overdue		
Less than 3 months	26,882	11,109
3 - 6 months	1,118	450
6 - 12 months	72	1,289
Over 12 months	3,539	3,441
Total	75,191	35,073
Less allowance for expected credit loss	(3,543)	(4,162)
Net	71,648	30,911
Allowance for expected credit loss		
At 1 January	4,162	3,695
Additions	-	467
Reversal	(608)	-
Write-off	(11)	-
At 31 December	3,543	4,162

Information of credit risk is disclosed in note 23 (b.1).

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7 Inventories

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
Finished goods	57,593	57,481
Work in progress	6,459	4,662
Raw materials	32,533	32,720
Packaging materials	20,551	23,667
Total	117,136	118,530
<i>Less</i> allowance for decline in value	(18,015)	(9,053)
Net	99,121	109,477
Inventories recognised in ‘cost of sale of goods’:		
- Cost	296,881	276,048
- Write-down to net realisable value	8,962	1,925
Total	305,843	277,973

8 Investment properties

	Consolidated and Separate financial statements
	<i>(in thousand Baht)</i>
Cost	
At 1 January 2021	(108,769)
Additions	-
Transfers	(108,769)
At 31 December 2021 and 1 January 2022 and 31 December 2022	-
Net book value	
At 31 December 2021 and At 31 December 2022	-

During the year ended 31 December 2021, the Company transferred wholly plots of land from investment properties amounting to Baht 108.8 million to property, plant and equipment because the Company used such land for product development activities.

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9 Investment in a subsidiary

Movements during the years ended 31 December 2022 and 2021 were as follows:

	Separate financial statements	
	2022	2021
	<i>(in thousand Baht)</i>	
Net book value as at 1 January	-	-
Increase	30,000	-
Net book value as at 31 December	30,000	-

Detail of the increase in investment in a subsidiary during the years ended 31 December 2022 and 2021 were as follows:

	Separate financial statements	
	2022	2021
	<i>(in thousand Baht)</i>	
Caresutic Co., Ltd.	30,000	-
Total	30,000	-

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Investment in a subsidiary as at 31 December 2022 and 2021 and dividend income for each of the year end as follow:

	Type of business	Country of incorporation	Ownership interest (%)		Paid-in capital		Cost		Dividend income	
			2022	2021	2022	2021	2022	2021	2022	2021
Direct subsidiary										
Caresutic Co., Ltd.	Research and development, manufacture and distribute of dietary supplements and cosmetics	Thailand	99.99	-	30,000	-	30,000	-	-	-
Total					30,000	-	30,000	-	-	-

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An additional investment in a direct subsidiary during the year

On 28 June 2022, the Board of Directors of the Company approved the registration of Caresutic Company Limited with authorised share capital of Baht 5.0 million (divided into 50,000 ordinary shares with par value at Baht 100 per share) and to call for paid-up share capital at 100% amounting to Baht 5.0 million. In this regard, the Company had 99.99% ownership interest in the subsidiary's paid-up share capital. The principal activities of a subsidiary are research, development and manufacturing dietary supplementary and cosmetic. The registration of the authorised share capital with the Ministry of commerce and the paid-up share capital were completed on 26 July 2022.

On 20 September 2022, the shareholders of a subsidiary approved to increase the authorised share capital from Baht 5.0 million to Baht 30.0 million (divided into 300,000 ordinary shares with par value at Baht 100 per share) by issuing newly ordinary shares of 250,000 shares with par value at Baht 100 per share and to call for paid-up share capital at 100% amounting to Baht 25.0 million. In this regard, the Company had 99.99% ownership interest in the subsidiary's paid-up share capital. The registration of the authorised share capital with the Ministry of commerce and the paid-up share capital were completed on 28 September 2022.

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10 Property, plant and equipment

		Consolidated financial statements							
		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
Cost									
At 1 January 2022		165,085	177,779	107,810	102,687	9,667	7,399	7,664	578,091
Additions		22,430	9,398	17,118	57,893	3,087	4,599	187,286	301,811
Lease modification		-	-	(4,143)	-	-	-	-	(4,143)
Transfers		-	32,624	-	2,540	-	583	(35,747)	-
Disposals		-	-	-	(374)	(1,399)	(166)	(38)	(1,977)
At 31 December 2022		187,515	219,801	120,785	162,746	11,355	12,415	159,165	873,782
Depreciation and impairment losses									
At 1 January 2021		-	87,728	10,907	71,596	7,187	4,133	-	181,551
Depreciation charge for the year		-	5,918	6,917	9,105	1,030	2,116	-	25,086
Disposals		-	-	-	(371)	(1,399)	(166)	-	(1,936)
At 31 December 2022		-	93,646	17,824	80,330	6,818	6,083	-	204,701
Net book value									
At 31 December 2022		187,515	126,155	-	76,532	853	6,332	159,165	556,552
Owned assets		-	-	102,960	5,884	3,684	-	-	112,528
Right-of-use assets		187,515	126,155	102,960	82,416	4,537	6,332	159,165	669,080

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		Separate financial statements							
		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
Cost									
At 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 and 1 January 2022		165,085	177,779	107,810	102,687	9,667	7,399	7,664	578,091
Additions		-	385	17,118	57,570	3,087	4,151	183,530	265,841
Lease modification		-	-	(4,143)	-	-	-	-	(4,143)
Transfers		-	32,404	-	2,540	-	443	(35,387)	-
Disposals		-	-	-	(374)	(1,399)	(166)	(38)	(1,977)
At 31 December 2022		165,085	210,568	120,785	162,423	11,355	11,827	155,769	837,812
Depreciation and impairment losses									
At 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
Depreciation charge for the year		-	5,749	6,917	9,101	1,031	2,083	-	24,881
Disposals		-	-	-	(371)	(1,399)	(166)	-	(1,936)
At 31 December 2022		-	93,477	17,824	80,326	6,819	6,050	-	204,496

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	Separate financial statements						Total
	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment <i>(in thousand Baht)</i>	Vehicles	Furniture, fixtures and office equipment	
Net book value							
At 31 December 2021							
Owned assets	165,085	90,051	-	24,757	442	3,266	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	396,540
At 31 December 2022							
Owned assets	165,085	117,091	-	76,213	852	5,777	520,787
Right-of-use assets	-	-	102,961	5,884	3,684	-	112,529
	165,085	117,091	102,961	82,097	4,536	5,777	633,316

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).

In 2022, the Company entered into a lease agreement to lease land and building. The term of agreement is 3 years ending 2025 and have fixed rental fee over the lease term. Subsequently, the Company terminated certain leased spaces resulted to right-of-use assets decreased by Baht 4.1 million.

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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 2022, 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.

	2022	2021
		(%)
Discount rate	12.43	12.20
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 5.1% (2021: 27.5%) at a market interest rate of 5.8% (2021: 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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11 Intangible assets

	Consolidated financial statements			
	Product registrations	Software licences <i>(in thousand Baht)</i>	Software under development	Total
<i>Cost</i>				
At 1 January 2021	2,570	3,560	295	6,425
Additions	1,000	825	-	1,825
Transfers	-	295	(295)	-
Disposals	-	-	-	-
At 31 December 2022	3,570	4,680	-	8,250
<i>Amortisation</i>				
At 1 January 2021	1,040	871	-	1,911
Amortisation for the year	535	424	-	959
Disposals	-	-	-	-
At 31 December 2022	1,575	1,295	-	2,870
<i>Net book value</i>				
At 31 December 2022	1,995	3,385	-	5,380
	Separate financial statements			
	Product registrations	Software licences <i>(in thousand Baht)</i>	Software under development	Total
<i>Cost</i>				
At 1 January 2021	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
Additions	1,000	762	-	1,762
Transfers	-	295	(295)	-
Disposals	-	-	-	-
At 31 December 2022	3,570	4,617	-	8,187
<i>Amortisation</i>				
At 1 January 2021	593	528	-	1,121
Amortisation for the year	447	343	-	790
Disposals	-	-	-	-
At 31 December 2021	1,040	871	-	1,911
Amortisation for the year	535	423	-	958
Disposals	-	-	-	-
At 31 December 2022	1,575	1,294	-	2,869
<i>Net book value</i>				
At 31 December 2021	1,530	2,689	295	4,514
At 31 December 2022	1,995	3,323	-	5,318

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12 Leases

The periods to maturity of lease liabilities were as follows:

	Consolidated and Separate financial statements 2022			Separate financial statements 2021		
	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	11,475	(5,021)	6,454	7,271	(4,413)	2,858
After one year but within five years	41,911	(17,135)	24,776	27,843	(16,467)	11,376
After five years	110,784	(26,134)	84,650	116,573	(29,863)	86,710
Total	164,170	(48,290)	115,880	151,687	(50,743)	100,944

For the year ended 31 December

Recognised in profit or loss

Depreciation charge of right-of-use assets:

- Leasehold of land and building
- Machinery and equipment
- Vehicles

Interest on lease liabilities

Expenses relating to leases of low-value assets

	Consolidated and Separate financial statements 2022	Separate financial statements 2021
	<i>(in thousand Baht)</i>	

6,917	5,427
266	804
839	610
4,685	3,433
854	291

Total cash outflow for leases presented in the consolidated and separate statement of cash flows for the year ended 31 December 2022 were Baht 6.7 million (2021: separate financial statements was Baht 7.5 million).

The Company entered into lease agreements with local companies and related parties to lease property, plant and equipment. Under the term of agreements, the Company had to comply with the conditions related to leased assets.

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13 Interest-bearing liabilities

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Note	Consolidated and Separate financial statements 2022			Separate financial statements 2021		
		Current	Non- current	Total (in thousand Baht)	Current	Non- current	Total
Secured							
Long-term loans from financial institutions		6,592	37,622	44,214	12,870	69,635	82,505
Lease liabilities	12	6,454	109,426	115,880	2,858	98,086	100,944
Total interest-bearing liabilities		13,046	147,048	160,094	15,728	167,721	183,449

Assets pledged as security for interest-bearing liabilities and credit facilities, excluding lease liabilities, as at 31 December were as follows:

	Consolidated and Separate financial statements 2022 (in thousand Baht)	Separate financial statements 2021
Other non-current financial assets	8,946	8,904
Property, plant and equipment	70,087	70,087
Total	79,033	78,991

The periods to maturity of interest-bearing liabilities, excluding lease liabilities, as at 31 December were as follows:

	Consolidated and Separate financial statements 2022 (in thousand Baht)	Separate financial statements 2021
Within one year	6,592	12,870
After one year but within five years	28,884	60,943
After five years	8,738	8,692
Total	44,214	82,505

As at 31 December 2022, the Group and the Company had unutilised credit facilities amounting to Baht 71.5 million and Baht 71.5 million, respectively (2021: the Company had unutilised credit facilities amounting to Baht 108.0 million).

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Long-term loans from financial institutions

As at 31 December 2022, the Group and the Company had long-term loans from several financial institutions of Baht 44.2 million (2021: Baht 82.5 million). These loans had various monthly repayment schedule for principal and interest up to 2030 as follows:

	Maturity of the last installment	Collaterals	Consolidated and Separate financial statements	Separate financial statements
			2022 <i>(in thousand Baht)</i>	2021
Year 1: MLR-4.1%, Year 2 - 3: MLR-3.1%, Year 4 - 5: MLR-2.1%, Year 6 - maturity: MLR-1.6%	2030	Land owned by the Company	25,086	27,877
Year 1 - 2: MLR-2.0%, Year 3 - maturity: MLR-1.0%	2027	Key management personnel and Thai Credit Guarantee Corporation (TCG)	17,782	19,849
Year 1 - 2: 2.0% Year 3-maturity: 7% 2.0% per annum	2026	Thai Credit Guarantee Corporation (TCG)	1,194	1,500
Year 1: MLR-1.47%, Year 2 - maturity: MLR-1.1% MLR - 1.775%	2023	Bank guarantee from a financial institution	152	656
Year 1: MLR-1.47%, Year 2 - maturity: MLR-1.1% MLR - 1.775%	2028	Key management personnel and Thai Credit Guarantee Corporation (TCG)	-	19,926
Year 1 - 2: 2.0% Year 3 - maturity: MRR MLR	2024	Land owned by the Company and key management personnel	-	8,375
Year 1 - 2: 2.0% Year 3 - maturity: MRR MLR	2025	Key management personnel and Thai Credit Guarantee Corporation (TCG)	-	3,760
MLR - 1.0%	2024	Land owned by the Company and land owned by key management personnel, key management personnel and ultimate parent company	-	416
MLR - 1.0%	2022	Land owned by the Company, key management personnel and ultimate parent company	-	146
		Total	44,214	82,505

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14 Non-current provisions for employee benefits

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
Post-employment benefits	13,008	10,593

Defined benefit plan

The Group 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 Group to actuarial risks, such as longevity risk and interest rate risk.

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
At 1 January	10,593	9,813
<i>Included in profit or loss</i>		
Current service costs	987	1,062
Interest on obligation	287	187
Total	1,274	1,249
<i>Included in other comprehensive income (expense)</i>		
Actuarial (gain) loss		
- Demographic assumptions	496	-
- Financial assumptions	(1,016)	(1,260)
- Experience adjustment	1,661	1,331
	1,141	71
Benefit paid	-	(540)
At 31 December	13,008	10,593

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(%)</i>	
<i>Actuarial assumptions</i>		
Discount rate	3.44 - 3.45	2.70 - 2.79
Future salary growth	5.00	5.00
Employee turnover	5.73 - 28.65	5.73 - 28.65

Assumptions regarding future mortality have been based on published statistics and mortality tables.

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As at 31 December 2022, the weighted-average duration of the defined benefit obligation was 16 - 17 years (2021: 16 - 17 years).

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.

<i>Effect to the defined employee benefit obligation increase (decrease)</i>	Consolidated and Separate financial statements	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 December 2022		
Discount rate (1% movement)	(1,306)	1,561
Future salary growth (1% movement)	1,480	(1,265)
Employee turnover (20% movement)	(1,722)	2,236
<i>Effect to the defined employee benefit obligation increase (decrease)</i>	Separate financial statements	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 December 2021		
Discount rate (1% movement)	(1,139)	1,363
Future salary growth (1% movement)	1,292	(1,104)
Employee turnover (20% movement)	(1,547)	2,062

15 Share capital

	Par value per share <i>(in Baht)</i>	2022		2021	
		Number	Baht	Number	Baht
		<i>(thousand shares/in thousand Baht)</i>			
Authorised					
At 1 January					
- Ordinary shares	0.5	455,000	227,500	426,000	213,000
- Reduction of shares	0.5	-	-	(86,000)	(43,000)
- Increase of new shares	0.5	227,500	113,750	115,000	57,500
At 31 December					
- Ordinary shares	0.5	682,500	341,250	455,000	227,500
Issued and paid-up					
At 1 January					
- Ordinary shares	0.5	455,000	227,500	340,000	170,000
- Increase of new shares	0.5	-	-	115,000	57,500
At 31 December					
- Ordinary shares	0.5	455,000	227,500	455,000	227,500

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.

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During the year ended 31 December 2022, the Company had transactions about share capital as follows:

Issue and allotment of ordinary shares

On 16 August 2022, the Extraordinary General Meeting of Shareholders had resolutions approved the increase of authorised share capital from Baht 227.5 million (455.0 million shares at par value of Baht 0.5 per share) to Baht 341.3 million (682.5 million shares at par value of Baht 0.5 per share). The Company newly issued 227.5 million shares at par value of Baht 0.5 per share, totalling Baht 113.8 million. The Company has registered the increase of share capital with the Ministry of Commerce on 18 August 2022.

On that day, Shareholders had resolutions approved the allotment of the newly issued share capital totalling 227.5 million shares at a par value of Baht 0.5 to accommodate the exercise of JP-W1 warrant (subsequently change security symbol to JSP-W1 on 22 September 2022) totalling 227.5 million units, which allotted to the existing shareholder of the Company pro rata to their respective shareholdings.

During the year ended 31 December 2021, the Company had transactions about share capital as follows:

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.

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.

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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.

Share premium

Section 51 of the Public Companies Act B.E. 1992 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.

16 Warrants

On 16 August 2022, the Extraordinary General Meeting of Shareholders had resolutions approve the issue of warrant to purchase the newly issued ordinary shares of the Company (JP-W1, which subsequently change security symbol to JSP-W1 on 22 September 2022) not exceeding 227.5 million units, to be allotted to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering) at the allotment ratio of every 2 existing ordinary shares for 1 unit of JSP-W1 warrant. The warrant had details as follow:

Description	Details
Grant date	31 August 2022
Exercise ratio	1 unit of warrant per 1 ordinary share, except there is a change according to the right adjustment conditions
Exercise price	Baht 2.50 per share, except there is a change according to the right adjustment conditions
Exercise period and proportion	The Warrant holders may exercise the rights under the warrants on the last Business Day of March and September throughout the Term of Warrants. The Warrant holders may exercise their rights for the first time on the last Business Day of March i.e. 31 March 2023 and the last time to exercise their rights is the date such that the Warrants have 2 years from the Warrant Issuance Date, which shall be 30 August 2024.

17 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

According to the Public Limited Companies Act B.E. 2535 (1992), 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.

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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.

18 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 2022 or 2021.

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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Geographical segments

The Group 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 for the year ended 31 December 2022 of the Group and the Company were approximately Baht 125.5 million and Baht 119.5 million, respectively (2021: revenue from two major customers of the Company were approximately Baht 105.2 million and Baht 83.2 million, respectively).

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Consolidated and Separate financial statements 2022	Separate financial statements 2021
	<i>(in thousand Baht)</i>	
Trade accounts receivable	75,191	35,073
Less allowance for expected credit loss	<u>(3,543)</u>	<u>(4,162)</u>
Net	<u>71,648</u>	<u>30,911</u>
Contract liabilities		
- Product deposits received	28,463	29,518
- Long-term advances received	8,270	1,292

Product deposits received and long-term advances received primarily relate to sales of made-to-order products which the Group will recognise revenue from sales on the date on which the products are delivered to customers. The Group's and Company's contract liabilities amounted to Baht 8.3 million (2021: the Company's contract liabilities amounted to Baht 1.3 million), 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 Group 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 Group and Company did not amortise contract cost assets for the year ended 31 December 2022 (2021: the Company amortised contract cost assets amounting to Baht 0.08 million).

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19 Expenses by nature

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht)</i>		
<i>Included in cost of sale of goods</i>			
Changes in inventories of finished goods and work in progress	(1,909)	(1,909)	(14,796)
Raw materials and packaging materials used	193,603	193,603	194,520
Employee benefit expenses	51,350	51,350	50,088
Depreciation and amortisation	20,809	20,809	18,719
Cost of trading goods	5,291	5,291	3,851
Others	36,699	36,699	25,591
Total	305,843	305,843	277,973
<i>Included in distribution costs</i>			
Employee benefit expenses	25,251	25,251	19,343
Advertising and promotion expenses	22,714	22,714	17,524
Depreciation and amortisation	830	830	592
Others	24,468	24,468	8,953
Total	73,263	73,263	46,412
<i>Included in administrative expenses</i>			
Employee benefit expenses	41,139	40,987	34,018
Professional fees	11,841	11,641	5,837
Depreciation and amortisation	4,406	4,200	2,914
Travelling expenses	2,107	2,089	1,584
Others	12,911	12,239	12,091
Total	72,404	71,156	56,444

During 2022, the Group and the Company have contributed provident funds for their employees amounting to Baht 1.3 million (2021: the Company has contributed provident funds for its employees amounting to Baht 1.2 million), which included in employee benefit expenses.

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20 Income tax expense

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht)</i>		
Current tax expense			
Current year	-	-	-
Income tax related to equity arising from initial public offering share issuance expense	-	-	9,033
Adjustment for prior years	-	-	56
	<u>-</u>	<u>-</u>	<u>9,089</u>
Deferred tax expense			
Movements in temporary differences	<u>(3,956)</u>	<u>(3,673)</u>	<u>(1,350)</u>
Total income tax expense	<u>(3,956)</u>	<u>(3,673)</u>	<u>7,739</u>

	Consolidated financial statements		
	2022	2022	2021
	<i>(in thousand Baht)</i>		
	Before tax	Tax (expense) benefit	Net of tax
Recognised in other comprehensive income (expense)			
Actuarial loss	(1,141)	228	(913)

	Separate financial statements					
	2022	2022	2021	2021	2021	2021
	<i>(in thousand Baht)</i>					
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Recognised in other comprehensive income (expense)						
Actuarial loss	(1,141)	228	(913)	(71)	14	(57)
Recognised in equity						
Shares issuance expense	-	-	-	(45,125)	9,025	(36,100)

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Reconciliation of effective tax rate

	Consolidated financial statements	
	2022	
	Rate (%)	(in thousand Baht)
Loss before income tax		(21,438)
Income tax using the Thai corporation tax rates	20	(4,288)
Expenses not deductible for tax purposes		608
Additional expenses deductible for tax purposes		(343)
Written off unutilised deferred tax asset		67
Total	18	(3,956)

	Separate financial statements			
	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax		(20,023)		37,430
Income tax using the Thai corporation tax rates	20	(4,005)	20	7,486
Expenses not deductible for tax purposes		608		523
Additional expenses deductible for tax purposes		(343)		(326)
Written off unutilised deferred tax asset		67		-
Under provided in prior years		-		56
Total	18	(3,673)	21	7,739

Movements of deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements			
	(Charged) / Credited to			
	At 1 January 2022	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2022
Deferred tax assets				
Trade accounts receivable	3,714	(1,514)	-	2,200
Allowance for doubtful accounts	832	(123)	-	709
Other receivables	-	220	-	220
Allowance for decline in value of inventories	1,817	1,786	-	3,603
Allowance for impairment losses on non-financial assets	7,504	(396)	-	7,108
Contract liabilities	510	-	-	510
Other payables	171	77	-	248
Deferred revenue	11	(11)	-	-
Deferred cost	-	36	-	36
Non-current provisions for employee benefits	2,119	255	228	2,602
Difference arising from common control transaction	1,524	(169)	-	1,355
Loss carry forward	483	3,041	-	3,524
Total	18,685	3,202	228	22,115

Deferred tax liabilities

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	Consolidated financial statements			At 31 December 2022
	At 1 January 2022	(Charged) / Credited to		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Inventories	(1,352)	353	-	(999)
Other current financial assets	-	(62)	-	(62)
Contract cost assets	(92)	-	-	(92)
Deferred cost	(13)	13	-	-
Property, plant and equipment	(1,350)	450	-	(900)
Total	(2,807)	754	-	(2,053)
Net	15,878	3,956	228	20,062
	Separate financial statements			At 31 December 2022
	At 1 January 2022	(Charged) / Credited to		
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Trade accounts receivable	3,714	(1,514)	-	2,200
Allowance for doubtful accounts	832	(123)	-	709
Other receivables	-	220	-	220
Allowance for decline in value of inventories	1,817	1,786	-	3,603
Allowance for impairment losses on non-financial assets	7,504	(396)	-	7,108
Contract liabilities	510	-	-	510
Other payables	171	77	-	248
Deferred revenue	11	(11)	-	-
Deferred cost	-	36	-	36
Non-current provisions for employee benefits	2,119	255	228	2,602
Difference arising from common control transaction	1,524	(169)	-	1,355
Loss carry forward	483	2,758	-	3,241
Total	18,685	2,919	228	21,832
Deferred tax liabilities				
Inventories	(1,352)	353	-	(999)
Other current financial assets	-	(62)	-	(62)
Contract cost assets	(92)	-	-	(92)
Deferred cost	(13)	13	-	-
Property, plant and equipment	(1,350)	450	-	(900)
Total	(2,807)	754	-	(2,053)
Net	15,878	3,673	228	19,779

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	At 1 January 2021	Separate financial statements (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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21 Earnings per share

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
	<i>(in thousand Baht / thousand shares)</i>		
Profit (loss) for the years attributable to ordinary shareholders of the Company (basic and diluted)	<u>(17,483)</u>	<u>(16,350)</u>	<u>29,691</u>
Ordinary shares outstanding			
Number of ordinary shares outstanding at 1 January	455,000	455,000	340,000
Effect of shares issued on 28 October 2021	-	-	20,479
Weighted average number of ordinary shares outstanding (basic)	<u>455,000</u>	<u>455,000</u>	<u>360,479</u>
Effect of exercise of share warrants	25,143	25,143	-
Weighted average number of ordinary shares outstanding (diluted)	<u>480,143</u>	<u>480,143</u>	<u>360,479</u>
Basic earnings (loss) per share (in Baht)	<u>(0.04)</u>	<u>(0.04)</u>	<u>0.08</u>
Diluted earnings (loss) per share (in Baht)	<u>(0.04)</u>	<u>(0.03)</u>	<u>0.08</u>

22 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>2022</i>				
2021 Annual dividend	5 April 2022	May 2022	0.0132	6,006
<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

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(b) Financial risk management policies

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The risk management committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group'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 18.

The executive committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Group 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 Group 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 Group. An impairment analysis is performed by the Group 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 Group'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 and derivatives

The Group'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 Group considers to have low credit risk.

(b.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows 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 <i>(in thousand Baht)</i>	More than 5 years	
2022					
<i>Non-derivative financial liabilities</i>					
Trade account payables	46,161	46,161	-	-	46,161
Other payables	24,375	24,375	-	-	24,375
Lease liabilities	115,880	11,475	41,911	110,784	164,170
Long-term loan from finance institution	44,214	8,914	34,290	9,328	52,532
	230,630	90,925	76,201	120,112	287,238

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<i>At 31 December</i>	Carrying Value	1 year or less	Separate financial statements Contractual cash flows		Total
			More than 1 year but less than 5 years <i>(in thousand Baht)</i>	More than 5 years	
2022					
<i>Non-derivative financial liabilities</i>					
Trade account payables	46,161	46,161	-	-	46,161
Other payables	23,404	23,404	-	-	23,404
Lease liabilities	115,880	11,475	41,911	110,784	164,170
Long-term loan from finance institution	44,214	8,914	34,290	9,328	52,532
	<u>229,659</u>	<u>89,954</u>	<u>76,201</u>	<u>120,112</u>	<u>286,267</u>
2021					
<i>Non-derivative financial liabilities</i>					
Trade account payables	40,272	40,272	-	-	40,272
Other payables	29,088	29,088	-	-	29,088
Lease liabilities	100,944	7,271	27,843	116,573	151,687
Long-term loan from finance institution	82,505	16,270	70,391	9,216	95,877
	<u>252,809</u>	<u>92,901</u>	<u>98,234</u>	<u>125,789</u>	<u>316,924</u>

(b.3) Market risk

The Group 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 Group do not have purchase nor sale in foreign currency. Thus, the Group 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 Group's operations and its cash flows because most of loan interest rates are mainly floated. The Group is primarily exposed to interest rate risk (see note 13).

<i>Exposure to interest rate risk at 31 December</i>	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
<i>Financial instruments with fixed interest rates</i>		
Long-term loans from financial institutions	1,346	2,156
<i>Financial instruments with variable interest rates</i>		
Long-term loans from financial institutions	42,868	80,349

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24 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 Group defines as result from operating activities divided by total shareholders' equity and monitors the level of dividends to ordinary shareholders.

25 Commitments with non-related parties

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
		<i>(in thousand Baht)</i>	
<i>Capital commitments</i>			
Building and building improvements	34,019	32,264	14,236
Furniture, fixtures and office equipment	229	229	1,173
Total	<u>34,248</u>	<u>32,493</u>	<u>15,409</u>
<i>Other commitments</i>			
Bank guarantees	<u>2,831</u>	<u>2,831</u>	<u>1,830</u>

As at 31 December 2022, the Company had bank guarantees with a financial institution, issued to Provincial Electricity Authority to guarantee for electricity usage amounting to Baht 1.8 million, issued to Metropolitan Electricity Authority for electricity usage amounting to Baht 0.6 million, issued to Safety, Health and Environmental At Work Fund for securing a borrowing amounting to Baht 0.4 million, and issued to Faculty of Medicine, Mahidol University amounting to Baht 0.1 million (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).

26 Contingent liabilities

On 11 September 2019, the Company was accused in trademark infringement case with claim amounting to Baht 50.0 million. On 14 December 2021, the Central Intellectual Property and International Trade Court ("the Court") dismissed the case. Later on 20 May 2022, the plaintiff appealed the case to the Specialised Court of Appeal. The judgement was read on 16 January 2023 by the Specialised Court of Appeal to dismiss the case.

However, on 16 February 2023, the plaintiff appealed the case to extend period of petition filing to 16 March 2023 which was accepted by the Court. As such, it is not possible, at this stage, to identify whether any claims may be incurred at 31 December 2022. Therefore, the Company has not recorded liabilities from the cases as the management believed the Company did not commit such infringement.

27 Events after the reporting period

On 2 February 2023, the Board of Directors' meeting had a resolution to approve the Company to invest in ordinary shares of CDIP (Thailand) Public Co., Ltd. in the amount not exceeding 165.0 million shares; accounted for 65.0% of registered paid-up capital, with consideration not exceeding Baht 250.0 million from the Company's related parties. The investment is subjected to the approval by the annual general meeting of shareholders.

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On 2 February 2023, the Board of Directors 'meeting had a resolution to approve the Company to establish a new subsidiary with registered capital not exceeding Baht 250.0 million. The Company will have 100.0% ownership interest in the new subsidiary. The new subsidiary is established to invest in ordinary shares of CDIP (Thailand) Public Co., Ltd. The registration of share capital was expected to be completed in June 2023.

Appendix



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 2022	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	<ul style="list-style-type: none"> • Ph.D. in Pediatrics Specialist, Chulalongkorn University • Master of Science, Chulalongkorn University • Bachelor of Science Program in Medical Sciences, Chulalongkorn University 	-	-	2020 - present 2011 - 2018	Chairman and Independent Director Chairman	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited A9 BIO Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Dietary supplement manufacturing business
2. Ms. Sopawadee Lertmanaschai • Independent Director • Chairman of the Audit Committee Date of Appointment 24 March 2021	<ul style="list-style-type: none"> • Master of Science (Accounting), Thammasat University • Bachelor of Law, Thammasat University • Bachelor of Science (Accounting), Thammasat University 	-	-	2021 - present 2022 - present 2018 - present 2015 - present 2020 - present 2019 - present 2018 - present 2014 - 2021	Independent Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee Director Independent Director and Chairman of the Audit Committee Independent Director and Chairman of the Audit Committee Director and the Chairman of Audit Committee Chairman and Independent Director Independent Director, Audit and Risk Committee and Corporate Social Responsibility Committee (CSR Committee) for Sustainable Development Independent Director Independent Director and Chairman of the Audit	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited Cheese Digital Network Company Limited Central Plaza Hotel Public Company Limited Maybank Securities (Thailand) Public Company Limited Chotiwat Manufacturing Public Company Limited The Stock Exchange of Thailand KTBST REIT Management Company Limited Intouch Holdings Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Digital Content gateway, Solution & Agency Hotel and Restaurant Business Securities Company Canned seafood business (tuna) The Stock Exchange of Thailand Real Estate Investment Trust fund management service Satellite business, internet business, telecommunications media and advertising business
				2019 - 2021 2015 - 2017	Independent Director Independent Director and Chairman of the Audit	Dohome Public Company Limited Metropolitan Electricity Authority	Retail, wholesale and construction materials and furnishing one-stop services Metropolitan Electricity Authority

First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
3. Mr. Vinit Usavakiviree • Independent Director • Members of the Audit Committee Date of Appointment 3 December 2018	<ul style="list-style-type: none"> • Doctor of Pharmacy, Chulalongkorn University 	-	-	2014 – 2018 2013 - 2016 2018 - present 2019 - present 2003 - 2016	Committee Director and Executive Director of the Expert Member on Finance Independent Director and Member of the Audit Committee Specialised Pharmacist Expert Member, Director of Medical Device Control Division, Director of Pharmaceutical Administration and Pharmacist	Government Pharmaceutical Organisation The Office of the Securities and Exchange Commission JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited Food and Pharmaceutical Administration, Ministry of Public Health Food and Pharmaceutical Administration, Ministry of Public Health	State-owned enterprises manufacturing Pharmaceuticals and medical supplies The Office of the Securities and Exchange Commission Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Protect consumers and promote entrepreneurs in health products for the public Protect consumers and promote consumer potential
4. Mr. Nattawut Viboonpatanawong • Independent Director • Chairman of the Risk Management Committee Date of Appointment 3 December 2018	<ul style="list-style-type: none"> • Master of Business Administration, Thammasat University • Bachelor of Engineering Program, King Mongkut's Institute of Technology Ladkrabang 	0.0002%	-	2019 - present 2006 - present 2021 - present	Independent Director and Chairman of the Risk Management Committee President President	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited V.B. Engine Impex Company Limited Ease 14 Estate Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Agricultural equipment/tool distribution business Buying and selling of on own account of non-residential buildings
5. Ms. Lalita Hongratanawong • Independent Director • Members of the Audit Committee Date of Appointment 3 December 2018	<ul style="list-style-type: none"> • 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 2021 - present 2019 - present	Independent Director, Member of the Audit Committee and Chairman of Nomination and Remuneration Committee Director Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited Int X Co., Ltd. Syn Mun Kong Insurance Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Distributing funds other than by making loans (Digital assets trading centre) Insurance business

First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
6. Ms. Jintana Samtipisud • Director • Chairman of the Executive Committee	<ul style="list-style-type: none"> Bachelor of Business Administration (Marketing), Assumption University 	6.59%	Mother of Mr. Sittichai Daengprasert, Mr. Pissanu Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert	2018 - present	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee Lecturer	Infraset Public Company Limited University of the Thai Chamber of Commerce	Technology business Educational institution
Date of Appointment 3 December 2018				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
Former Name - Surname Ms. Jintana Daengprasert Ms. Jintana Tangsaksattit				2022 - present	Director	Caresuic Co., Ltd.	Manufacturing of dietary supplements and cosmetics
				2004 - present	Director	ODIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				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)	A holding company Pharmaceutical and chemical products manufacturing
7. Mr. Sittichai Daengprasert • Director • Members of the Executive Committee • Members of the Risk Management Committee • President	<ul style="list-style-type: none"> 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 	6.50%	A Children of Ms. Jintana Samtipisud 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 Director	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited Caresuic Co., Ltd.	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Manufacturing dietary supplements and cosmetics
Date of Appointment 3 December 2018				2009 - present	Director	ODIP (Thailand) Public Company Limited	Provides academic research and development services, training and seminar services and consulting services for research grants
				2014 - present 2012 - present	Director Director	Suphap Group Company Limited JSP Trading Supply Company Limited	A holding company 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

First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Duration	Positions	Organisation Name / Company	Nature of Business
<p>8. Mr. Pissanu Daengprasert</p> <ul style="list-style-type: none"> • Director • Members of the Executive Committee • Executive Vice President of Business Development • Executive Vice President of Research and Development <p>Date of Appointment 3 December 2018</p>	<ul style="list-style-type: none"> • Master of Business Administration, Entrepreneurship Management, King Mongkut's University of Technology Thonburi 	6.59%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Stitichai Daengprasert, Ms. Jirada Daengprasert, and Mr. Sorasit Daengprasert	<p>2005 - present</p> <p>2009 - present</p> <p>2009 - 2019</p> <p>2014 - present</p> <p>2014 - present</p> <p>2004 - 2018</p>	<p>Director, Member of Executive Committee, Executive Vice President of Sales and Marketing</p> <p>Director</p> <p>President</p> <p>Director</p> <p>Director</p> <p>Director of Sales - OEM</p>	<p>JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited</p> <p>ODIP (Thailand) Public Company Limited</p> <p>ODIP (Thailand) Public Company Limited</p> <p>Suphap Group Company Limited</p> <p>JSP Better Life Company Limited (The Company is no longer in operation)</p> <p>COX Laboratories (Thailand) Limited Partnership (The Company is no longer in operation)</p>	<p>Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business</p> <p>Provides academic research and development services, training and seminar services and consulting services for research grants</p> <p>Provides academic research and development services, training and seminar services and consulting services for research grants</p> <p>A holding company (General merchandise wholesaler on a fee or contract basis)</p> <p>Pharmaceutical and chemical products manufacturing</p>
<p>9. Ms. Jirada Daengprasert</p> <ul style="list-style-type: none"> • 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 <p>Date of Appointment 3 December 2018</p>	<ul style="list-style-type: none"> • Master of Business Administration (MBA) Thammasat University • Bachelor of Accounting Program, Thammasat University 	9.35%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Stitichai Daengprasert, Mr. Pissanu Daengprasert and Mr. Sorasit Daengprasert	<p>2007 - present</p> <p>2022 - present</p> <p>2017 - present</p> <p>2014 - present</p> <p>2008 - present</p> <p>2013 - 2022</p> <p>2007 - 2018</p>	<p>Director, Member of Nomination and Remuneration Committee, Member of Executive Committee, Company Secretary, Executive Vice President of Finance and Accounting and Executive Vice President of Human Capital and Corporate Services</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director</p> <p>Director of Management</p>	<p>JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited</p> <p>Caresuit Co., Ltd.</p> <p>ODIP (Thailand) Public Company Limited</p> <p>Suphap Group Company Limited</p> <p>Zeutical Bio Sci Company Limited</p> <p>Duldee Company Limited (Dissolved on 2 Sep 2022)</p> <p>COX Laboratories (Thailand) Limited Partnership (The Company is no longer in operation)</p>	<p>Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business</p> <p>Manufacturing dietary supplements and cosmetics</p> <p>Provides academic research and development services, training and seminar services and consulting services for research grants</p> <p>A holding company</p> <p>Wholesale of textiles, clothing, footwear, leather goods and household goods</p> <p>Accounting, bookkeeping and auditing activities; tax consultancy</p> <p>Pharmaceutical and chemical products manufacturing</p>

Professional Experiences in the Past 5 Years		Shareholding Ratio as of 31 December 2022		Family Relationship with Executives		Academic Qualifications		First-Family Name / Former First-Family Name (if any) Position / Date of appointment			
Duration	Positions	Organisation Name / Company	Nature of Business	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Academic Qualifications	First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Duration	Positions		
2017 - present	Director, Member of Executive Committee, Member of Risk Management Committee, and Executive Vice President of Production and Operations	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business	6.58%	A Children of Ms. Jintana Santipisud and a sibling of Mr. Stitichai Daengprasert, Mr. Pissanu Daengprasert and Mrs. Jirada Daengprasert	<ul style="list-style-type: none"> Bachelor of International Business Management, Kasetsart University 	<ul style="list-style-type: none"> Mr. Sorasit Daengprasert Director Members of the Executive Committee Members of the Risk Management Committee Executive Vice President of Manufacturing 	2014 - present 2018 - present	Director Director	Suphap Group Company Limited CDIP (Thailand) Public Company Limited	A holding company Provides academic research and development services, training and seminar services and consulting services for research grants Pharmaceutical and chemical products manufacturing
2009 - 2018	Director of Hospital Sales and Pharmacy	COX Laboratories (Thailand) Limited Partnership (The Company is no longer in operation)									
2020 - present	Director and Member of Nomination and Remuneration Committee	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business	-	-	<ul style="list-style-type: none"> Master of MSc. Risk Management, Imperial College London Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University 	<ul style="list-style-type: none"> Mr. Tawat Kitkungvan Director 	2021 - present 2021 - 2021	Director Director	DRJL Group Company Limited DRJL Holdings Co., Ltd. (Merged 30 Nov 2021)	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Selling cosmetics A holding company
2021 - present	Director	New Paradigm Company Limited	Distributing funds other than by making loans					2021 - present	Director		
2021 - present	Director	Cuisine Partners (2004) Company Limited	Food services in restaurant					2021 - present	Director		
2021 - present	Director	Phantera Partners Company Limited	A holding company					2021 - present	Director		
2021 - present	Director	Master-Motor Services (Thailand) Co., Ltd.	Maintenance and repair of motor vehicle engines and other parts					2021 - present	Director		
2021 - present	Director	DRJ Holding Co., Ltd.	A holding company					2021 - present	Director		
2016 - present	Director	Hatton Equity Partner (Thailand)	A holding company					2016 - present	Director		
2020 - present	Director	MFP 1 Company Limited	Provide service on being a manager and take care of benefits, collect benefits and manage assets for other people					2020 - present	Director		
2016 - present	Director	Tom N Toms Tasse 1 Company Limited	Non-alcoholic beverage service					2016 - present	Director		
2018 - present	Director	TKK Corporation Company Limited	Retail-wholesale of the tools, spare parts, equipment used with machines in general factories					2018 - present	Director		
2016 - present	Director	TASSE Company Limited	Other activities that enhance financial services activities not classified elsewhere					2016 - present	Director		

First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
		-	-	2019 - 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	Linksmen LP Company Limited	Financial services not classified elsewhere
							Other activities that enhance financial services activities
				2018 - present	Director	HEP Holdings 1 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2019 - present	Director	HEP Holdings 3 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2019 - present	Director	HEP Holdings 4 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2021 - present	Director	HEP Holdings 5 Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2020 - present	Director	MPIP Company Limited	Provide service on being a manager and take care of benefits, collect benefits and manage assets for other people
				2017 - present	Director	MMIK (GF) Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2017 - present	Director	MMIK (BETA) Company Limited	Other activities that enhance financial services activities not classified elsewhere
				2017 - present	Director	MMIK (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

First-Family Name / Former First-Family Name (if any) Position / Date of appointment	Academic Qualifications	Shareholding Ratio as of 31 December 2022	Family Relationship with Executives	Professional Experiences in the Past 5 Years			
				Duration	Positions	Organisation Name / Company	Nature of Business
12. Mr. Kitangkrai Rungraunghaewekul • Members of the Executive Committee • Vice President of Finance • Head of the Company's Compliance Date of Appointment 15 November 2018	<ul style="list-style-type: none"> • Master of Science in Financial Engineering, Chulalongkorn University • Bachelor of Accounting Program, Thammasat University 	0.01%	-	2018 - present 2019 - present 2017 2015 - 2017 2007 - 2012	Executive Committee and Vice President of Finance Director Vice President of Accounting and Finance Manager, Transaction Advisory Services Assistant Manager, Assurance and Business Advisory Services	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited BB KK Advisory Company Limited CDIP (Thailand) Public Company Limited EY Corporate Services Company Limited Pricewaterhouse Coopers ABAS Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Accounting, bookkeeping, auditing and tax consultancy Provides academic research and development services, training and seminar services and consulting services for research grants Consulting business Audit business
13. Mrs. Nongnuch Cheawpatayakorn • Members of the Executive Committee • Senior Quality Assurance Manager Date of Appointment 18 January 2021	<ul style="list-style-type: none"> • Master of Business Administration (MBA), Khon Kaen University • Bachelor of Pharmacy Program, Rangsit University 	-	-	2021 - present 2008 - present	Member of the Executive Committee Quality Assurance Senior Manager	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution 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	<ul style="list-style-type: none"> • Bachelor of Engineering Program (Industrial Engineering), Thammasat University 	-	-	2021 - present 2015 - present	Member of the Executive Committee Plant Senior Manager	JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited	Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business 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 2022	Family Relationship with Executives	Professional Experiences in the Past 5 Years
15. Ms. Poonsap Ruangsri <ul style="list-style-type: none"> • Vice President of Accounting • A person who is responsible for supervising, tracking and controlling accounting activities <p>Date of Appointment 1 January 2015</p>	<ul style="list-style-type: none"> • Master of Information Technology, King Mongkut's University of Technology Thonburi • Bachelor of Accountancy, Ramkhamhaeng University 	0.002%	-	<p>2015 - present</p> <p>Vice President of Accounting</p> <p>JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited</p> <p>Pharmaceutical, dietary supplement, alcohol-based cleaning supplies and medical supplies manufacturing and distribution business</p>

Details of Shareholder, Director, Executive, Control Person and Company Secretary

Name list	Subsidiary	
	JSP	CST
Mr. Thongchai	C, ID	
Ms. Sopawadee	ID, CAC, NC	
Mr. Vinit	ID, AC	
Mr. Nattawut	ID, CRM	
Ms. Lalita	ID, AC, CNC	
Mr. Tawat	D, NC	
Mrs. Jintana	D, CEC	D
Mr. Sittichai	D, RM, EC, CEO	D
Mr. Pissanu	D, EC, EVP	
Ms. Jirada	D, NC, EC, CS, CFO	D
Mr. Sorasit	D, RM, EC, EVP	
Mr. Kiangkrai	EC, MF	
Ms. Nongnuch	EC	
Mr. Danaisuan	EC	
Ms. Phoonsap	MA	

Remark:

- JSP = JSP Pharmaceutical Manufacturing (Thailand) Public Company Limited
- CST = Caresutic Co., Ltd.
- C = Chairman
- D = Director
- EC = Member of Executive Committee
- CEC = Chairman of Executive Committee
- ID = Independent Director
- CAC = Chairman of Audit Committee
- AC = Member of Audit Committee
- CRM = Chairman of Risk Management Committee
- RM = Member of Risk Management Committee
- CNC = Chairman of Nomination and Remuneration Committee
- NC = Member of Nomination and Remuneration Committee
- CEO = Chief Executive Officer
- EVP = Executive Vice Presiden
- CFO = Chief Financial Officer
- MA = Manager, Accounting
- MA = Vice President of Accounting, Vice President of Finance
- CS = Company Secretary

Appendix 2

Information on Head of Internal Audit

Subject	Details
Head of Internal Audit : (Outsource)	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
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 (TFAC) • Certified Internal Auditor (CIA), The Institute of Internal Auditors (IIA) • Certified Financial Services Auditor (CFSA), The Institute of Internal Auditors (IIA)
Work Experience :	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
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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