

Management Discussion and Analysis

This MD&A report has been prepared based on the consolidated financial statements of GFPT Public Company Limited (“GFPT” or “the Company”) and its subsidiaries (collectively, “GFPT Group”) for the year ended December 31, 2020 as well as included any significant transactions occurred during fiscal year 2020.

GFPT Group operates fully vertical-integrated chicken production covering feed production, grandparent farm, breeder farm, broiler farm, production and distribution of chicken meat, cooked chicken products, and other chicken-related products under customers’ and the Company’s brand name for both domestic and international markets.

GFPT’s strategy is committed to being a leading poultry business focusing on quality and international food safety standards. Furthermore, GFPT Group maintains its competitive advantage by concentrating on its own farm policy and cost advantage through economies of scale.

Industry Overview

In 2020, Thailand’s chicken meat export was about 937,833 tons, 1.70% down from 2019 and export value equaled to THB 109,044 million mainly from lower export to countries in the EU due to economic slowdown and the COVID-19 pandemic. Additionally, Thai Baht appreciation lessened competitive advantage of Thai chicken products as compared to major competitor such as Brazil.

Japan still be the most important export market of Thai chicken meat products. Thailand exported chicken meat products to Japan about 436,420 tons, slightly decreased by 0.32% from 2019. EU and UK together were the second largest export market of Thai chicken meat which export volume of 268,771 tons, decreased by 16.13% from previous year due to severe economic slowdown in EU Countries. Besides these two major markets, export of Thai chicken meat products to other countries such as China, South Korea, Hong Kong, Malaysia, and Canada was approximately 232,642 tons in 2020, an increase of 18.86% YoY. The surge of chicken meat export to China caused by shortage of pork supply from the African Swine Fever (ASF) outbreak and the confidence in food safety standard and the Avian Flu-free in Thailand.

Global Broiler Production and Export Outlook for 2021

Global chicken meat production for 2021 is revised 1% lower to 101.80 million tons driven by sharp declines in EU and China production. The EU is battling widespread Highly Pathogenic Avian Influenza (HPAI) outbreaks across

Management Discussion and Analysis for Fiscal Year 2020

several member countries together with weaker domestic consumption demand and higher grain prices. China chicken meat demand continues to grow but at a slower rate as the swine herd should recover and pork production rebounds.

Global chicken meat export for 2021 are forecasted to 12.10 million tons down nearly 1% as lower export volume from EU, Thailand, and Brazil but offset by gain in the United States. The outlook for China imports remains unchanged.

A summary of the key operational matters and events for the Year 2020

The COVID-19 pandemic has disrupted global economy in term of lower production and lessen purchasing power resulting in lower export volume for both domestic and export market. Additionally, our capacity of cooked chicken products reduced from 24,000 metric tons to 12,000 metric tons in 2020 due to the fire accident at the further processing plant in 4Q2019.

In 2020, GFPT Group had total consolidated revenue from sales of THB 14,471.02 million, decrease of THB 2,392.72 million or 14.19% down from 2019. The consolidated gross profit was THB 2,109.53 million in 2020, decreased by THB 310.74 million or 12.84% down from 2019 from decreasing in revenue from sales.

Nevertheless, participating profit from associates was THB 354.92 million, increased by THB 99.01 million or 38.69% up comparing to 2019. Finally, consolidated net profit in 2020 accounted for THB 1,351.73 million increased by THB 156.28 million or 13.07% up from 2019. The 2020 earnings per share was THB 1.08.

For capital structure of the Group, as at 31 December 2020, the consolidated debt to equity ratio was 0.39 time.

Overall Financial Performance and Profitability

Business Segment of GFPT Group	2018		2019		2020	
	MB	%	MB	%	MB	%
Food Segment	8,253.88	49.58	8,603.26	51.02	6,744.55	46.61
Farm Segment	5,264.13	31.62	5,088.53	30.17	4,707.56	32.53
Feed Segment	3,129.01	18.80	3,171.95	18.81	3,018.91	20.86
Total Sales	16,647.02	100.00	16,863.74	100.00	14,471.02	100.00

Revenue from Sales

The consolidated revenue from sales for 2020 were THB 14,471.02 million, decreased by THB 2,392.72 million or 14.19% down from 2019 due to COVID-19 pandemic and global economic slowdown. Revenue from food segment for 2020 were THB 6,744.55 million, decreased by THB 1,858.71 million or 21.60% down resulted from lower export volume of processed chicken products. Revenue from farm segment were THB 4,707.56 million in 2020, declined by THB 380.97 million or 7.49% down from lower sale volume of live broiler. Finally, revenue from feed segment for 2020 were THB 3,018.91 million, a decrease of THB 153.04 million or 4.82% down. The decrease in revenue of feed segment resulted from a decrease in sale volume of animal feed, partially offset by an increase in sale volume of fish feed.

The consolidated revenue from sales consisted of food segment represented 46.61%, farm segment represented 32.53%, and feed segment represented 20.86% of its consolidated revenue from sales in 2020.

Food Segment

Revenue from food segment in 2020 consisted of revenue from direct export of cooked chicken products and fresh frozen chicken meat, indirect export of chicken meat, domestic sales of chicken parts, chicken by-products, and processed food product such as chicken sausage, all together represented 46.61% of its consolidated revenue from sales amounting THB 6,744.55 million, decreased by THB 1,858.71 million or 21.60% down from 2019.

Revenue from direct export decreased by THB 1,345.75 million due to 36.25% dropped in export volume of processed chicken products especially to Japan, the United Kingdom, and the European Union. Revenue from domestic sales of chicken parts decreased by THB 333.03 million, primarily attributable to lower average selling price and sales volume of domestic sales of chicken parts and revenue from indirect export dropped THB 191.35 million from lower selling price of indirect export. However, revenue from processed food increased by THB 9.29 million mainly from higher sales volume of chicken sausage in domestic market.

Farm Segment

Revenue from farm segment in 2020 consisted of revenue from live broilers sales to GFN (our joint venture), selling day-old-chicks to both international and domestic market, and selling cage-free eggs to domestic market, represented 32.53% of consolidated revenue, amounting THB 4,707.56 million, which decreased by THB 380.97 million or 7.49% down from 2019.

Management Discussion and Analysis for Fiscal Year 2020

Revenue from selling live broilers to GFN in 2020 declined by THB 472.44 million or 10.23% decreased from 2019 mostly from lower sales volume of live broilers. Whilst, revenue from selling day-old-chicks decreased by THB 40.53 million from lower sales volume and lower average selling price; partially offset by THB 120.82 million increased in selling cage-free eggs to domestic market.

Feed Segment

Revenue from feed segment in 2020 consisted of revenue from animal feed, fish feed, and shrimp feed, represented 20.86% of consolidated revenue, amounting THB 3,018.91 million, decreased by THB 153.04 million or 4.82% down from 2019.

The revenue from animal feed decreased by THB 236.23 million, primarily attributable to 10.96% decreased in sales volume while revenue from shrimp feed decreased by THB 94.30 million from lower sales volume, partially offset by THB 122.66 million increased in revenue from fish feed from higher sales volume.

Cost of Sales and Gross Profit

Consolidated cost of sales for 2020 was THB 12,361.50 million, decreased by THB 2,081.98 million or 14.41% down from 2019 while gross profit in 2020 was THB 2,109.53 million, decreased by THB 310.74 million or 12.84% down from 2019 primarily from lower revenue from sales. Consequently, cost of sales for 2020 contributed of 85.42% of total sales, slightly decreased from 85.65% in 2019 while gross profit margin contributed of 14.58% in 2020, slightly increased from 14.35% in 2019.

Other Income

The consolidated other income in 2020 was THB 511.05 million, increased by THB 240.41 million or 88.83% up from 2019, predominantly from compensation claims from fire accident in amount of THB 199.04 million. The consolidated other incomes in 2020 was 3.53% of total sales, increased from 1.60% in 2019.

Selling General and Administrative Expense

The consolidated SG&A expenses in 2020 equaled to THB 1,323.46 million, decreased by THB 83.11 million or 5.91% down from 2019; which mostly decreased from lower freight cost due to lower export volume. The consolidated SG&A expenses in 2020 were 9.15% of total sales, increased from 8.34% in 2019.

Share of Profit from Associated Company

Consolidated share of profit from associated companies based on equity method in 2020 was THB 354.92 million, increased by THB 99.01 million, or 38.69% up from 2019 mainly from McKey's profit contribution of THB 321.74 million, rose by THB 68.34 million or 26.97% up from 2019 due to higher export volume of cooked chicken products. Furthermore, GFN's profit contribution was THB 33.18 million, increased by THB 30.67 million or 1,221.98% up comparing to 2019 due to higher export volume of raw chicken meat to China.

Financial Cost

Financial costs of the Group include interest paid to financial institutions and related persons. The Company's financial costs in 2020 were THB 91.03 million, increased by THB 11.64 million or 14.66% up from 2019. Costs of funds for 2020 were 2.67%, slightly increased from 2019 at 2.32%. The consolidated financial costs of the Group were 0.63% of consolidated revenue sales, slightly increased from 0.47% in 2019.

Income Tax Expense

Income tax expense consisted of corporate income tax expense and deferred tax expense. Income tax expense of the Group in 2020 was THB 204.02 million, decreased by THB 53.78 million or 20.86% down from 2019. A decrease in income tax expense was impacted by lower income tax expense comparing to 2019.

Net Profit

The consolidated net profit in 2020 was THB 1,351.73 million, increased in amount of THB 156.28 million or 13.07% up from THB 1,195.45 million in 2019. The EPS of 2020 was THB 1.08 per share. The increase in consolidated net profit was primarily driven from higher share of profit from associated companies and insurance compensation from fire accident. The consolidated net profit margin in 2020 was 9.34% of consolidated revenue, increased from 2019 at 7.09%.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Consolidated EBITDA in 2020 was THB 2,978.59 million, increased by THB 118.77 million or 4.15% up from 2019. The increasing in consolidated EBITDA resulted from higher share of profit from associated companies and higher other income. EBITDA margin in 2020 was 20.58%, increased from 16.96% in 2019.

Management Discussion and Analysis for Fiscal Year 2020

Unit: Million Baht

	2018	2019	2020
EBIT	1,379.42	1,540.24	1,652.04
Depreciation Expense	1,263.61	1,303.10	1,310.78
Amortization Expense	15.72	16.48	15.77
EBITDA	2,658.75	2,859.82	2,978.59
EBITDA Margin (%)	15.97	16.96	20.58

Return on Equity

In 2020, return on equity of the Company and its subsidiaries was 9.54%, slightly increased from 9.08% in 2019; resulting from higher efficiency in profit generation; whilst, slightly lower asset utilization and slightly lower risk from 2019 as follow:

DuPont Analysis	2018	2019	2020
Return on Equity or ROE ¹⁵ (%)	8.37	9.08	9.54
Operating Profit Margin ¹² (%)	8.29	9.13	11.42
Total Assets Turnover ¹⁸ (times)	0.96	0.93	0.76
Equity Multiplier (times)	1.43	1.40	1.39

Financial position

Asset

As at 31 December 2020, consolidated total assets of GFPT Group equal to THB 20,409.77 million including THB 5,737.82 million (28.11% of total assets) in current assets, THB 10,045.27 million (49.22% of total assets) in property, plant, and equipment (PP&E), THB 3,159.11 million (15.48% of total assets) in investments in associated companies, THB 504.32 million (2.47% of total assets) in investments in grandparent chicken and parent chicken, and THB 963.25 million (4.72% of total assets) in investment in property and other assets.

Management Discussion and Analysis for Fiscal Year 2020

Total assets of GFPT Group increased in amount of THB 1,589.67 million or 8.45% up from an increase in PP&E of THB 1,007.20 million and right-of-use assets (recorded in accordance with new accounting standard) of THB 379.48 million. In 2020, the consolidated return on asset was 6.89% times, slightly higher than 2019 at 6.47%.

Trade and other Receivable

As at 31 December 2020, the Company and its subsidiaries recorded allowance for doubtful accounts in amount of THB 29.60 million, slightly decreased from THB 33.92 million in 2019. The allowance for doubtful accounts was at acceptable level of 4.27% of total trade receivables. The average collection period of the Company and its subsidiaries was 19 days in 2020 similar to 2019. The account receivable turnover was 18.65 times, slightly increased from 18.54 times in 2019.

Inventory

As at 31 December 2020, consolidated inventories were THB 3,798.30 million, increased by THB 81.47 million or 2.19% up from 2019; primarily from increasing in raw materials in transit and work in process. The inventory turnover period was 6 days, increased from 5 days in 2019. The Company and its subsidiaries recorded allowance for non-movement inventories in amount of THB 2.88 million and allowance for decline in value of inventories in amount of THB 7.59 million which accounted only 0.28% of total inventories value. It showed that the Company managed inventory appropriately.

Liability

As at 31 December 2020, total liabilities of the Company and its subsidiaries was THB 5,700.34 million comprising of current liabilities of THB 2,515.73 million (44.13% of total liabilities), long-term loans from related persons of THB 2,160.00 million (37.89% of total liabilities), provision for employees benefit of THB 568.12 million (9.97% of total liabilities), advance received for rental income of THB 98.00 million (1.72% of total liabilities), lease liabilities and other non-current liabilities of THB 358.49 million (6.29% of total liabilities).

Total liabilities as at 31 December 2020 increased by THB 495.29 million or 9.52% up from 31 December 2019 primarily from lease liabilities (recorded in accordance with new accounting standard) increased in amount of THB 344.35 million. All short-term and long-term loans are in THB currency, thus; the Company has no exposure in foreign currency borrowings. The consolidated interest-bearing liabilities as at 31 December 2020 were THB 3,413.00 million (59.87% of total liabilities).

As at 31 December 2020, trade and other payables of the Company and its subsidiaries was THB 1,080.43 million, increased in amount of THB 98.42 million or 10.02% up from 2019. In 2020, account payable turnover was 16.17 times, decreased from 2019 at 17.94 times. The consolidated average payment period in 2020 was 22 days, increased from 20 days in 2019.

Shareholders' Equity

As at 31 December 2020, consolidated shareholders' equity was in amount of THB 14,709.43 million, increased by THB 1,094.39 million or 8.04% up from 31 December 2019; primarily from the increase in retained earnings of THB 1,098.42 million. The consolidated book value in 2020 was THB 11.73 per share, slightly increased from THB 10.86 per share in 2019.

Liquidity

Cash Flow Activity

In 2020, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 2,549.54 million, increased by THB 528.30 million from 2019. The cash cycle of the Company and its subsidiaries was 3 days in 2020, decreased from 5 days in 2019.

The Company and its subsidiaries used cash in its investing activities in amount of THB 2,067.81 million, increased by THB 301.90 million from 2019. The investing activities was made mostly in the investment in fixed assets in amount of THB 1,566.66 million and the grandparent and parent breeder stocks in amount of THB 609.14 million.

The Company and its subsidiaries used net cash from its financing activities in an amount of THB 381.52 million, decreased by THB 26.65 million from 2019, mainly from dividend payment of THB 250.71 million.

As at 31 December 2020, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 1,187.46 million, increased by THB 100.20 million from 2019.

Liquidity Ratio

In 2020, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As of 31 December 2020, the consolidated current ratio was 2.28 times, decreased from 2.95 times in 2019. The quick ratio in 2020 was 0.74 time, decreased from 2019 at 0.99 time. The cash ratio of the Company was 1.15 times, increased from 2019 of 0.82 time.

Short-Term Debt Maturity

As at 31 December 2020, current liabilities of the Company and its subsidiaries were THB 2,515.73 million; comprised of short-term loans from financial institutions of THB 700.00 million, trade payables and other payables THB 1,081.01 million, current portion of long-term loans from related persons of THB 553.00 million, and other current liabilities THB 181.72 million.

Due to its strong position in cash flow and liquidity, the Group can repay its debt obligations including trade payables and other payables, short term loans, and interest expenses. The repayment can be made from cash flow from operation activities and working capital from operation.

The Company and its subsidiaries still had available credit line of short-term borrowings with financial institutions including bank overdraft in amount of THB 242.00 million, short-term loans, letters of credit, trust receipts, packing credit in amount of THB 7,262.81 million, and forward contract of foreign exchange in amount of THB 1,160.32 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As of 31 December 2020, the consolidated debt to equity ratio was 0.39 time, slightly increased from 0.38 time as at December 31, 2019.

As at 31 December 2020, the consolidated interest-bearing liabilities were THB 3,413.00 million, slightly decreased from THB 3,424.40 million comparing to same period last year. The net debt to equity of the Company was considerably low at 0.23 time, slightly decreased from 0.25 time as at December 31, 2019. In summary, the Company had appropriate capital structure.

Capital Expenditure and Capital Resource

In 2020, the Company made an investment of THB 2,067.81 million; mostly in purchasing of fixed assets in amount of THB 1,566.66 million and grandparent breeder and breeder stocks in amount of THB 609.14 million. The investment of fixed assets made in 2020 mainly used in the farm expansion projects including its broiler and breeder farm. The investment was paid from cash flow from operations, short-term loans, and long-term loans.

For the future growth, the Company has planned to grow organically by investing in greenfield projects focusing on capacity expansion along the stream of our vertical integrated chicken production. Firstly, broiler farm operation will be expanded to reach capacity of 380,000 birds per day. Secondly, we are constructing the new chicken processing

plant with a capacity of 150,000 birds per day as well as its supporting facilities such as water reservoir, water treatment, wastewater treatment, and worker residences. Finally, the further processing plant will be in the next phase of construction to produce cooked product for export with capacity of 24,000 metric tons per year.

The investment budget for these projects is estimated to be around THB 1,200 - 1,500 million per year. However, this expansion plan can be adjusted depending on changes of future situation.

Management Discussion and Analysis for Fiscal Year 2020

Management Discussion & Analysis

Summary of Consolidated Statements of

Financial Position of GFPT Public Company Limited and its Subsidiaries

As at 31 December 2018, 2019, and 2020

	2018		2019		2020	
	MB	%	MB	%	MB	%
Cash and Cash Equivalent	1,240.09	6.84	1,087.26	5.78	1,187.46	5.82
Trade and other receivables	974.80	5.38	889.86	4.73	715.06	3.50
Inventories	3,527.98	19.46	3,716.83	19.75	3,798.30	18.61
Other Current Assets	27.15	0.15	19.60	0.10	37.00	0.18
Total Current Assets	5,770.02	31.83	5,713.54	30.36	5,737.82	28.11
Investment in Associates	2,687.52	14.82	2,891.82	15.37	3,159.11	15.48
Grandparent Chickens	104.49	0.58	99.90	0.53	101.98	0.50
Parent Chickens	396.12	2.18	438.39	2.33	402.34	1.97
Investment Property	349.77	1.93	346.91	1.84	340.52	1.67
Property, Plant and Equipment	8,447.16	46.59	9,038.06	48.02	10,045.27	49.22
Right-of-Use Assets	-	-	-	-	379.48	1.86
Deferred Tax Assets	275.85	1.52	180.28	0.96	118.29	0.58
Other Non - Current Assets	98.73	0.55	111.20	0.59	124.95	0.61
Total Non-Current Assets	12,359.64	68.17	13,106.56	69.64	14,671.94	71.89
Total Assets	18,129.66	100.00	18,820.10	100.00	20,409.77	100.00
Short - Term Loans from Financial Institutions	1,380.00	7.61	830.00	4.41	700.00	3.43
Trade and other payables	1,143.42	6.31	982.01	5.22	1,080.43	5.30
Current Portion of Advance Received for Rental Income from Associate	9.17	0.05	9.17	0.05	9.76	0.04
Current Portion of Long - Term Loans	300.00	1.66	-	-	553.00	2.71
Other Current Liabilities	155.59	0.85	115.83	0.62	172.54	0.85
Total Current Liabilities	2,988.18	16.48	1,937.02	10.29	2,515.73	12.33
Long - Term Loans from Related Persons	1,760.00	9.71	2,594.40	13.79	2,160.00	10.58

Management Discussion and Analysis for Fiscal Year 2020

	2018		2019		2020	
	MB	%	MB	%	MB	%
Employee benefit obligations	520.12	2.87	551.45	2.93	568.12	2.78
Advance Received for Rental Income	115.93	0.64	106.76	0.57	98.00	0.48
Lease Liabilities	-	-	-	-	344.35	1.69
Other Non - Current Liabilities	19.24	0.10	15.43	0.08	14.14	0.07
Total Non - Current Liabilities	2,415.29	13.32	3,268.03	17.36	3,184.61	15.60
Total Liabilities	5,403.47	29.80	5,205.05	27.66	5,700.34	27.93
Total Shareholders' Equity	12,726.19	70.20	13,615.04	72.34	14,709.43	72.07
Total Liabilities and Shareholders' Equity	18,129.66	100.00	18,820.10	100.00	20,409.77	100.00

Comprehensive Income Statements of GFPT Public Company Limited and its Subsidiaries

For the year ended 31 December 2018, 2019, and 2020

	2018		2019		2020	
	MB	%	MB	%	MB	%
Revenue from Sales	16,647.02	98.25	16,863.74	98.42	14,471.02	96.59
Other Income	296.85	1.75	270.64	1.58	511.05	3.41
Total Revenue	16,943.87	100.00	17,134.38	100.00	14,982.08	100.00
Cost of Sales	(14,263.56)	(84.18)	(14,443.47)	(84.30)	(12,361.50)	(82.51)
Selling and Administrative Expenses	(1,372.02)	(8.10)	(1,406.57)	(8.21)	(1,323.46)	(8.83)
Total Expenses	(15,635.58)	(92.28)	(15,850.04)	(92.50)	(13,684.95)	(91.34)
Participating Profit in Associated Companies	71.13	0.42	255.90	1.49	354.92	2.37
Profit before Financial Costs and Income Taxes	1,379.42	8.14	1,540.24	8.99	1,652.04	11.03
Financial Costs	(78.74)	(0.46)	(79.39)	(0.46)	(91.03)	(0.61)
Income Tax Expenses	(252.24)	(1.49)	(257.80)	(1.50)	(204.02)	(1.36)
Profit for The Year	1,048.44	6.19	1,203.05	7.02	1,356.99	9.06
Non - Controlling Interests	(10.47)	(0.06)	(7.60)	(0.04)	(5.27)	(0.04)
Net Profit	1,037.97	6.13	1,195.45	6.98	1,351.73	9.02

Management Discussion and Analysis for Fiscal Year 2020

Consolidated Cash Flows Statements of GFPT Public Company Limited and its Subsidiaries

For the year ended 31 December 2018, 2019, and 2020

	2018	2019	2020
	MB	MB	MB
Net Cash Received from Operating Activities	2,478.04	2,021.24	2,549.54
Net Cash Used in Investing Activities	(1,375.10)	(1,765.91)	(2,067.81)
Net Cash Used in Financing Activities	(599.11)	(408.17)	(381.52)
Net Increase (Decrease) in Cash and Cash Equivalents	503.83	(152.84)	100.21
Cash and Cash Equivalents at the Beginning Balance	736.26	1,240.10	1,087.26
Cash and Cash Equivalent at the Ending Balance	1,240.09	1,087.26	1,187.46

Financial Ratios of GFPT Public Company Limited and its Subsidiaries

	2018	2019	2020
Liquidity Ratio			
Current Ratio ¹ (times)	1.93	2.95	2.28
Quick Ratio ² (times)	0.72	0.99	0.74
Cash Ratio ³ (times)	0.83	0.82	1.15
Account Receivable Turnover ⁴ (times)	17.11	18.54	18.65
Average Collection Period ⁵ (days)	21	19	19
Inventory Turnover ⁶ (times)	66.25	69.01	56.01
Average Inventory Turnover Period ⁷ (days)	5	5	6
Account payable Turnover ⁸ (times)	18.03	17.94	16.17
Average Payment Period ⁹ (days)	20	20	22
Cash Cycle ¹⁰ (days)	7	5	3
Profitability Ratio			
Gross Profit Margin ¹¹ (%)	14.32	14.35	14.58
Operating Profit Margin ¹² (%)	8.29	9.13	11.42

Management Discussion and Analysis for Fiscal Year 2020

	2018	2019	2020
Cash Profit Margin ¹³ (%)	179.64	131.23	154.33
Net Profit Margin ¹⁴ (%)	6.13	6.98	9.02
Return on Equity or ROE ¹⁵ (%)	8.37	9.08	9.54
Efficiency Ratio			
Return on Assets or ROA ¹⁶ (%)	5.86	6.47	6.89
Return on Fixed Assets ¹⁷ (%)	18.97	19.62	19.17
Total Assets Turnover ¹⁸ (times)	0.96	0.93	0.76
Leverage Ratio			
Debt/Equity Ratio ¹⁹ (times)	0.42	0.38	0.39
Net Debt to Equity Ratio ²⁰ (times)	0.27	0.25	0.23
Interest Coverage Ratio ²¹ (times)	23.09	19.34	22.54
Debt Service Coverage Ratio ²² (times)	0.24	0.25	0.31
Dividend Payout Ratio ²³ (%)	81.13	78.76	N/A *

Remark:

- 1) Current Ratio = Current Assets/ Current Liabilities
- 2) Quick Assets = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Cash Ratio = Cash Flow from Operating / Average Current Liabilities
- 4) Account Receivable Turnover = Net Credit Sales / (Accounts Receivable before Allowance for Doubtful
Accounts + Average Notes Receivable)
- 5) Average Collection Period = 360 / Account Receivable Turnover
- 6) Inventory Turnover = Cost of Goods Sold / Average Inventory
- 7) Average Inventory Turnover Period = 360 / Inventory Turnover
- 8) Account payable Turnover = Cost of Goods Sold / Average Account payable
- 9) Average Payment Period = 360 / Account payable Turnover

Management Discussion and Analysis for Fiscal Year 2020

10) Cash Cycle = Average Collection Period + Average Inventory Turnover Period - Average Payment Period

11) Gross Profit Margin = (Gross Profit / Sales) * 100

12) Operating Profit Margin = (Operating Profit / Sales) * 100

13) Cash Profit Margin = (EBIT / Net Income) * 100

14) Net Profit Margin = (Net Profit / Total Sales) * 100

15) Return on Equity or ROE = (Net Profit / Average Equity) * 100

16) Return on Assets or ROA = (Net Profit / Average Total Assets) * 100

17) Return on Fixed Assets = ((Net Profit + Depreciation) / Average Total Fixed Assets) * 100

18) Total Assets Turnover = Total Revenue / Average Total Assets

19) Debt/Equity Ratio = Total Debt / Equity

20) Net Debt to Equity Ratio = Net Debt / Equity

21) Interest Coverage = (Cash Flow from Operations + Interest Expenses + Tax) / Interest Expenses

22) Debt Service Coverage = EBITDA / (Debt payment + Capital Expenditure + Investment in Fixed Assets + Dividend Payment)

23) Dividend Payout = (Dividends / Net Income) * 100

* The dividend payout ratio in 2020 is subject to the resolutions of the AGM 2021