

**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	Note	Consolidated		
		financial statements		Seprate financial statements
		31 December 2022	2022	31 December 2021
			(Baht)	
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		
		financial		Seprate 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

		Consolidated financial statements	Separate financial statements	
		For the year ended 31 December	For the year ended 31 December	
	<i>Note</i>	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 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

		Consolidated financial statements	Separate financial statements	
		For the year ended 31 December	For the year ended 31 December	
	<i>Note</i>	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>	<i>21</i>	<u>(0.04)</u>	<u>(0.04)</u>	<u>0.08</u>
Diluted earnings (loss) per share <i>(in Baht)</i>	<i>21</i>	<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

	Note	Consolidated financial statements							Total equity
		Issued and paid-up share capital	Share premium	Difference arising from common control transaction	Retained earnings (Deficit)		Equity attributable to owners of the parent	Non-controlling interests	
					Legal reserve	Unappropriated			
				(Baht)					
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	-	966,425,412
Transactions with owners, recorded directly in equity									
Distributions to owners of the parent									
Dividends	22	-	-	-	-	(6,005,881)	(6,005,881)	-	(6,005,881)
Total distributions to owners of the parent		-	-	-	-	(6,005,881)	(6,005,881)	-	(6,005,881)
Changes in ownership interests in subsidiary									
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	500	500
Total changes in ownership interests in subsidiary		-	-	-	-	-	-	500	500
Total transactions with owners, recorded directly in equity		-	-	-	-	(6,005,881)	(6,005,881)	500	(6,005,381)
Comprehensive income (expense) for the year									
Loss		-	-	-	-	(17,482,772)	(17,482,772)	(19)	(17,482,791)
Other comprehensive income (expense)		-	-	-	-	(912,726)	(912,726)	-	(912,726)
Total comprehensive income (expense) for the year		-	-	-	-	(18,395,498)	(18,395,498)	(19)	(18,395,517)
Balance at 31 December 2022		227,500,000	733,462,520	(11,539,171)	3,861,848	(11,261,164)	942,024,033	481	942,024,514

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

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transaction (Baht)	Separate financial statements		Total equity
					Legal reserve	Retained earnings (Deficit) Unappropriated	
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	22	-	-	-	-	(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

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

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

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

JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. 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 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)
		<u>17,615,898</u>	<u>18,656,784</u>	<u>71,401,920</u>
<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	
Note	2022	2022	2021	
		(Baht)		
<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

	<i>Note</i>	Consolidated financial statements	Separate financial statements		
		For the year ended		For the year ended	
		31 December		31 December	
		2022	2022	2021	
<i>(Baht)</i>					
<i>Disclosure of additional cash flows information</i>					
<i>Plant and equipment acquired during the year were detailed as follows:</i>					
Total plant and equipment acquired during the year	<i>10</i>	301,811,361	265,841,474	33,805,524	
<i>Add</i> 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	
<i>Less</i> 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		(21,609,427)	(21,609,427)	(2,059,102)	
Cash paid for acquisition of plant and equipment		<u>288,541,323</u>	<u>250,812,527</u>	<u>36,546,696</u>	
<i>Non-cash transactions</i>					
(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

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For the year ended 31 December 2022

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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

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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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For the year ended 31 December 2022

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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Notes to the financial statements

For the year ended 31 December 2022

(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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For the year ended 31 December 2022

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.

**JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.
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Notes to the financial statements

For the year ended 31 December 2022

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).

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

Notes to the financial statements

For the year ended 31 December 2022

7 Inventories

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

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

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For the year ended 31 December 2022

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	Separate financial statements							
			Ownership interest		Paid-in capital		Cost		Dividend income	
			2022	2021	2022	2021	2022	2021	2022	2021
			(%)		<i>(in thousand Baht)</i>					
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							Total
	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment (in thousand Baht)	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	
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								
Owned assets	187,515	126,155	-	76,532	853	6,332	159,165	556,552
Right-of-use assets	-	-	102,960	5,884	3,684	-	-	112,528
	187,515	126,155	102,960	82,416	4,537	6,332	159,165	669,080

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	Separate financial statements						Assets under construction and installation	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		
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 1 January 2022	-	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							
	Land	Buildings and building improvements	Leasehold of land and building	Machinery and equipment <i>(in thousand Baht)</i>	Vehicles	Furniture, fixtures and office equipment	Assets under construction and installation	Total
<i>Net book value</i>								
At 31 December 2021								
Owned assets	165,085	90,051	-	24,757	442	3,266	7,664	291,265
Right-of-use assets	-	-	96,903	6,334	2,038	-	-	105,275
	<u>165,085</u>	<u>90,051</u>	<u>96,903</u>	<u>31,091</u>	<u>2,480</u>	<u>3,266</u>	<u>7,664</u>	<u>396,540</u>
At 31 December 2022								
Owned assets	165,085	117,091	-	76,213	852	5,777	155,769	520,787
Right-of-use assets	-	-	102,961	5,884	3,684	-	-	112,529
	<u>165,085</u>	<u>117,091</u>	<u>102,961</u>	<u>82,097</u>	<u>4,536</u>	<u>5,777</u>	<u>155,769</u>	<u>633,316</u>

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	Software under development	Total
	<i>(in thousand Baht)</i>			
Cost				
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
Amortisation				
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
Net book value				
At 31 December 2022	1,995	3,385	-	5,380
	Separate financial statements			
	Product registrations	Software licences	Software under development	Total
	<i>(in thousand Baht)</i>			
Cost				
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
Amortisation				
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
Net book value				
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			Separate financial statements		
	2022			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

	Consolidated and Separate financial statements	Separate financial statements
	2022	2021
	<i>(in thousand Baht)</i>	
For the year ended 31 December		
Recognised in profit or loss		
Depreciation charge of right-of-use assets:		
- Leasehold of land and building	6,917	5,427
- Machinery and equipment	266	804
- Vehicles	839	610
Interest on lease liabilities	4,685	3,433
Expenses relating to leases of low-value assets	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
<i>Secured</i>							
Long-term loans from financial institutions		6,592	37,622	44,214	12,870	69,635	82,505
Lease liabilities	12	<u>6,454</u>	<u>109,426</u>	<u>115,880</u>	<u>2,858</u>	<u>98,086</u>	<u>100,944</u>
Total interest-bearing liabilities		<u>13,046</u>	<u>147,048</u>	<u>160,094</u>	<u>15,728</u>	<u>167,721</u>	<u>183,449</u>

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	<u>70,087</u>	<u>70,087</u>
Total	<u>79,033</u>	<u>78,991</u>

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	<u>8,738</u>	<u>8,692</u>
Total	<u>44,214</u>	<u>82,505</u>

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:

Interest rate	Maturity of the last installment	Collaterals	Consolidated and Separate financial statements	Separate financial statements
			2022 (in thousand Baht)	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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<i>For the year ended 31 December</i>	Consolidated financial statements			Total 2022
	Segment 1 2022	Segment 2 2022	Other segments 2022	
	<i>(in thousand Baht)</i>			
Revenues from sales of goods	249,379	168,914	10,165	428,458
Segment operating profit (loss)	28,392	21,331	(371)	49,352
Unallocated revenues				8,307
Unallocated expenses				(72,403)
Reverse of impairment loss in accordance with TFRS 9				608
Finance costs				(7,302)
Loss before income tax				(21,438)

<i>For the year ended 31 December</i>	Separate financial statements						Total	
	Segment 1		Segment 2		Other segments		2022	2021
	2022	2021	2022	2021	2022	2021		
	<i>(in thousand Baht)</i>							
Revenues from sales of goods	249,379	274,197	168,914	139,953	10,165	8,192	428,458	422,342
Segment operating profit (loss)	28,392	54,171	21,331	43,330	(371)	456	49,352	97,957
Unallocated revenues							8,476	6,785
Unallocated expenses							(71,156)	(56,444)
Reverse of (impairment loss) in accordance with TFRS 9							608	(467)
Finance costs							(7,302)	(10,401)
Profit (loss) before income tax							(20,022)	37,430

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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	Separate financial statements
	2022	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	<u>305,843</u>	<u>305,843</u>	<u>277,973</u>
<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	<u>73,263</u>	<u>73,263</u>	<u>46,412</u>
<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	<u>72,404</u>	<u>71,156</u>	<u>56,444</u>

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

	Consolidated financial statements	Separate financial statements	
	2022	2022	2021
<i>Income tax recognised in profit or loss</i>		<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	(3,956)	(3,673)	(1,350)
Total income tax expense	<u>(3,956)</u>	<u>(3,673)</u>	<u>7,739</u>

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

	Separate financial statements					
	2022			2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
			<i>(in thousand Baht)</i>			
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	Other comprehensive income	At 31 December 2022
	(in thousand Baht)			
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 1 January 2022	<u>(Charged) / Credited to</u>		At 31 December 2022
		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 1 January 2022	<u>(Charged) / Credited to</u>		At 31 December 2022
		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	<u>-</u>	<u>-</u>	<u>20,479</u>
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	<u>25,143</u>	<u>25,143</u>	<u>-</u>
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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23 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, but does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

Consolidated and Separate financial statements								
Carrying amount				Fair value				
	Hedging instruments	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>								
At 31 December								
2022								
Financial assets								
Investment in short-term structured note	-	209,812	-	209,812	-	209,812	-	209,812
Separate financial statements								
Carrying amount				Fair value				
	Hedging instruments	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>								
At 31 December								
2021								
Financial assets								
Investment in debt securities open-ended fund	-	27,000	-	27,000	-	27,000	-	27,000

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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	More than 5 years	
Consolidated financial statements					
Contractual cash flows					
More than 1 year but less than 5 years					
More than 5 years					
<i>(in thousand Baht)</i>					
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
	<u>230,630</u>	<u>90,925</u>	<u>76,201</u>	<u>120,112</u>	<u>287,238</u>

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<i>At 31 December</i>	Carrying Value	1 year or less	Separate financial statements		Total
			Contractual cash flows More than 1 year but less than 5 years	More than 5 years	
<i>2022</i>					
<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
	229,659	89,954	76,201	120,112	286,267
<i>2021</i>					
<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
	252,809	92,901	98,234	125,789	316,924

(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 filling 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.