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Ref. WINNER 003/2022

February 23, 2022

Subject: Management Discussion and Analysis for the year ended 31 December 2021

To: The President
The Stock Exchange of Thailand

1. Analysis of Operating Results and Financial Position for the Company and its subsidiary

1.1 Significant events during the year

- On 13 May 2021, the Company's Board of Directors' Meeting passed a resolution approving the acquisition of ordinary shares of Winner Agro Innovation Company Limited from the existing shareholders approximately amount of Baht 14 million which representing 45% of the ordinary shares of such company. Such company engages in the production and distribution of raw materials, seedling varieties, and extracts of hemp. As at 31 December 2021, the carrying amount of investment based on equity method was Baht 17 million, so the Company recognised profit from the investment in 2021 amount of Baht 3 million.
- On 30 August 2021, the Extraordinary General Meeting of Aesthetic Zecret (AT-ZE) Company Limited (subsidiary) passed a resolution approving an increase of the Company's registered share capital amount of Baht 100 million from the existing registered share capital of Baht 80 million to the new one of Baht 180 million by issuing new ordinary shares amount of 1 million shares, with a par value of Baht 100 each. The subsidiary registered the increase in its registered share capital with the Ministry of Commerce on 6 September 2021 and the Company paid such increased share capital in full amount. As a result, the Company increased in investment in subsidiary amount of Baht 100 million from the existing share capital of Baht 164 million to the new one of Baht 264 million.
- On 28 September 2021, the Extraordinary General Meeting of the Company's shareholders passed a resolution approving an increase of the Company's registered share capital amount of Baht 50 million from the existing registered share capital of Baht 100 million to the new one of Baht 150 million by issuing new ordinary shares amount of 200 million shares, with a par value of Baht 0.25 each, to accommodate the stock dividend payment. The Company registered the increase in its registered share capital with the Ministry of Commerce on 8 October 2021 and registered the increase in its paid-up share capital with the Ministry of Commerce on 20 October 2021.

1.2 Analysis of Operating Results for the Company and its subsidiary for the year ended 31 December 2021

Table 1: Operating results for the year ended 31 December 2021

(Unit: Thousand Baht)

	Consolidated Financial Statements				Separate Financial Statements			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
			Thousand Baht	%			Thousand Baht	%
Total revenues	1,809,191	1,698,267	110,924	6.5	1,775,173	1,656,696	118,477	7.2
Sales and service income	1,784,853	1,687,011	97,842	5.8	1,748,474	1,641,755	106,719	6.5
Cost of sales and service	1,388,466	1,290,129	98,337	7.6	1,365,167	1,260,993	104,174	8.3
Gross profit	396,387	396,882	(495)	(0.1)	383,307	380,762	2,545	0.7
Other income	24,338	11,256	13,082	116.2	26,699	14,941	11,758	78.7
Profit before expenses	420,725	408,138	12,587	3.1	410,006	395,703	14,303	3.6
Selling and distribution expenses	103,994	103,806	188	0.2	97,863	94,883	2,980	3.1
Administrative expenses	172,852	182,194	(9,342)	(5.1)	140,869	141,405	(536)	(0.4)
Loss from impairment of investment in subsidiary	-	-	-	-	37,120	27,700	9,420	34.0
Total Expenses	276,846	286,000	(9,154)	(3.2)	275,852	263,988	11,864	4.5
Profit from operating activities	143,879	122,138	21,741	17.8	134,154	131,715	2,439	1.9
Share of profits from investment in associate	3,169	-	3,169	100.0	-	-	-	-
Finance cost	(6,344)	(9,607)	3,263	(34.0)	(5,146)	(7,999)	2,853	(35.7)
Profit before income tax expenses	140,704	112,531	28,173	25.0	129,008	123,716	5,292	4.3
Income tax expenses	(32,028)	(28,006)	(4,022)	14.4	(33,592)	(30,363)	(3,229)	10.6
Profit for the year	108,676	84,525	24,151	28.6	95,416	93,353	2,063	2.2
Other comprehensive income:								
Actuarial gain - net of income tax	-	1,713	(1,713)	(100.0)	-	19	(19)	(100.0)
Total comprehensive income for the year	108,676	86,238	22,438	26.0	95,416	93,372	2,044	2.2
Gross profit margin	22.2%	23.5%	(1.3%)		21.9%	23.2%	(1.3%)	
Selling and distribution expenses per net sales	5.8%	6.2%	(0.4%)		5.6%	5.8%	(0.2%)	
Administrative expense per net sales	9.7%	10.8%	(1.1%)		8.1%	8.6%	(0.5%)	
Net profit margin	6.0%	5.0%	1.0%		5.4%	5.6%	(0.2%)	
Earnings per share (Bath/Share)	0.18	0.14	0.04	28.6	0.16	0.16	-	-
Profit for the year (Normalize)	108,676	84,525	24,151	28.6	132,536	121,053	11,483	9.5
Total comprehensive income for the year (Normalize)	108,676	86,238	22,438	26.0	132,536	121,072	11,464	9.5
Net profit margin (Normalize)	6.0%	5.0%	1.0%		7.5%	7.3%	0.2%	
Earnings per share (Bath/Share) (Normalize)	0.18	0.14	0.04	28.6	0.22	0.20	0.02	9.5

In 2021, the Company and its subsidiary had total comprehensive income for the year amount of Baht 109 million, increasing from the previous year amount of Baht 22 million or 26.0%. Profit for the year increased from the previous year amount of Baht 24 million or 28.6% while other comprehensive income - actuarial gain from provision for long-term employee benefits - net of income tax decreased amount of Baht 2 million due to there was no new estimate for such provision in this year.

The Company and its subsidiary's profit for the year was Baht 109 million, increasing from the previous year amount of Baht 24 million due to administrative expenses decreased amount of Baht 9 million, other income increased amount of Baht 13 million, share of profits from investment in associate increased amount of Baht 3 million and finance cost decreased amount of Baht 3 million. Meanwhile, income tax expenses increased amount of Baht 4 million which was consistent with the increase of profit before income tax expenses. By the way, gross profit was Baht 396 million, insignificantly changed from the previous year, which sales and service income increased amount of Baht 98 million while costs of sales increased amount of Baht 98 million as well, and selling and distribution expenses was Baht 104 million, insignificantly changed from the previous year.

The Company's profit for the year was Baht 95 million, increasing from the previous year amount of Baht 2 million or 2.2% due to sales and service income increased amount of Baht 106 million while cost of sales increased amount of Baht 104 million which caused gross profit increased amount of Baht 2 million. Other income increased amount of Baht 12 million and finance cost decreased amount of Baht 3 million while selling and distribution expenses increased amount of Baht 3 million, loss from impairment of investment in subsidiary increased amount of Baht 9 million and income tax expenses increased amount of Baht 3 million.

By the way, excluding loss from impairment of investment in subsidiary, the company's profit for the year (Normalize) was Baht 133 million, increasing from the previous year amount of Baht 11 million or 9.5%.

■ Revenues from sales and service

Table 2: Revenues from sales separated by operating segment for the year ended 31 December 2021

(Unit: Thousand Baht)

Operating segment	For the year ended				Increase (Decrease)	
	31 December					
	2021	%	2020	%	Thousand Baht	%
Industrial food products segment	729,355	40.9	696,996	41.3	32,359	4.6
Consumer food products segment	1,011,323	56.7	939,918	55.7	71,405	7.6
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	44,175	2.5	50,097	3.0	(5,922)	(11.8)
Total	1,784,853	100.0	1,687,011	100.0	97,842	5.8

The Company and its subsidiary's revenues from sales and service were Baht 1,785 million, increasing from the previous year amount of Baht 98 million or 5.8%. Revenues from sales of industrial food products segment increased amount of Baht 32 million or 4.6% which was from product group of food ingredient such as cocoa powder, icing sugar, potato starch, etc. Revenues from sales of consumer food products segment increased amount of Baht 71 million or 7.6% which was from various product groups such as snack & confectionary group, frozen & chilled food group, etc. However, revenues from manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment decreased amount of Baht 6 million or 11.8% which was mainly due to the current situation of the pandemic of Coronavirus-19 still effects most of business and industries, so the demand for products of consumers in this segment decreased.

▪ Gross profit

The Company and its subsidiary's gross profit was Bath 396 million, insignificantly changed from the previous year, while the Company's gross profit was amount of Baht 383 million, increasing from the previous year amount of Baht 2 million in accordance with sales increasing.

The Company and its subsidiary's gross profit margin was 22.2%, decreasing from the previous year 1.3% while the Company's gross profit margin was 21.9%, decreasing from the previous year 1.3%. The main reason was from cost of goods increased due to the depreciation of Thai Baht from previous year. This year, the value of Thai Baht against US dollar was between 30.03 - 34.09, while the previous year was between 29.96 - 33.26. Besides, the Company had discount promotion to activate more sales from the previous year.

▪ Other income

The Company and its subsidiary's other income was Baht 24 million, increasing amount of Baht 13 million. The main reason was from other income from the reversal of liabilities increased amount of Baht 12 million due to this year had an adjustment of accrued marketing expenses of the prior year which were over estimate than the amount charged by creditors reversing to other income amount of Baht 12 million, while there was no such transaction in the previous year. Moreover, there was compensation receiving from the relief measure for employers and employees under Section 33 of the Social Security Act, B.E. 2533 (1990) for the business which was affected by government measures in the most restrictive and restrictive areas amount of Baht 2 million, while there was no such transaction in the previous year.

Expenses

▪ Selling and distribution expenses

The Company and its subsidiary's selling and distribution expenses were Baht 104 million, insignificantly changed from the previous year. The Company's selling and distribution expenses increased amount of Baht 3 million from the increasing of delivery expenses amount of Baht 4 million in accordance with the increasing of sales and oil price. Besides, employee expenses increased amount of Baht 2 million from the increasing of salaries while marketing expenses decreased amount of Baht 3 million. However, the subsidiary's selling and distribution expenses decreased amount of Baht 3 million which was mainly from employee expenses decreased amount of Baht 2 million from the decreasing of number of employees and marketing expenses decreased amount of Baht 1 million.

▪ Administrative expenses

The Company and its subsidiary's administrative expenses were Baht 173 million, decreasing from the previous year amount of Baht 9 million or 5.1%, mainly from the following reasons;

- Employee expenses slightly increased amount of Baht 1 million which were from the Company's employee expenses increased amount of Baht 4 million while the subsidiary's employee expenses decreased amount of Baht 3 million due to the decreasing of number of employees.

- Provisions decreased amount of Baht 10 million which were comprised of provision for doubtful accounts decreased amount of Baht 1 million and provision for loss from obsolete stock decreased amount of Baht 10 million. The Company decreased in provisions amount of Baht 7 million while the subsidiary decreased in provisions amount of Baht 3 million due to the Company and its subsidiary had more efficiency in inventories management. However, the Company increased in provision for impairment loss from intangible assets amount of Baht 1 million which was no such provision in this year while was the reversal of provision amount of Baht 1 million in the previous year.

- Loss from impairment of investment in subsidiary

The subsidiary had loss from its operation. In 2021, the Company performed impairment test on investment in a subsidiary by reviewing the recoverable value of the cash generating unit by using the value-in-use method and found that the recoverable value was lower than book value of investment in a subsidiary amount of Baht 79 million which the Company recognised provision for such loss from impairment of investment in a subsidiary in the previous year amount of Baht 42 million. As a result, the Company recognised the additional provision for such loss from impairment of investment in a subsidiary in 2021 amount of Baht 37 million.

At present, the Company is in process of financial and operational management to make a better performance of the subsidiary in the future.

- Share of profits from investment in associate

On 13 May 2021, the Company's Board of Directors' Meeting passed a resolution approving the acquisition of ordinary shares of Winner Agro Innovation Company Limited which engaged in the production and distribution of raw materials, seedling varieties, and extracts of hemp approximately amount Baht 14 million which representing 45% of ordinary shares of such company.

As at 31 December 2021, the carrying amounts of investment based on equity method was Baht 17 million, so the Company recognised the additional profit amount of Baht 3 million in 2021.

- Finance cost

Finance cost decreased from the previous year amount of Baht 3 million or 34.0%. The main reason was due to long-term loans' interest expenses decreased from principle repayment during the year.

- Profit for the period

In 2021, the Company and its subsidiary's profit was Baht 109 million, increasing from the previous year amount of Baht 24 million or 28.6% which was a result from sales and service income increased amount of Baht 98 million while cost of sales increased amount of Baht 98 million, as well. Administrative expenses decreased amount of Baht 9 million, other income increased amount of Baht 13 million, share of profits from investment in associate increased amount of Baht 3 million and finance cost decreased amount of Baht 3 million while income tax expenses increased amount of Baht 4 million.

The Company's profit for the year was Baht 95 million, increasing from the previous year amount of Baht 2 million or 2.2% due to sales and service income increased amount of Baht 106 million while cost of sales increased amount of Baht 104 million which caused gross profit increased amount of Baht 2 million. Other income increased amount of Baht 12 million and finance cost decreased amount of Baht 3 million while selling and distribution expenses increased amount of Baht 3 million, loss from impairment of investment in subsidiary increased amount of Baht 9 million and income tax expenses increased amount of Baht 3 million.

By the way, excluding loss from impairment of investment in subsidiary, the company's profit for the year (Normalize) was Baht 133 million, increasing from the previous year amount of Baht 11 million or 9.5%.

▪ Other comprehensive income

The Company and its subsidiary's other comprehensive income decreased amount of Baht 2 million which was due to in 2020, the Company and its subsidiary engaged with independent expert to assess defined benefits for post-employment in order to comply with the relevant financial reporting standards and recognised gain - net of income tax in other comprehensive income amount of Baht 2 million, while there was no such transaction in this year.

By the way, the Company and its subsidiary engage with independent expert to assess provision for employee benefits based on actuarial basis in order to comply with relevant financial reporting standards approximately every 3 years or when there is a change in event which has a significant effect to the obligation under such defined benefits for post-employment plan.

▪ Total comprehensive income for the year

The Company and its subsidiary's total comprehensive income for the year 2021 was Baht 109 million, increasing from the previous year amount of Baht 22 million or 26.0%, which was due to profit for the year increased amount of Baht 24 million while other comprehensive income decreased amount of Baht 2 million.



2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 December 2021

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	31/12/21	%	31/12/20	%	Thousand Baht		31/12/21	%	31/12/20	%	Thousand Baht	
Current Assets	790,358	61.7	681,707	57.7	108,651	15.9	777,648	61.4	665,520	56.7	112,128	16.8
Non-Current Assets	489,907	38.3	499,438	42.3	(9,531)	(1.9)	489,569	38.6	508,701	43.3	(19,132)	(3.8)
Total Assets	1,280,265	100.0	1,181,145	100.0	99,120	8.4	1,267,217	100.0	1,174,221	100.0	92,996	7.9
Current Liabilities	558,146	43.6	444,004	37.6	114,142	25.7	518,734	40.9	401,228	34.2	117,506	29.3
Non-Current Liabilities	39,749	3.1	117,892	10.0	(78,143)	(66.3)	32,049	2.6	106,419	9.0	(74,370)	(69.9)
Total Liabilities	597,895	46.7	561,896	47.6	35,999	6.4	550,783	43.5	507,647	43.2	43,136	8.5
Shareholders' equity	682,370	53.3	619,249	52.4	63,121	10.2	716,434	56.5	666,573	56.8	49,860	7.5
Total liabilities and shareholders' equity	1,280,265	100.0	1,181,145	100.0	99,120	8.4	1,267,217	100.0	1,174,221	100.0	92,996	7.9

2.1 Assets

As at 31 December 2021, the Company and its subsidiary had total assets amount of Baht 1,280 million which were comprised of current assets amount of Baht 790 million or 61.7% of total assets and non-current assets amount of Baht 490 million or 38.3% of total assets.

The main compositions of assets were inventories amount of Baht 389 million or 30.4%, trade and other receivables amount of Baht 340 million or 26.6%, property, plant and equipment amount of Baht 317 million or 24.8% and goodwill amount of Baht 94 million or 7.4%.

- Current assets were Baht 790 million, increasing from the previous year amount of Baht 681 million or 15.9%, which were mainly from inventories increased amount of Baht 93 million and advance payment for inventories increased amount of Baht 9 million to accommodate the increase of sales.
- Non-current assets were Baht 490 million, decreasing from the previous year amount of Baht 499 million or 1.9% which were mainly from the following reasons;
 - ✚ Property, plant and equipment decreased amount of Baht 21 million due to assets acquisition increased approximately amount of Baht 5 million while there were assets disposal amount of Baht 4 million and depreciation expenses for the year amount of Baht 22 million. Moreover, right-of-use assets decreased amount of Baht 4 million.
 - ✚ However, investment in associate increased amount of Baht 17 million due to during Q2/2021, the Company acquired ordinary shares of Winner Agro Innovation Company Limited which engages in the production and distribution of raw materials, seedling varieties, and extracts of hemp approximately amount of Baht 14 million which representing 45% of ordinary shares of such company and recognised

share of profits from investment in such associate for the year 2021 amount of Baht 3 million, while there was no this transaction in the previous year.

2.2 Liabilities

As at 31 December 2021, the Company and its subsidiary had total liabilities amount of Baht 598 million, which were comprised of current liabilities amount of Baht 558 million or 93.4% of total liabilities and non-current liabilities amount of Baht 40 million or 6.6% of total liabilities.

The main compositions of liabilities were bank overdrafts and short-term loans from financial institutions amount of Baht 257 million or 43.0%, trade and other payables amount of Baht 242 million or 40.5%, provision for long-term employee benefits amount of Baht 24 million or 4.0% and income tax payable amount of Baht 19 million or 3.2%.

- Current liabilities increased from the previous year amount of Baht 114 million or 25.7% which were mainly from the following reasons;
 - ✚ Bank overdrafts and short-term loans from financial institutions increased amount of Baht 167 million which were comprised of trust receipt payables which increased amount of Baht 168 million while short-term loans from financial institutions decreased amount of Baht 1 million.
 - ✚ However, trade and other payables decreased amount of Baht 28 million and current portion of long-term loans from financial institutions decreased amount of Baht 26 million from loans repayment during the year.
- Non-current liabilities decreased from the previous year amount of Baht 78 million or 66.3% which were mainly from the following reasons;
 - ✚ Long-term loans from financial institutions - net of current portion decreased amount of Baht 76 million from loans repayment during the year and lease liabilities - net of current portion decreased amount of Baht 7 million from liabilities payment during the year
 - ✚ However, provision for long-term employee benefits increased amount of Baht 5 million.

2.3 Shareholders' equity

Shareholders' equity as at 31 December 2021 was Baht 682 million, increasing from the previous year amount of Baht 63 million due to;

- During the year, the Company increased its registered share capital amount of Baht 50 million from the existing registered share capital of Baht 100 million to Baht 150 million to accommodate the stock dividend payment. Moreover, the Company and its subsidiary had total comprehensive income for the year 2021 amount of Baht 109 million.
- Meanwhile, the Company paid dividend during the year amount of Baht 96 million which was comprised of stock dividend amount of Baht 50 million and dividend amount of Baht 46 million.

3. Cash flows Analysis

Table 4: Overall cash flow of the Company and its subsidiary for the year ended 31 December 2021

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Cash flows from operating activities	5,198	155,486	11,259	175,407
Cash flows used in investing activities	(15,786)	(14,531)	(29,994)	(42,194)
Cash flows from (used in) financing activities	4,698	(134,469)	12,721	(128,118)
Net increase (decrease) in cash and cash equivalents	(5,890)	6,486	(6,014)	5,095
Cash and cash equivalents at beginning of the year	43,813	37,327	40,819	35,724
Cash and cash equivalents at end of the year	37,923	43,813	34,805	40,819

- The Company and its subsidiary had net cash flows from operating activities for the year 2021 amount of Baht 5 million, decreasing from the previous year amount of Baht 150 million which was mainly from trade accounts receivable increased amount of Baht 12 million in accordance with sale increasing. Inventories and advance payment for inventories increased amount of Baht 93 million and Baht 9 million, respectively to accommodate the increase of sales. Moreover, trade and other payables decreased amount of Baht 32 million due to liabilities payment during the year.

- **Net cash flows used in investing activities**

- ✚ **The Company and its subsidiary**


- ✚ 2021: The Company and its subsidiary's net cash flows used in investing activities were approximately amount of Baht 16 million which were mainly from the Company acquired investment in associate amount of Baht 14 million and acquired equipment and intangible assets amount of Baht 4 million and Baht 1 million, respectively. Meanwhile, there was cash received from sales of equipment amount of Baht 3 million.

- ✚ 2020: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 15 million which were mainly from acquisition of equipment amount of Baht 12 million such as building improvements and furniture and fixtures approximately amount of Baht 3 million (e.g. application Lab, inventory repacking room and warehouse's meeting room), office equipment approximately amount of Baht 2 million and machinery approximately amount of Baht 4 million, etc. to increase production efficiency. Moreover, intangible assets were acquired amount of Baht 3 million.


- ✚ **The Company**


- ✚ 2021: The Company's net cash flows used in investing activities were amount of Baht 30 million which were mainly from the Company acquired investment in associate amount of Baht 14 million and acquired additional investment in subsidiary amount of Baht 100 million (In Q3/2021, the subsidiary increased the existing registered ordinary share from Baht 80 million to the new one of Baht 180 million), provided short-term loans to subsidiary during the year amount of Baht 8 million, and acquired equipment amount of Baht 3 million such as computer equipment amount of Baht 2 million, etc. and intangible assets amount of Baht 1 million. Meanwhile, there


was cash received from long-term loans repayment and interest income from subsidiary amount of Baht 89 million and 4 million, respectively. Moreover, the Company received cash from sales of equipment amount of Baht 3 million.

 2020: The Company's net cash flows used in investing activities were amount of Baht 42 million which were mainly from short-term loans to subsidiary during the year amount of Baht 40 million and acquisition of equipment amount of Baht 10 million such as building improvements and furniture and fixtures approximately amount of Baht 3 million (e.g. application Lab, inventory repacking room and warehouse's meeting room), office equipment approximately amount of Baht 2 million and machinery approximately amount of Baht 4 million, etc. to increase production efficiency. Moreover, intangible assets were acquired amount of Baht 2 million and interest income from loans to subsidiary was amount of Baht 10 million.


■ **Net cash flows from (used in) financing activities**


 **The Company and its subsidiary**

 2021: The Company and its subsidiary's net cash flows from financing activities were amount of Baht 5 million which were mainly from dividend paid to shareholders amount of Baht 46 million, long-term loans repaid to financial institutions amount of Baht 102 million and lease liabilities paid amount of Baht 14 million. Meanwhile, short-term loans from financial institutions increased amount of Baht 167 million.

 2020: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 134 million which were mainly from dividend paid to shareholders during the year amount of Baht 80 million, long-term loans repaid to financial institutions amount of Baht 84 million and lease liabilities paid amount of Baht 15 million. Meanwhile, short-term loans from financial institutions increased amount of Baht 45 million.

 **The Company**

 2021: The Company's net cash flows from financing activities were amount of Baht 13 million which were mainly from dividend paid to shareholders amount of Baht 46 million, long-term loans repaid to financial institutions amount of Baht 98 million, and lease liabilities paid amount of Baht 11 million. Meanwhile, short-term loans from financial institutions in form of trust receipt payables increased amount of Baht 168 million.

 2020: The Company's net cash flows used in financing activities were amount of Baht 128 million which were mainly from dividend paid to shareholders amount of Baht 80 million, long-term loans repaid to financial institutions amount of Baht 80 million and lease liabilities paid amount of Baht 12 million. Meanwhile, short-term loans from financial institutions in form of trust receipt payables increased amount of Baht 44 million.

Refer to the above information, the Company and its subsidiary decreased in net cash and cash equivalents in 2021 amount of Baht 6 million. When including with cash and cash equivalents as at 31 December 2020 amount of Baht 44 million, the Company and its subsidiary's cash and cash equivalents as at 31 December 2021 were amount of Baht 38 million.

4. Financial ratio analysis

Table 5: Key financial ratios

Key financial ratios	Consolidated Financial Statements			Separate Financial Statements		
	2021	2020	2019	2021	2020	2019
Gross profit margin %	22.2	23.5	23.6	21.9	23.2	23.6
Net profit margin %	6.0	5.0	5.1	5.4	5.6	6.9
Return on Equity (ROE) %	16.7	13.7	13.7	13.8	14.1	17.3
Return on Asset (ROA) %	8.8	7.3	7.3	7.8	8.1	9.8
Debt to Equity ratio time	0.9	0.9	0.9	0.8	0.8	0.7

In 2021, the Company and its subsidiary's gross profit margin was 22.2%, decreasing from the previous year 1.3%. The Company's gross profit margin was in good level at 21.9%, decreasing from the previous year 1.3%. The Company and its subsidiary's net profit margin was 6.0%, increasing from the previous year 1.0%. Return on equity (ROE) was 16.7% and return on asset (ROA) was 8.8%, increasing from the previous year due to net profit increased and debt to equity ratio equaled to 0.9 times, no change from the previous year.

5. Factors that might have impacts on financial status or future operating results

The company is an importer and distributor of both raw materials, ingredients and food chemicals for industry and consumer products. Over 80% of the Company' sales are imported products which cause most of product cost depended on foreign exchange rates. In 2021, the gross profit margin for only the Company was 21.9%, decreasing 1.3% from 2020, which was mainly due to US dollar that was the main currency of the Company for purchasing imported product appreciated when compared with Thai Baht. The exchange rate in 2021 was between 30.03 - 34.09 Baht per US dollar, while was between 29.97 - 33.26 Baht per US dollar in 2020. In addition, this year, the Company sold products to major customer group more than the previous year and most of sales to these group have lower gross profit than retail customers. Moreover, there were more sale promotions compared with the previous year to activate sales due to the consumers had less purchasing power caused by the pandemic of Coronavirus 2019 (COVID-19).

Sales of raw materials, ingredients and food chemicals (Industry products) for distributing to food processing industries in 2021 grew up 4.6% from the previous year. Although, the economic condition was still in deceleration as the result of effect from the pandemic of Coronavirus 2019 (COVID-19), the Company was still able to maintain the market share and expand new customer base continuously, so sales in this segment grew up. Products such as raw materials, ingredients and food chemicals are products which are distributed by both domestic manufacturers and international importers, so the price competition is high and subjects to products which the company are allocated for sale in each period and some changes of customers in products purchasing in each time which is normal for distributor business. The company mainly considers to maintain the profit margin for each product and always implements a strategy by the means of offering quality products that meet the customers' needs or searching for any other substitute products that meet the customers' needs and continuously builds good relationships and treats customers as the main part of corporate growth strategy.

Consumer products were distributed through service customers including hotels, restaurants, bakery shops, airline caterings (HoReCa), modern trade and traditional trade. The business in this segment of the Company in 2021 grew up from the previous year 7.6%. Although, the Company had been affected by the competition situation and the contraction of purchasing power from the economic deceleration including with government measures during pandemic of Coronavirus 2019 (COVID-19) which made hotels, restaurants, bakery shops and airlines had to limit their services to control such pandemic and retained social distancing, the company had a proactive marketing strategy both increasing the variety of products by selecting the new products to respond customers' needs and arranging the activities to promote sales in many ways including advertisements and public relations to build brand awareness and to expand distribution channel continuously.

For contract manufacturing and distributing of skincare products, cosmetics, food supplements and medicines which was the new segment deriving from the acquisition of a subsidiary in April 2018. In 2021, the business in this segment had revenues amount of Baht 44.2 million, decreasing from the previous year 11.8% which was mainly from current situation of the pandemic of Coronavirus 2019 (COVID-19) still affects most of business and industries, so the demand for products of consumers decreased. The main revenues were from contract manufacturing of skincare and cosmeceutical and food supplement which were the best seller distributed to group of customers who interested in building their own brands. Nevertheless, to maintain old customer base and expand new customer base, the Company has continuously researched and developed products to cover all product groups including followed beauty trends as well as adjusted marketing activities to be suitable with the situation and developed distribution channels through online channels and searched for business partners to continually develop and create value to the products.

Please be informed accordingly.

Yours faithfully,

(Mr. Jane Wongisariyakul)

CEO

Winner Group Enterprise Public Company Limited

Company Secretary

Tel: 02-675-6525 ext. 106

