



We care



Creating Sustainable Wellness

Form 56-1 One Report 2022

Mega Lifesciences Public Company Limited





MEGA WAY

is to build a THINKING organization
which will CHANGE before it is forced to
and Live and GROW beyond each of us.



Creating Sustainable Health

Mega shall focus on high-quality products and helping people stay healthy as long as they live









Creating Sustainable Wellness

Mega focus on the physical, mental, emotional, and social health for sustainable wellness.







Creating Sustainable Business Inspired by Nature

MEGA is committed to incorporating eco-friendly practices and aspires to efficiently utilize resources, reduce pollution, and slash greenhouse gas emissions for a Creating a Sustainable Operation Inspired by Nature.





Contents

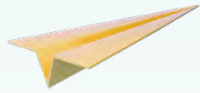


1 Overview

| | |
|---|-----|
| Vision, Mission and Core Values | 010 |
| The MEGA Journey and Global Reach | 012 |
| Key Financial Highlights | 016 |
| Our Business Segment | 018 |
| Message from the Chairman | 020 |
| Message from the CEO & Chief Coach | 022 |
| Board of Directors, Subcommittees, Executives | 024 |

2 Business Operation and Operating Results

| | |
|--|-----|
| Organizational Structure and Operation | 030 |
| Risk Management | 078 |
| Driving Business for Sustainability | 104 |
| Management Discussion and Analysis of Operating Results (MD&A) | 158 |
| General Information and Other Important Information | 192 |



3 Corporate Governance

| | |
|--|-----|
| Corporate Governance Policy | 196 |
| Corporate Governance Structure and Material Facts Related to the Board of Directors, Subcommittees, Executives, Employees and Others | 221 |
| Report on Key Operating Performance Related to Corporate Governance | 233 |
| Internal Control and Related Party Transactions | 237 |

4 Financial Statements

| | |
|----------------------|-----|
| Financial Statements | 244 |
|----------------------|-----|

5 Enclosure

| | |
|--|-----|
| Attachment 1 The Board of Director Biography | 320 |
| Attachment 2 Detail of Director Executives of the Company | 327 |
| Attachment 3 Details of Head of Internal Audit and Compliance | 329 |
| Attachment 4 Information of Appraisal of Assets Price | 330 |
| Attachment 5 External Auditor's Remuneration | 330 |

Vision

Mega's Vision is to
'Create a Thinking
Organisation which will
change before it is forced
to Change. An Organisation
which will live and grow
beyond each one of us'.





Mission

Mega's Objective is to create value by marketing and selling medicines and medicinal supplements in developing countries.



Core Value



TRUTH



TRUST



RESPECT



FREEDOM



The MEGA Journey

01

Started as an OEM Manufacturer.

02

Entered Branded Products and Distribution Business; Geographical Expansion.

03

Emerged as a leading branded and International distribution player.

- Expanded into Vietnam, Myanmar and Cambodia to sell branded products and operate distribution business.
- Acquired Medcraft brands
- Established manufacturing plant in Australia

**1995
1996****1993
1994**

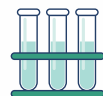
- Commenced branded products business.

**1985
1986**

- Received approval from Thai FDA for Samut Prakarn Facility in Thailand
- Began manufacturing Nifedipine for Berlin Pharmaceutical Industry Co., Ltd.

1982

- Incorporated



- PT Futamed 100% share ownership and name changed to PT Mega Lifesciences Indonesia
- Mega Products Limited, Yemen is 100% owned Company

2022

2020

- Market leading branded products in key Southeast Asian markets
- Leading distributor of pharmaceutical and OTC products
- Announced acquisition of Eugica

- Acquisition of 83.33% equity of PT Futamed Pharmaceuticals, Indonesia

2012

- Acquisition of Sandoz GmbH Business in Myanmar and Ethiopia

2018



2016

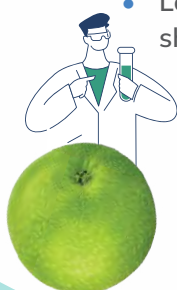
2014
2015

2013

- Relocated into new plant in Australia
- Expanded manufacturing capacity in Thailand
- IPO & Listing on Stock Exchange of Thailand

- Africa focus
- Long term reward share warrant

- MEGA acquires Bio-Life Marketing SDN. BHD. effective 30th Nov 16, engaging in the business of marketing health related products including probiotics, essential fatty acids, herbal products, nutritional and skincare.
- Wellness We Care Center established
- Mega Malee Joint Venture
- Myanmar Warehouse approved





Global Reach



Branded Products Sales in 35 Countries

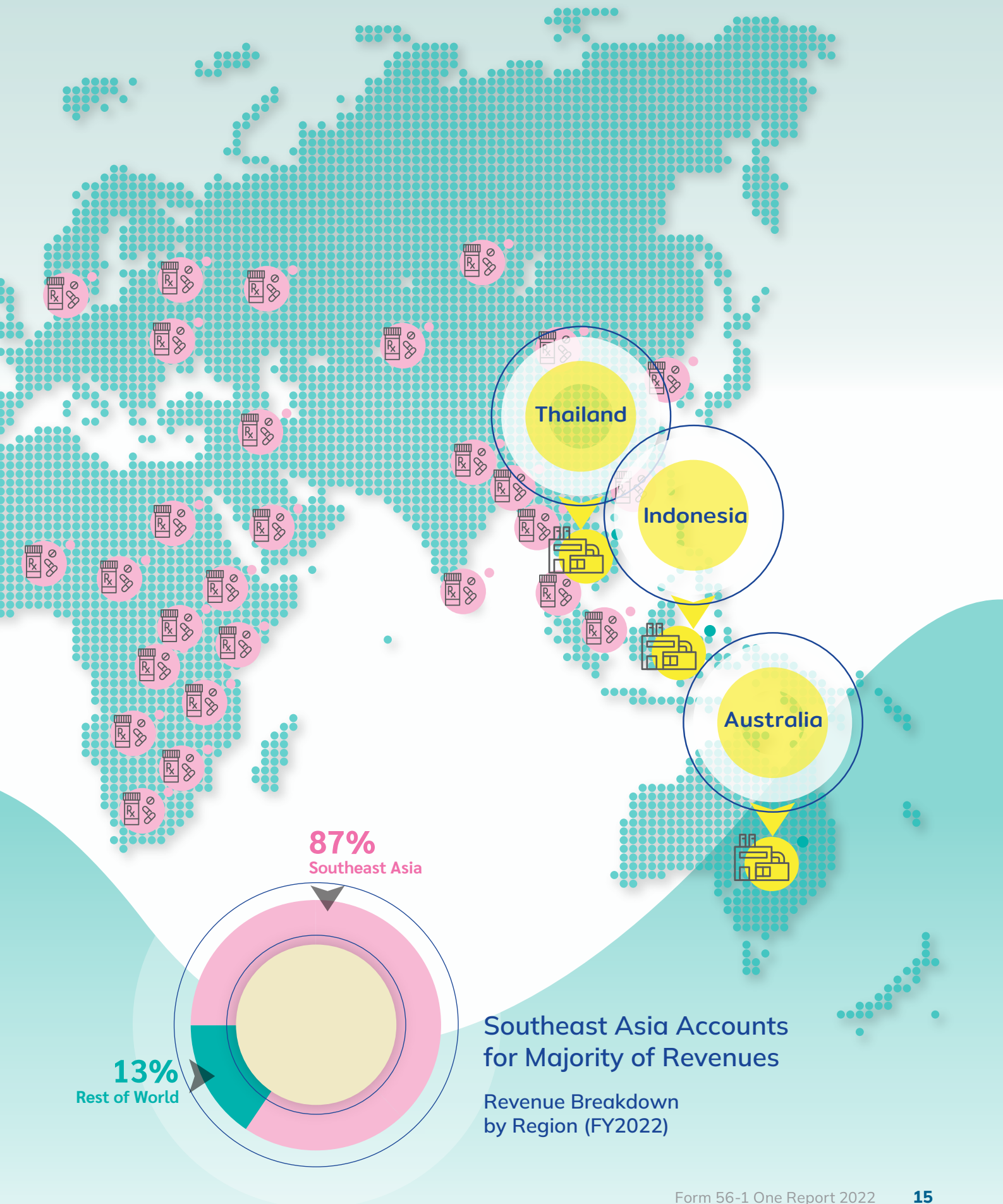
- | | |
|-----------------|--------------------------|
| 01. Azerbaijan | 18. Sri Lanka |
| 02. Belarus | 19. Tanzania |
| 03. Cambodia | 20. Thailand |
| 04. Ghana | 21. Trinidad and Tobago |
| 05. Hong Kong | 22. Uganda |
| 06. Indonesia | 23. Ukraine |
| 07. Kazakhstan | 24. United Arab Emirates |
| 08. Kenya | 25. Uzbekistan |
| 09. Burundi | 26. Vietnam |
| 10. Malaysia | 27. Yemen |
| 11. Mongolia | 28. Ethiopia |
| 12. Myanmar | 29. Sudan |
| 13. Nigeria | 30. Nepal |
| 14. Peru | 31. Zambia |
| 15. Philippines | 32. Columbia |
| 16. Rwanda | 33. Bangladesh |
| 17. Singapore | 34. Zimbabwe |
| | 35. Denmark |



Countries with Manufacturing and Development



Countries with Brands Presence





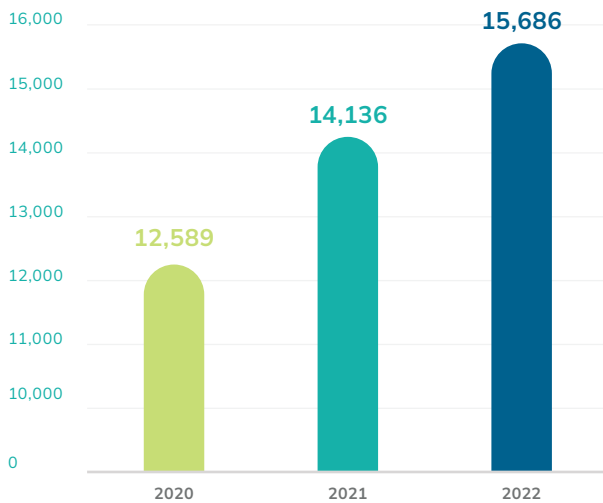
Operating Revenue

Unit : Million Baht

Operating Revenue

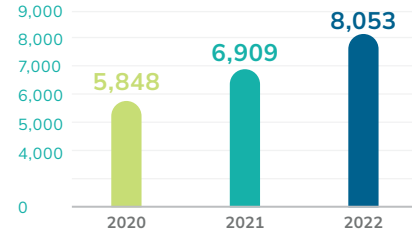
15,686 mn

FY2022

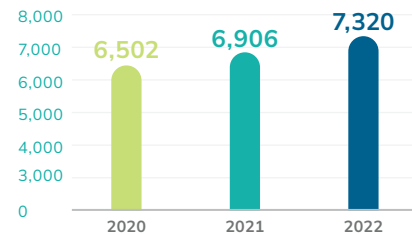


Segment Revenue

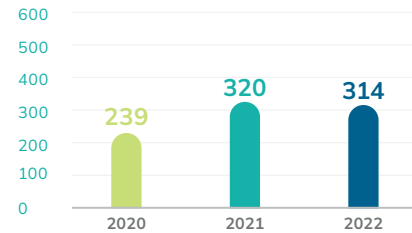
Mega We Care™

8,053 mn

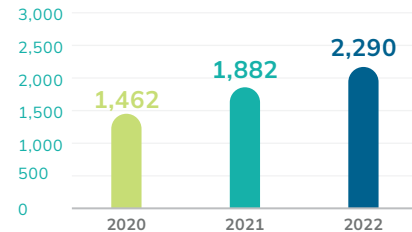
Maxxcare™

7,320 mn

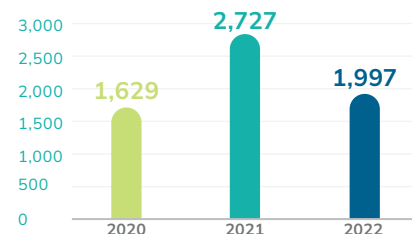
OEM

314 mn

Adjusted Net Profits

2,290 mn

Operating Cash inflow

1,997 mn

Financial Highlights

| Consolidated Income Statement (Figures in THB mn) | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|
| Operating Revenue | 12,589 | 14,136 | 15,686 |
| Gross profit | 4,986 | 5,911 | 7,040 |
| Selling and Admin. exp (SGA) | 3,299 | 3,769 | 4,359 |
| SGA (% to revenue) | 26.2% | 26.7% | 27.8% |
| Net Profit (Adjusted)¹ | 1,462 | 1,882 | 2,290 |
| (% to revenue) | 11.6% | 13.3% | 14.6% |
| Net foreign exchange gain/(loss) ⁷ | 18 | 119 | 2 |
| Net losses from new businesses ² | (91) | (60) | (52) |
| Net profits | 1,388 | 1,941 | 2,240 |
| Operating cash inflow | 1,629 | 2,727 | 1,997 |
| % to net profits | 117.4% | 140.5% | 89.1% |
| Cash cycle (days) | 126 | 124 | 119 |
| Revenue by segments (THB mn) | 2020 | 2021 | 2022 |
| Mega We Care™ business | 5,848 | 6,909 | 8,053 |
| Maxxcare™ business | 6,502 | 6,906 | 7,320 |
| OEM | 239 | 320 | 314 |
| Consolidated Balance Sheet (Figures in THB mn) | Dec'20 | Dec'21 | Dec'22 |
| Cash and bank balances ³ | 1,218 | 2,531 | 2,789 |
| Trade accounts receivable | 2,507 | 2,557 | 3,107 |
| Inventories | 3,489 | 3,823 | 4,109 |
| Property, plant and equipment ⁴ | 1,985 | 1,874 | 1,936 |
| Intangible assets ⁵ | 1,312 | 1,353 | 1,329 |
| Other assets | 1,046 | 1,134 | 1,376 |
| Total Assets | 11,557 | 13,272 | 14,646 |
| Debt | 499 | 168 | 229 |
| Trade Payables | 2,048 | 2,527 | 2,793 |
| Other Liabilities | 2,031 | 2,552 | 2,847 |
| Total Outside Liabilities | 4,578 | 5,247 | 5,870 |
| Shareholder Equity | 6,979 | 8,025 | 8,777 |
| Total Liabilities and Equity | 11,557 | 13,272 | 14,646 |
| Key Balance Sheet Elements | Dec'20 | Dec'21 | Dec'22 |
| Net cash/(debt) (THB mn) | 718 | 2,363 | 2,560 |
| Net investment capex ⁶ (THB mn) | 646 | 142 | 279 |
| Net debt/Equity (times) | (0.11) | (0.32) | (0.30) |

¹ Net profit (Adjusted) are net profit adjusted for non-recurring items, normalized forex gains or losses, impacts from newly started businesses (includes startups and projects with gestation) to reflect normal business performance.

² Net losses from new businesses in 2020 includes impact of TH 41 mn arising from termination of a joint venture and losses from newly acquired subsidiary in Indonesia amounting to THB 31.5 mn; for more details, please see the MD&A FY20.

³ Cash and bank balances as at balance sheet dates include non - restricted term deposits with banks.

⁴ Property, plant and equipment includes assets classified as investment property in audited financial statement.

⁵ Intangible assets includes goodwill arising from business combination.

⁶ Net investment capex includes investment in property plant and equipments, business acquisitions and investment in joint ventures and associates.

⁷ In FY 2022 normalized, based on best estimates, for dual currency rate effect in Myanmar and The Forex losses arising from delay in remitting funds from Myanmar

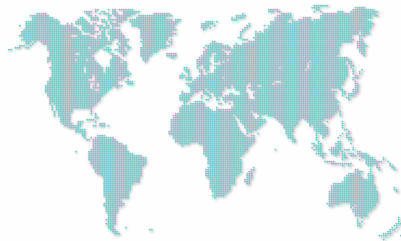


Our Business Segment

MEGA is a leading participant in the health and wellness industry in developing countries. Our business may be categorized into three segments



The Future of Our Past and Present



1985 - 1994

Became the largest OEM supplier of soft gel caps out of Southeast Asia.

1994 - 2019

Achieved leadership position in Indochina markets. Became leading international distribution company in Myanmar, Vietnam, and Cambodia.

2019 - 2025

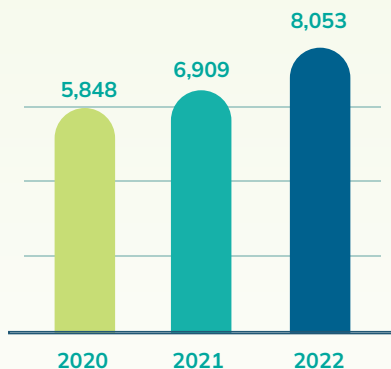
We expect to double our business in 5-7 years

Key Investment Highlights

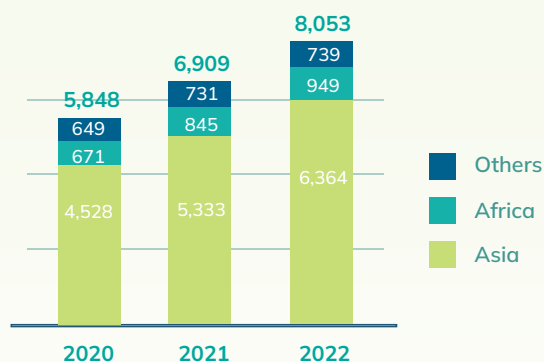
- 01** Market leading own consumer health and pharmaceutical brands in fast growing developing markets
- 02** Leading distributor of pharmaceutical and OTC products in select frontier markets of Myanmar, Vietnam and Cambodia
- 03** Focused on fast growing underdeveloped/developing countries
- 04** High quality products manufactured in worldclass 4 manufacturing facilities accredited by international regulatory agencies
- 05** Strong product pipeline driven by an efficient and targeted product development strategy
- 06** Proven track record of delivering growth and profitability
- 07** Experienced management team instrumental in building the business is significantly invested in the Company

Mega We Care™ Branded Products Business

Revenue

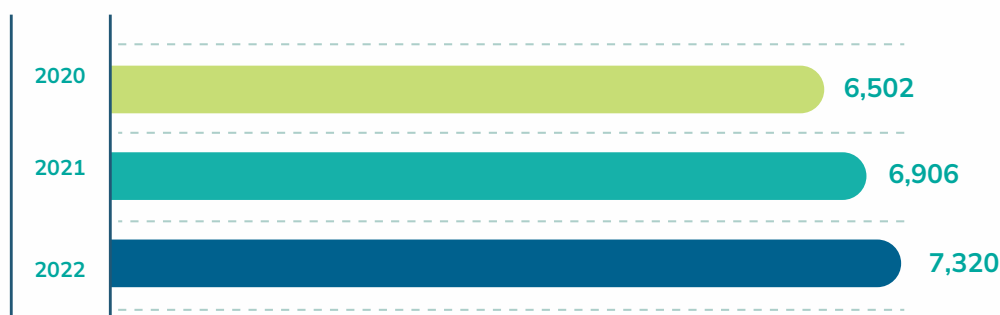


Revenue split by geography (THB mn)



Maxxcare™ Distribution

We are a leading distributor of pharmaceutical, OTC and consumer products in select frontier markets



OEM Business THB

314 mn

FY2022



Maxxcare™
46.7%
THB 7,320 mn

Mega We Care™
51.3%
THB 8,053 mn

OEM
2%
THB 314 mn

Maxxcare™
21.6%
THB 1,523 mn

Mega We Care™
76.7%
THB 5,397 mn

OEM
1.7%
THB 120 mn



Message from the Chairman



Dear Shareholders Colleagues Customers and Consumers

Year 2022 has been a good year for Mega Lifesciences. We have been able to further our cause of Human Wellness and the world has emerged from the chaos of the pandemic. Mega has withstood the challenges and has emerged a significant player in the healthcare space across the markets where Mega Lifesciences is present.

Mega Lifesciences has embarked on yet another decade of 'wellness we care' and our journey spanning beyond 3 decades has brought us from humble beginnings with two machines and few people to a Mega family of more than 5,700 employees.

We are seen today as a credible partner in Human Wellness across all countries where we are present around the globe.

We continue to adopt a greater PURPOSE of taking care of Human lives and helping humans remain healthy as long as they live and a greater expectation of health empowerment. Mega Lifesciences continues to exhibit resilience in the company's resolve to remain as an organization which will continue to Live and Grow beyond each of us. The Company has emerged with strong cashflow and robust financial and business strategy. The Company continues to value each and every one of its 5,700+ employees across the globe and encourages each and every employee and stakeholder to pursue a life of Wellness and We care.

Ukraine conflict remains a concern and we eagerly await for societies to co-exist and for Human Wellness to be given an opportunity to prosper.

Mega Lifesciences has decided to further its journey in Sustainability. Mega Lifesciences' Wellness We care Foundation continues to engage with communities and helping in Building Better Lives across the globe. Mega Lifesciences has made a significant impact on the communities through its Wellness We care Center in Muaklek, Thailand. The Company is determined to promote awareness related to Non-Communicable disease which is a silent killer and poses a significant challenge for Thailand and Global economy.

Mega Lifesciences and its 5,700 + strong team including Directors, Management and all the valued members have set on a journey towards a better planet by promoting Green business practices and help to build a better world. Emphasis remains on solar power, waste reduction, Community engagement, promoting human rights across the value chain, Risk management, Stakeholder engagement, UN's Sustainable Development Goals and Good Corporate Governance.

Mega has been listed as a member of THSI – Thailand Sustainable Investing and Mega continues to invest more resources in sustainable business practices and furthering the cause of this planet.

Mega is a declared member of CAC and has taken steps for certification.



Meechai Viravaidya
Chairman of the Board of Directors



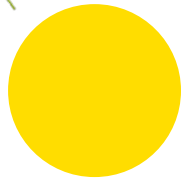


Message from the CEO & Chief Coach



“ We also achieved our goal to be listed among the ESG companies in Thailand, and have progressed well, to be included in the this index. we continue to build on our sustainability

”



Dear Shareholders,

Another year has gone by and we have ushered in 2023. first let me wish you all a good health, so you are blessed with energy and strength to carry forward your dreams and enjoy the next 365 days.

Year 2022 had its challenges, from covid resurging, supply chain issues and rising costs. we fared well in spite of all of them causing trouble. The mega team worked round the clock to solve them and focus on our core business. We build our new facility in bangpoo which will become operational by qtr 2, to replace our aging plant which is over 36 yrs old. we embarked on design and development of our Indonesian facility to produce new drugs, while our registrations for new differentiated generics got approvals to market. our pipeline of pharma medicines and our consumer health range grew, while we expanded our reach thru consumer centric initiatives in our markets.

The political turmoil in Myanmar continues to be a drag on our distribution business, while we remain very focused on the pharma and our branded business to deliver over the next few years. in spite of trouble in Ukraine, our business continues and we pray for solution for the country and their citizens.

We also achieved our goal to listed among the ESG companies in Thailand, and have progressed well, to be included in the this index. we continue to build on our sustainability and governance and work towards environmently friendly model, where a portion of energy is now solar and design of products are based on least material usage and wastages, and the manufacturing operations are working on initiatives to reduce consumption in all areas-energy, water and material.

2023 will bring in new challenges and opportunities. we have embarked on growing our pharma health care portfolio thru partnerships and inhouse developments. our list of drugs and over the counter products have grown and will continue to get launched in multiple markets.

The digital health initiative was launched in Myanmar for diabetic patients and doctors to help manage and improve care. We continue to expand this to other markets.

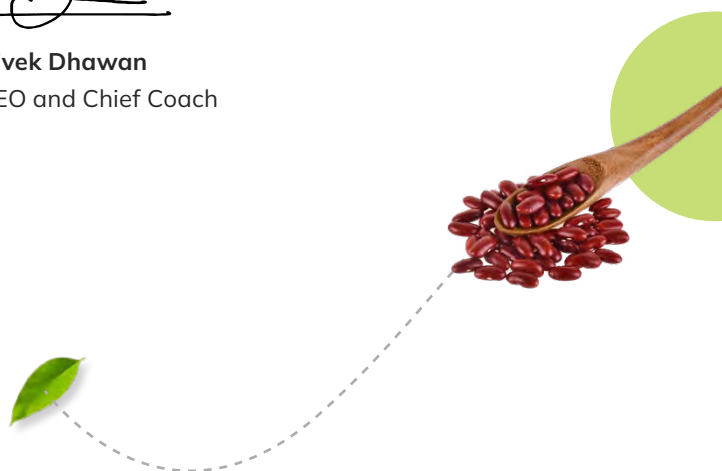
Our wellness we care initiative to improve the lives of our employees and our partners – pharmacists, consumers thru life style modification continues to build programs and add courses to prevent and reverse lifestyle diseases thru self care.

We remain confident in this present day and world situation, that mega we care will deliver on its promise to help people stay healthy as long as they live, and build a sustainable business that will live and grow beyond each one of us.

I once again thank you for your trust and support.



Vivek Dhawan
CEO and Chief Coach





Board of Directors



Mr. Mechai Viravaidya

- Independent Director
- Chairperson



Mr. Alan Kam,

- Independent Director
- Chairperson of the Audit Committee
- Member of Nomination Committee
- Chairperson of Sustainability, Risk Management and Corporate Governance Committee



Mr. Vijay Karwal

- Independent Director
- Member of Audit Committee
- Chairperson of Nomination Committee
- Chairperson of Remuneration Committee



Mr. Thor Santisiri

- Independent Director
- Member of Audit Committee
- Member of Nomination Committee
- Member of Sustainability Risk Management and Corporate Governance Committee



Mr. Kirit Shah

- Non-executive Director
- Member of Remuneration Committee

**Ms. Sameera Shah**

- Non-executive Director

**Mr. Vivek Dhawan**

- Executive Director
- Chief Executive Officer
- Member of Remuneration Committee

**Mr. Thomas Abraham**

- Executive Director
- Chief Financial Officer
- Member of Sustainability, Risk Management and Corporate Governance Committee

**Mr. Shiraz Erach Poonevala**

- Non-executive Director

**Mr. Ishaan Shah**

- Non-executive Director





Senior Management



Mr. Vivek Dhawan

- Executive Director
- Member of Remuneration Committee
- Chief Executive Officer



Mr. Thomas Abraham

- Executive Director
- Chief Financial Officer
- Member of Sustainability, Risk Management and Corporate Governance Committee



Mr. Paramjit Singh Sawhney

- President, International



Mr. Girish Wadhwa

- President, Myanmar



Ms. Duangnapa Tongsiri

- President, Thailand Mega



Mr. Manoj Gurbuxani

- Deputy CFO





Business Operation and Operating Results

| | |
|--|-----|
| Organizational Structure and Operation | 030 |
| Risk Management | 078 |
| Driving Business for Sustainability | 104 |
| Management Discussion and Analysis of Operating Results (MD&A) | 158 |
| General Information and Other Importance Information | 192 |





Organizational Structure and Operation

Policy and Business Overview



Our History and Important Developments

Our history

Mega Lifesciences Public Company Limited (the “Company”), formerly known as “Vikas Company Limited” and later “Medicap Limited”, was established in 1982 with an initial registered capital of Baht 5,000,000. The founder of the Company was Mr. Kirit Shah. We started our business as an OEM supplier of soft gelatin (“soft gel”) capsules with our first manufacturing facility located in Samut Prakarn, Thailand. At that time, Thailand did not have any soft gel capsule manufacturer and was completely reliant on importing finished soft gel products from Germany, Australia and elsewhere. Our manufacturing facility started with two production lines and had an annual production capacity of 230 million soft gel capsules.

In 1986, we began manufacturing Nifedipine (a medicine used to treat hypertension and chest pain) for Berlin Pharmaceutical Industry Co., Ltd. Nifedipine became a very successful flagship product for both companies and led to an exclusive manufacturing partnership which helped establish our OEM supply business and reputation as a pharmaceutical products manufacturer.

In 1986, Mr. Vivek Dhawan joined the Company. He is now the Company’s Chief Executive Officer and holds approximately 6.60% of the shares in the Company.

We started our branded products business with the incorporation of Mega Products Limited (now known as Mega Lifesciences Pty. Ltd.) and, in 1994, we acquired the Medicrafts™ brand and associated trademarks, which was the starting point for the growth of our Mega We Care™ branded products business.

In 1995, we opened a representative office in Vietnam and established a subsidiary in Myanmar, and in the following year, we established a subsidiary in Cambodia. We commenced operations in those countries to sell our own Mega We Care™ branded products. In addition, in those countries, we recognized a business opportunity to offer marketing, sales, distribution and logistics services to international pharmaceutical and FMCG companies in these markets. From our market expansions in Vietnam, Myanmar and Cambodia, we identified opportunities to enter, and later entered, other developing markets in the following years.

In 2000, we formally restructured our business operations into two divisions: our branded products business (now under the “Mega We Care™” trademark) and our distribution business now under the “Maxxcare™” trademark. Our manufacturing division became primarily devoted to the manufacture of our own Mega We Care™ branded products, and where there was excess capacity for manufacturing products, we offered OEM services to manufacture products under the brand of our customers.

In 2002, we leased land, buildings and constructions for manufacturing facilities in Dandenong, Melbourne, Australia as we saw that Australia’s well-defined regulatory regime for pharmaceuticals and healthcare products, in particular nutraceutical products and complementary medicines, would allow us to reduce the time to market for the introduction of new Mega We Care™ branded products in select markets. Our Australian facility presently manufactures and packages tablets, hard capsules and powders.

As of December 31, 2022, we had four manufacturing plants - two in Thailand and one each in Australia and Indonesia. We believe our manufacturing plants have sufficient capacity to meet the requirements of ensuing 3-4 years. Our annual manufacturing capacity at respective plants as at December 31, 2022 was as below:

1. Thailand (based on three shift working): 3.8 billion standard soft gel capsules, 117.9 million hard gel capsules, 339 million tablets and 48 million sachets.
2. Australia (based on one shift working): 276 metric tonnes of powder, 203 million tablets, 12.1 million hard gel capsules and 2.1 million sachets.
3. Indonesia (based on one shift working): 99.2 million tablets, 18.6 million hard gel capsules and 5.2 million sachets.

Significant developments in our business

| Year | Business Milestones |
|-------------|---|
| 1982 | <p>: Our Company was incorporated by Mr. Kirit Shah under the name of "Vikas Company Limited" with an initial registered capital of Baht 5,000,000 represented by 5,000 ordinary shares, with each share having a par value of Baht 1,000.</p> <p>: We changed the name of our Company to "Medicap Limited" and increased the Company's registered capital by Baht 5,000,000 by issuing 5,000 more ordinary shares, with each share having a par value of Baht 1,000 to existing shareholders. This resulted in our registered capital increasing from Baht 5,000,000 to Baht 10,000,000 in order to meet the capital requirements to apply for a BOI promotion certificate.</p> <p>: We received our first BOI promotion certificate from the BOI, providing us with tax and other incentives to establish our soft gel capsule manufacturing facility in Samut Prakarn, Thailand.</p> |
| 1985 | <p>: We received a license from the Thai FDA to produce medicines at our first manufacturing facility ("Soi6 manufacturing facility") at Samut Prakarn, Thailand and received GMP certification from the Thai FDA.</p> <p>: We began manufacturing at our Soi 6 manufacturing facility in Samut Prakarn, Thailand. The facility had two production lines with an annual production capacity of 230 million soft gel capsules. We believe that our Soi 6 manufacturing facility was the first soft gel capsule manufacturing facility in Southeast Asia. Our Soi 6 manufacturing facility has been expanded several times since 1985. We believe we have always been one of the largest soft gel manufacturing facilities in Southeast Asia.</p> |
| 1986 | <p>: Medicap Limited increased its registered capital by Baht 15,000,000 by issuing 15,000 ordinary shares, with each share having a par value of Baht 1,000, to existing shareholders. This resulted in our registered share capital increasing from Baht 10,000,000 to Baht 25,000,000 in order to fund the expansion of our manufacturing facilities referred to above and for related working capital requirements.</p> <p>: Mr. Vivek Dhawan, now the Company's Chief Executive Officer, joined the Company.</p> |
| 1988 | <p>: We obtained tax and other incentives pursuant to a second BOI promotion certificate to increase our soft gel manufacturing capacity and accordingly we added two production lines to our Soi 6 manufacturing facility in Samut Prakarn, Thailand.</p> |
| 1989 | <p>: We added an additional production line to our Soi 6 manufacturing facility in Samut Prakarn, Thailand. This increased our annual production capacity to 625 million soft gel capsules.</p> <p>: We obtained a food manufacturing license from the Thai FDA.</p> |
| 1990 | <p>: We formed Mega Products Limited (now known as Mega Lifesciences Pty. Ltd.) with a view to marketing and selling nutraceutical products under our own brands.</p> |



| Year | Business Milestones |
|------------------|--|
| 1993-1994 | <p>: Our Soi 6 manufacturing facility in Samut Prakarn, Thailand received GMP certification from the Australian TGA, following an audit that was conducted in 1993.</p> |
| | <p>: We acquired the Medicrafts™ brand and associated trademarks for a range of products that we had been manufacturing as an OEM supplier for the previous owner of the Medicrafts™ brand. The acquisition was a factor in the growth of our branded products business and its market acceptance.</p> |
| 1995-1996 | <p>: We added three more production lines for soft gel capsules to our Soi 6 manufacturing facility in Samut Prakarn, Thailand, bringing our total number of production lines to eight.</p> |
| | <p>: We established operations in Myanmar (1995), Vietnam (1995) and Cambodia (1996) to market and sell our Mega We Care™ branded products and to develop a distribution business, both to distribute our own branded products and to distribute the products of our principals.</p> |
| 1996 | <p>: We changed the par value of our ordinary shares from Baht 1,000 per share to Baht 10 per share and increased our registered capital by Baht 22,500,000 by issuing 2,250,000 ordinary shares having a par value of Baht 10 per share to our existing shareholders, consisting of our management and employees. This resulted in our registered share capital increasing from Baht 25,000,000 to Baht 47,500,000.</p> |
| 1997 | <p>: We increased our registered capital by Baht 625,000 by issuing 62,500 ordinary shares, having a par value of Baht 10 per share to our existing shareholders, consisting of our management and employees. This resulted in our registered share capital increasing from Baht 47,500,000 to Baht 48,125,000.</p> |
| | <p>: In the same year, we received ISO 9002 certification from SGS Yarsley International Certification Services and became the first pharmaceutical company in Thailand to receive such certification.</p> |
| | <p>: We increased our registered capital by Baht 1,875,000 by issuing 187,500 ordinary shares, having a par value of Baht 10 per share to our existing shareholders, consisting of our management and employees. This resulted in our registered share capital increasing from Baht 48,125,000 to Baht 50,000,000.</p> |
| 2000 | <p>: We increased our registered capital by Baht 11,000,000 by issuing 1,100,000 ordinary shares, having a par value of Baht 10 per share to our existing shareholders, consisting of our management and employees. This resulted in our registered share capital increasing from Baht 50,000,000 to Baht 61,000,000.</p> |
| | <p>: We launched our Mega We Care™ branded products into developing markets, including the Commonwealth of Independent States and countries in Africa and the Middle East.</p> |
| 2001 | <p>: We obtained GMP certification from the German health authority, the District Government of Arnsberg, for manufacturing soft gel products at our Soi 6 manufacturing facility in Thailand, and we became the first Thai pharmaceutical company to export nutraceutical and pharmaceutical products to Germany.</p> |
| | <p>: We registered “Mega We Care” as a trademark. Mega We Care™ is now the primary trademark for our branded products business.</p> |
| 2002 | <p>: We began to lease a manufacturing facility in Dandenong, Melbourne, Australia and received an Australian TGA licence to operate such leased manufacturing facility in Dandenong, Melbourne.</p> |
| 2003 | <p>: We increased our registered capital by Baht 6,056,190 by issuing 605,619 ordinary shares, having a par value of Baht 10 per share to our existing shareholders, consisting of our management and employees. This resulted in our registered share capital increasing from Baht 61,000,000 to Baht 67,056,190.</p> |

| Year | Business Milestones |
|--------------------|---|
| 2004 | : Our Soi 6 manufacturing facility in Thailand received GMP certification from the National Drug Authority of Uganda. |
| 2005 | : We changed the name of our Company from “Medicap Limited” to “Mega Lifesciences Company Limited”. |
| 2006 | : Our Soi 6 manufacturing facility in Thailand received GMP certification from the Ministry of Health of Yemen and the Ministry of Health of Ukraine. |
| | : Mega Lifesciences Company Limited (a subsidiary of the Company in Myanmar) became the first distribution and logistics company in Myanmar to receive ISO 9001 certification. |
| 2008 - 2010 | : We added two additional production lines and replaced the machines with new ones for all eight existing production lines at our Soi 6 manufacturing facility in Samut Prakarn, Thailand. This brought the Soi 6 manufacturing facility's total number of production lines to ten and its annual design capacity to 2.1 billion soft gel capsules. |
| 2008 | : We established a second manufacturing facility (“Soi 8 manufacturing facility”) in Samut Prakarn, Thailand. Manufacturing of tablets, hard capsules and packages in this new facility commenced in 2009. |
| | : We received GMP certifications for our Soi 6 manufacturing facility in Thailand and our manufacturing facility in Australia from the United Arab Emirates’ Ministry of Health. |
| | We provided assistance to communities damaged by Cyclone Nargis by constructing a health office in the Twantay Township in Myanmar, and donating drinking water and medical supplies to victims. |
| 2009 | : We received GMP certification for our Soi 6 manufacturing facility from the Oman Ministry of Health. |
| | In the same year, we received GMP certification for our Soi 8 manufacturing facility from: (i) the District Government of Arnsberg in Germany; (ii) the Thai FDA; and (iii) the Australian TGA. |
| 2010 | : We received GMP certifications for our Soi 8 manufacturing facility from the Ukrainian Ministry of Health. |
| | Both of our manufacturing facilities in Thailand also received certification from the Ethiopian Drug and Administration Authority. |
| | : We registered “Maxxcare” as a trademark in 2010. Maxxcare™ is the primary trademark for our distribution business. |
| 2011 | : We sent a volunteer team to donate supplies and render assistance to Wat Nak school in the Bang Pahan District, Ayutthaya Province which sustained heavy damage from flooding and donated money to rebuild the school. |
| | In addition, we also sent a volunteer team to render assistance to pharmacies and various stores in the affected areas. |
| 2012 | : Our Soi 6 manufacturing facility in Thailand received GMP certification from the Ministry of Health of Sudan and, in the same year, our Soi 8 manufacturing facility in Thailand received GMP certification from the Ministry of Health of Yemen. |
| | In addition, both of our manufacturing facilities in Thailand received GMP certification from the Ministry of Health of Peru. |
| | We obtained tax and investment incentives pursuant to a third BOI promotion certificate for manufacturing of drugs in soft gel, hard capsule, tablet and powder form in from our investment in modifying our Soi 6 manufacturing facility and expanding our manufacturing capacity in our Soi 8 manufacturing facility. As such, we commenced work on installing eight new soft gel production and automatic packaging lines in our Soi 8 manufacturing facility in Thailand. We expect to complete installation of the new production lines in our Soi 8 manufacturing facility in January 2014. When completed, both our facilities in Thailand will have an annual design capacity of 3.8 billion soft gel capsules (details specified in the BOI certificate are disclosed in Part 2 Section 3.4 regarding Regulations related to our Business Operations). |



| Year | Business Milestones |
|-------------|--|
| | <ul style="list-style-type: none"> : We received the Taxpayers' Recognition Award 2011, an award recognizing taxpayer responsibility, from the Thai Revenue Department in recognition of our being a good corporate citizen with good corporate governance and best practices in paying taxes. |
| | <ul style="list-style-type: none"> : We acquired the Eugica™ brand, intellectual property and title documents in relation to the products manufactured and distributed under the Eugica™ brand, from DHG Pharmaceutical Joint Stock Company. As per IMS Health data as of 2012, Eugica™ ranked first in sales among traditional herbal lozenge product in Vietnam. We finished registering our acquisition of the Eugica™ brand on April 10, 2013. <p>In accordance with the trademark sale and purchase agreement and other relevant agreements, the sale and purchase of the brand occurred on January 1, 2013. We started realising revenue from the sale of Eugica™ branded products from that same date (see Part 2 Section 13.3 for details about the purchase of the Eugica™ brand, including intellectual property and title documents in relation to the products manufactured and distributed under the Eugica™ brand).</p> |
| | <ul style="list-style-type: none"> : According to IMS Health data as of June 2013, a number of our branded products were ranked number one in their respective market categories in 2012. For example, in Thailand, our Nat C™ (Vitamin C), Nat B™ (Vitamin B) and Fish Oil (Fish Oil) brands were ranked as the market leading brands in their respective categories for 2012, and in Vietnam, our Enat™ (Vitamin E) and Eugica™ (traditional herbal lozenge product) brands were ranked as the market leading brands in their respective categories for 2012. In Myanmar, based on our analysis of the monthly customs importation data for 2011 compiled by the MSR (the latest such analysis performed by the Company), our Calcivita™ (calcium and vitamin), Enat™ (Vitamin E) and Ferrovit™ (iron and vitamin) brands were the market leaders in their respective product categories. Several of our other products are ranked in the top five in their respective categories according to IMS Health data as of June 2013. These include Ferrovit™ (iron and vitamin), Giloba™ (GinkgoBiloba extract) in Thailand and Vietnam. In Myanmar, based on our analysis of the monthly custom importation data compiled by the MSR for 2011, our Nutrivita (multivitamin) and LivolinForte™ (product containing phospholipids and other vitamins) are ranked in the top 5 in their respective categories. |
| 2013 | <ul style="list-style-type: none"> : We received GMP certifications from the Ugandan National Drug Authority and the United Arab Emirates' Ministry of Health for our Soi 8 manufacturing facility in Thailand. |
| | <ul style="list-style-type: none"> : We relocated our manufacturing facility in Australia from Dandenong to a newly constructed manufacturing facility in Pakenham, Melbourne ("Pakenham Facility"). Our Pakenham Facility also received GMP certification from the Australian TGA. |
| | <ul style="list-style-type: none"> : The Company marked first trading day on the Stock exchange of Thailand on 19th November, 2013. |
| | <ul style="list-style-type: none"> : The Company launched a new Thai baht 450 Million manufacturing facility at Bangpoo industrial estate, Thailand which will almost double the company's production capacity of soft-gel capsules from 2.1 billion to 3.8 billion per year. |
| 2014 | <ul style="list-style-type: none"> : The Company kicked off 'Africa Focus' with a regional office for East Africa located in Kenya and business established in Ethiopia and Sudan. The Company has already started exports to Ethiopia. |
| | <ul style="list-style-type: none"> : The Company announced Share warrants scheme for its employees as a part of its long term engagement plan for employees. The Company has continued to reward its employees with share based schemes since its inception. The company granted 8,652,400 warrants to 64 employees under the scheme previously announced and approved by the shareholders. |

| Year | Business Milestones |
|-------------|--|
| 2016 | : The Company entered into a Joint Venture with Malee Group Public Company Limited to form Mega-Malee Company Limited to manufacture and market functional ready to drink products. |
| | : The Company acquired 100% shares in Bio Life Marketing Sdn.Bhd. through subsidiary in Malaysia, thereby acquiring brand Biolife® and its business in Malaysia and rest of world. |
| | : The Company received an approval from Myanmar Investment Commission (MIC) to construct warehouse for pharmaceutical and FMCG products in Yangon, Myanmar. |
| 2018 | : Acquisition of ownership rights in respect of Product Registrations/ Marketing Authorizations, Know-how, Books and Records, commercial and other related information and perpetual trademark License in respect of designated pharmaceutical products for Myanmar and Ethiopia from Sandoz GmbH. |
| 2020 | : Acquisition of 83.33% shares of PT Futamed Pharmaceuticals, Indonesia |
| 2022 | : PT Futamed Pharmaceuticals, Indonesia, 100% subsidiary and name changed to PT Mega Lifesciences, Indonesia |
| | : Mega Products Limited, Yemen is 100% owned Company |

We are a leading international manufacturer and distributor of pharmaceutical, nutraceutical products and Fast Moving Consumer Goods or FMCG headquartered in Bangkok, Thailand. Currently, we are a leading distributor in developing countries with high growth trends such as Myanmar, Vietnam and Cambodia. In addition, we develop, manufacture, market and sell our own market leading brands of nutraceutical products, generic prescription pharmaceutical products, and OTC products under our Mega We Care™ brand through our distribution network and third party distributors in countries across the world. As of December 31, 2022, our Mega We Care™ branded products were being sold in a total of 35 countries around the world.

Our business activities across all major stages of the pharmaceutical industry value chain provide us with increased opportunities to pursue growth by realizing potential synergies arising from coordinating our efforts across business segments in our selected markets. We believe the market leading positions held by our Mega We Care™ branded products and Maxxcare™ distribution businesses will enhance our ability to increase market share through both organic growth and acquisitions. In addition, the growth of our business will provide us with sufficient resources to continue developing new products, and allow us to invest in our distribution services to drive and strengthen future growth and profitability.

We believe that significant growth opportunities will arise from our focus on fast growing developing markets.

The pharmaceutical and nutraceutical markets in the developing world are expanding rapidly, in line with strong economic growth and demographic changes. The consumer health market in particular is the direct beneficiary of favorable global and local healthcare trends and is expected to grow significantly over the coming years.

Due to the economic growth of the key markets in which we operate, in addition to increased consumer health awareness in those markets, we foresee opportunities and a trend of revenue growth from our major business segments, namely, our Maxxcare™ distribution business segment and Mega We Care™ branded products business segment.

Mega We Care™ branded products and Maxxcare™ distribution business are the two key businesses for the Company. Growth in Mega We Care™ branded products will be driven by opportunity underpinned by under-penetration and low per-capita consumption of nutraceutical products in our markets compared to developed markets which is complimented well by our range of market leading products and healthy product pipeline of pharmaceutical prescription products, nutraceutical products and OTC products. Revenue growth from our Maxxcare™ distribution business will be driven by steadiness in economic development of our markets and growth potential of our existing and potential customers (principal) engaged in pharmaceuticals and consumer goods segments.



Business Segment Revenue

Our Company's operating revenue is derived mainly from our Mega We Care™ branded products business and our Maxxcare™ distribution business, with those two segments comprising 98.0% of our total sales revenue, respectively, for the year ended December 31, 2022, with the details as follows:

| | Year ended December 31, 2020 | | Year ended December 31, 2021 | | Year ended December 31, 2022 | |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Maxxcare™ distribution business | 6,279.1 | 49.7 | 6,643.4 | 46.5 | 7,041.4 | 44.7 |
| Intersegment revenue (charge) ² | 223.3 | 1.8 | 262.8 | 1.8 | 278.1 | 1.8 |
| Maxxcare™ distribution business (after addition of intersegment charges)³ | 6,502.4 | 51.5 | 6,906.2 | 48.3 | 7,319.5 | 46.5 |
| Mega We Care™ branded products business | 6,070.9 | 48.0 | 7,171.8 | 50.1 | 8,330.9 | 52.8 |
| Intersegment revenue (charge) ² | (223.3) | (1.8) | (262.8) | (1.8) | (278.1) | (1.8) |
| Mega We Care™ branded products business (after deduction of intersegment charges)² | 5,847.6 | 46.2 | 6,909.0 | 48.3 | 8,052.8 | 51.0 |
| OEM business | 239.5 | 1.9 | 320.5 | 2.2 | 314.0 | 2.0 |
| Other income ⁴ | 53.7 | 0.4 | 165.2 | 1.2 | 80.5 | 0.5 |
| Total | 12,643.1 | 100.0 | 14,300.9 | 100.00 | 15,766.7 | 100.0 |

Source: Financial statements of the Company

Remarks: ¹ Expressed as a percentage of total revenue.

² We operate our own distribution business through our distribution offices and charge distribution fees based on the same basis that we charge to third-party principals. These fees are included in the revenue figures of our Maxxcare™ distribution business.

³ Revenue from our Maxxcare™ distribution business are sales revenues of products being sold for third party principals from which we retain a pre-agreed margin with the remainder paid to the principal for whom we are acting as a distributor. Revenue also includes fees received for distribution of our Mega We Care™ branded products.

⁴ Other income includes foreign exchange; investment income and miscellaneous income.

The following table breaks down the amount and percentage of our group sales revenues derived from key geographic regions for the periods indicated:

| | Year ended December 31, 2020 | | Year ended December 31, 2021 | | Year ended December 31, 2022 | |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Business segment | | | | | | |
| Maxxcare™ distribution business² | | | | | | |
| • Southeast Asia ⁴ | 6,502.4 | 100.0 | 6,906.2 | 100.0 | 7,319.5 | 100.0 |
| • Africa ⁴ | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Total | 6,502.4 | 100.0 | 6,906.2 | 100.0 | 7,319.5 | 100.0 |
| Mega We Care™ branded products business³ | | | | | | |
| • Southeast Asia | 4,528.4 | 77.4 | 5,333.1 | 77.2 | 6,364.5 | 79.0 |
| • Africa | 670.5 | 11.5 | 845.2 | 12.2 | 948.9 | 11.8 |
| Others | 648.7 | 11.1 | 730.7 | 10.6 | 739.4 | 9.2 |
| Total | 5,847.6 | 100.0 | 6,909.0 | 100.0 | 8,052.8 | 100.0 |
| OEM business | | | | | | |
| • Southeast Asia | 15.2 | 6.4 | 14.6 | 4.6 | 8.9 | 2.8 |
| • Africa | - | - | - | - | - | - |
| Others | 224.3 | 93.6 | 305.8 | 95.4 | 305.1 | 97.2 |
| Total | 239.5 | 100.0 | 320.5 | 100.0 | 314.0 | 100.0 |
| Total revenue | 12,589.4 | 100.0 | 14,135.7 | 100.0 | 15,686.2 | 100.0 |

Remarks: ¹ Expressed as a percentage of total revenues of each business segment.

² Revenue from Maxxcare™ distribution business are sales revenues of products being sold for third party principals for which we retain a pre-agreed margin with the remainder paid to the principal for whom we are acting as a distributor. Revenue also includes fees for distribution of our Mega We Care™ branded products.

³ The revenue from Mega We Care™ branded products business is net-off the distribution fee to Maxxcare™ distribution business for distributing our Mega We Care™ branded products.

⁴ Southeast Asia includes Thailand, Myanmar, Vietnam, Cambodia, Malaysia, Philippines, Indonesia and Singapore. Africa includes countries in Sub-Saharan region and doesn't include South Africa



Nature of Business

World was on the recovery mode in 2022 after 2 years of constantly changing environment that put challenges on health system. Consumers were back in action after turmoil of radical shift in their priorities and choice. Consumers also started expecting healthcare companies to go beyond revenue generator's role and adopt a protector's role for society's health. Some of the changes that pandemic brought may have long term impact e.g. Increased awareness about immunity and prevention, pushing the older consumers to digital way, habit of hygiene and immunity; especially in children, work from home/anywhere, rise in e commerce etc

Prior to the pandemic, there had also been encouraging trends globally in the reduction of child stunting, alcohol consumption and tobacco use, as well as in increased access to safely managed drinking water, safely managed sanitation, basic hygiene, and clean fuels and technologies for cooking. Also Global life expectancy at birth increased from 66.8 years in 2000 to 73.3 years in 2019, and healthy life expectancy (HALE) increased from 58.3 years to 63.7 years. Whereas digitalization of healthcare systems and inclination of consumer behavior towards digital platforms are going to be big trends in coming future.

The major concerns in the pre-covid times were obesity among people of all ages, hypertension among adults, anemia among women; outdoor air pollution and violence against women.

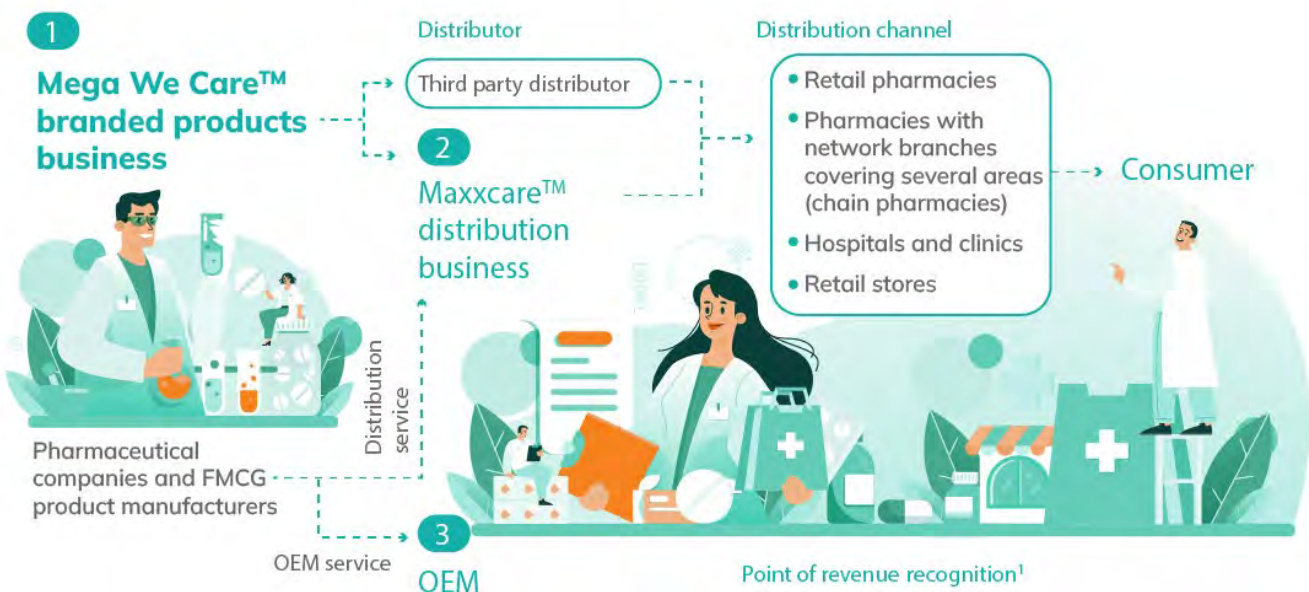
Our businesses

As a leader and pioneer in the health and wellness industry 35 developing countries, we at MEGA strive to be more than just a provider of goods and services. Through our efforts, we offer people a chance at a better, healthier life. Through our internally developed pharmaceuticals, our manufacturing arm, in the state of the art facilities, we endeavor to bring good health back to the community. More than just goods and services, we offer people a chance at a better, healthier life. And it all starts with affordable access to personal healthcare.

We categorize our businesses as below

- Mega we care branded products
- Distribution business
- OEM

South East Asian markets like Thailand, Vietnam, Myanmar, Malaysia, Cambodia, are major contributors to Mega's branded business; while Myanmar, Vietnam and Cambodia contribute significantly to distribution business as well. African markets show promising growth potential with Mega's presence in 8 countries in East Africa and 2 major countries in West Africa. Mega is expanding



¹ This is the point of revenue recognition for our Maxxcare™ distribution business and Mega We Care™ branded business

its business across CIS region in last few years with an established business in few markets like Ukraine and in Latin America- Columbia & Peru.

Mega had to face challenging situations in its major markets viz Myanmar and Ukraine. The healthcare systems in these markets are in severe strain due to political instability and war.

Our business activities across all major stages of the pharmaceutical industry value chain provide us with increased opportunities to pursue growth by realizing potential synergies arising from coordinating our efforts across business segments in our selected markets. We believe the market leading positions held by our Mega We Care™ branded products and Maxxcare™ distribution businesses will enhance our ability to increase market share through both organic growth and acquisitions. In addition, the growth of our business will provide us with sufficient resources to continue developing new products, and allow us to invest in our distribution services to drive and strengthen future growth and profitability.

Though the uptake towards normalization is slow, we believe that significant growth opportunities will arise from our focus on fast growing developing markets. The pharmaceutical and nutraceutical markets in the developing world are expanding rapidly, in line with strong economic growth and demographic changes. The consumer health market in particular is the direct beneficiary of favorable global and local healthcare trends and is expected to grow significantly over the coming years.

Details of our businesses

MEGA WE CARE BRANDED PRODUCTS

We develop, manufacture, market and sell our own brands that are of top-quality, while also are affordable for the general population to avail of.

We categorize our branded products as:

- 1. Nutraceutical products :** We provide wide range of vitamins & minerals, food supplements in different areas like men's care, women care, skin care, Cough & cold, probiotics, pain care, general wellbeing and many more
- 2. Prescription pharmaceutical products :** Mega is expanding its presence in different segment with products in therapy areas like Diabetes, heart disease, Dermatology, Orthopedics, Oncology and more

- 3. OTC products :** A wide range of products in pain relief, cough remedy, and anti-allergy.

MAXXCARE

Maxxcare is our distribution business under which we market, sell, and distribute a variety of branded prescription pharmaceuticals, as well as OTC and FMCG products in Myanmar, Vietnam, Cambodia & Nigeria.

Our services include warehouse management, collections, and value-adds such as marketing services for major principals.

In Myanmar, we believe that we are the leading international distributor of pharmaceutical and OTC products and also one of the top two distributors of FMCG products, where we distribute FMCG products through retail outlets, such as convenience stores and traditional retail channels.

In Vietnam and in Cambodia, we are also the leading distributor of pharmaceutical and OTC products, we distribute pharmaceutical and OTC products to drug dispensers, including pharmacies, hospitals, and other drugs sales outlets. We operate a total of 14 warehouses across Myanmar, Vietnam and Cambodia. These warehouses are strategically located and help us market, sell and distribute to a broad range of retailers and drug dispensers across these countries, including retail pharmacies, hospitals and other drug sales outlets. Presently, our distribution network in Myanmar, Vietnam and Cambodia has access to 45,000, 35,000 and 17,000 outlets respectively.

OEM:

In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia also accept production orders from various Third-Party customers.

Our OEM business allows us to diversify the sources of our revenues, and maximize manufacturing capacity. This in turn increases our productivity and efficiency of machinery usage and reduces production costs. Most of the customers of our OEM business are long-standing customers. Many of our customers are in developed western markets, which is an endorsement of our world class manufacturing facility approved by global authorities. Our product quality & reputation as reliable business partner has helped us build strong relationships with global clients.

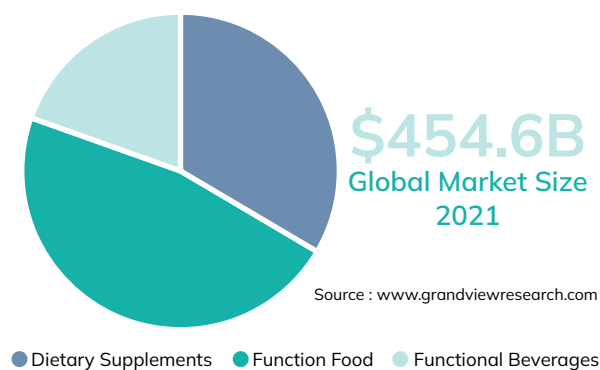


Industry overview

Nutraceuticals market

Global Nutraceuticals Market

Share, by product, 2021 (%)



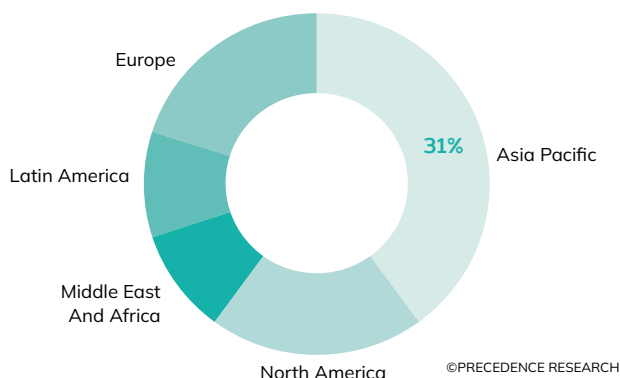
- The global nutraceuticals market size was estimated at USD 454.55 billion in 2021 and is expected to reach USD 493.06 billion in 2022.
- The nutraceuticals market is expected to grow at a compound annual growth rate of 9.0% from 2021 to 2030 to reach USD 991.09 billion by 2030.
- Nutraceuticals industry is growing at the significant pace owing to increasing demand for the functional food or fortified food among the global population. Addition to this, government and the regulatory bodies in the global market are continuously focusing and embossing the regulatory mandates for the food fortification which can have a positive impact on the growth of the global nutraceuticals market over the forecast period of time
- Functional food dominated the nutraceuticals market as of 2021 with a share of 44.89% and is expected to advance at a substantial CAGR of 9.3% through 2030.
- The growing demand for dietary supplements and functional food is expected to be a key driving factor for the market over the forecast period. A favorable outlook towards medical nutrition in light of the increasing application for the treatment of cardiovascular disorder and malnutrition is likely to stimulate the growth of dietary supplements.

According to report from DATA entelco and Precedence research, the key driving factors are

- Rising awareness among the consumers related to benefits of functional foods offered by nutraceuticals is fueling the growth of the market.
- Higher disposable income and increasing preference for functional food products among the consumers is driving the growth for the market.
- Increasing risk of chronic diseases due to unhealthy lifestyle is leading the consumers to opt for nutraceuticals which further boosts the market growth.
- Undergoes large investment for research and testing for successful implementation and cost-effective bioavailability, is hindering the market growth.
- Globally, the geriatric population is rising, which is one of the positive trends that is going to foster the growth of the market during the forecast period.
- Development of function-specific antioxidants
- Increasing need for preventive healthcare
- Constant innovations
- Increasing number of fitness centers in developing regions
- Rise of e-commerce industry

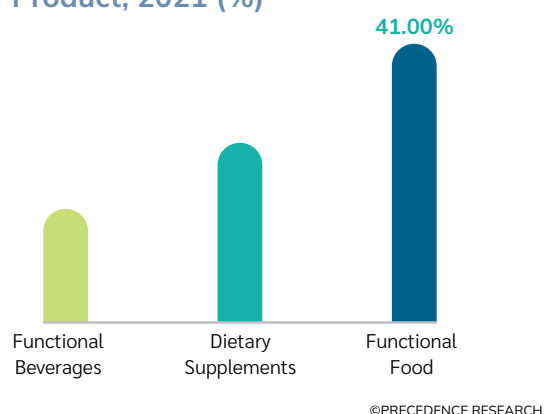
By region, nutraceuticals market is led by North America due to presence of major manufacturers, high disposable income, and increasing focus on physical appearance. Europe reported succeeding highest share predominantly owing to greater elderly population and growing occurrence of chronic ailments. Asia Pacific is projected to advance at the highest compounded annual growth rate majorly owing to increasing popularity of e-commerce websites, growing awareness about importance of well-being and health, and the rising middle-class populace. Middle East, Latin America, and African region is expected to exhibit note-worthy growth in the projected time-frame.

Nutraceuticals Market Share, by Region, 2021 (%)



By product, the functional food segment accounted revenue share of around 41% in 2021. Functional beverages are expected to grow at highest CAGR within the forecast time-duration. In the functional food segment, the prebiotics and probiotics segment is expected to hit highest CAGR of 11.5% from 2021 to 2030.

Nutraceuticals Market Share, by Product, 2021 (%)



The global complementary and alternative medicine market size was valued at USD 82.27 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 22.03% to reach USD 404.66 billion by 2028 from 2021 to 2028. The market is set to gain momentum in the coming years owing to the changing regulatory scenario, coupled with robust government initiatives, resulting in the establishment of strong transnational connections across healing pathways linking global, national, and local movements regarding alternative medicine. Regulatory bodies are also focusing on the promotion of medical tourism as it attracts people from other places and helps them seek world-class alternative medical treatment. Key factors that are driving the complementary & alternative medicine market growth include wide acceptance of alternative treatments among the general population, further causing an upswing in the number of yoga studios, meditation centers, spas, and complementary wellness facilities.

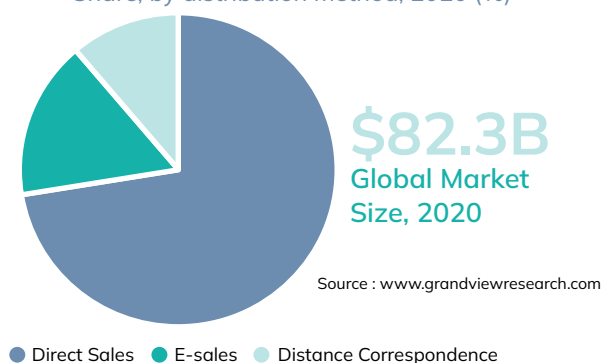
By region, Europe held the largest share of 33.35% in 2020. The Middle East and Africa is expected to expand at the fastest CAGR of 24.78% from 2021 to 2028.

By segment, direct sales distribution dominated the complementary & alternative medicine market with a share of 73.86% in 2020. This is attributed to the fact that most frequently performed complementary and alternative therapies require direct interaction with the patient.

Evidence based solution : The global real world evidence solutions market size was valued at USD 39.7 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 8.1% from 2022 to 2030. Support from regulatory bodies for using real world evidence (RWE) solutions and an increase in R&D spending are anticipated to boost the market growth. Furthermore, the shift from volume to value-based care is expected to fuel market growth. Covid-19 pandemic had negative impact on this industry.

Complimentary medicine market

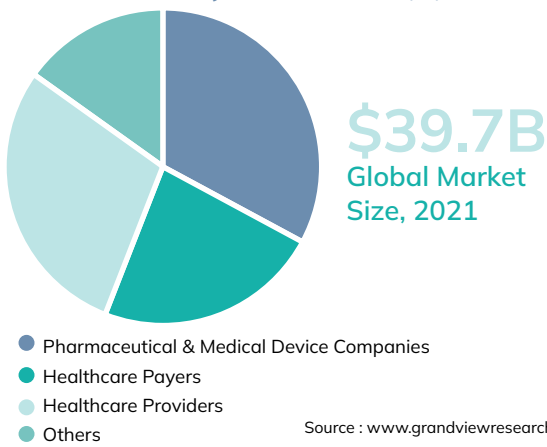
Global Complementary and Alternative Medicine Market Share, by distribution method, 2020 (%)





Global Real World Evidence Solutions Market

Share, by end-user, 2021 (%)

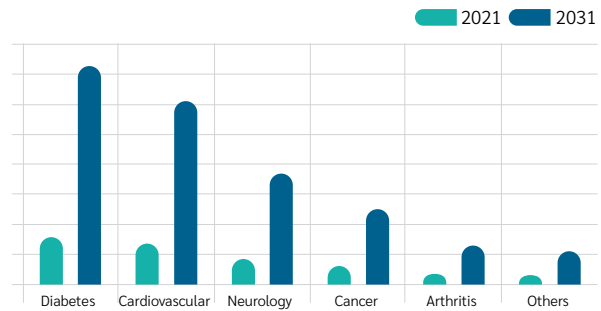


Source : www.grandviewresearch.com

According to report of Allied Market research, the global Complementary and Alternative Medicine Market Size was valued at \$102 billion in 2021, and is projected to reach \$437.9 billion by 2031, growing at a CAGR of 15.6% from 2022 to 2031. By disease indication, it is segmented into diabetes, cardiovascular neurology, cancer, arthritis, and others, the diabetes segment exhibited the highest growth in 2021, and is anticipated to lead during the forecast period, owing to rise in prevalence of diabetes and rise in geriatric population across the world are the key factors that drive the growth of the market in upcoming years.

The cardiovascular segment is anticipated to grow at a significant rate during the forecast period. Owing to the rise in the prevalence of cardiovascular disease and the geriatric population.

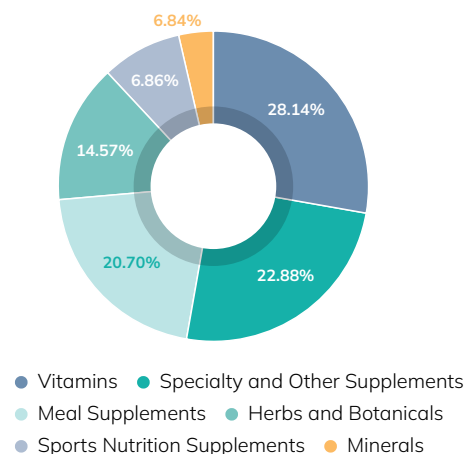
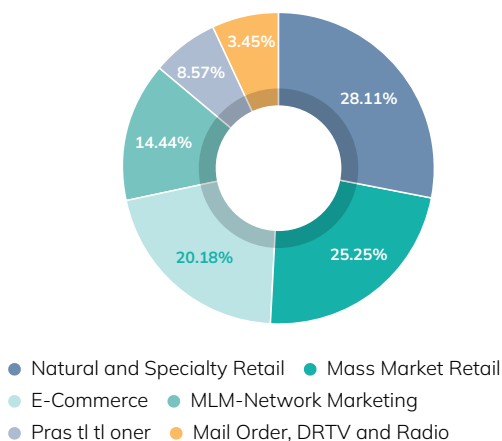
Complement and Alternative Medicine Market by Disease Indication



Diabetes segment holds a dominant position in 2020 and would continue to maintain the lead over the forecast period.

The functional foods segment dominated the market for nutritional supplements and held the largest revenue share of 56.1% in 2021. By formulation, the powder segment dominated the nutritional supplements market and accounted for the largest revenue share of 39.1% in 2021. The brick and mortar segment dominated the market for nutritional supplements and accounted for the largest revenue share of 69.5% in 2021. According to NBJ, some supplement brands were seen to take an alternate route via unexpected retailers.

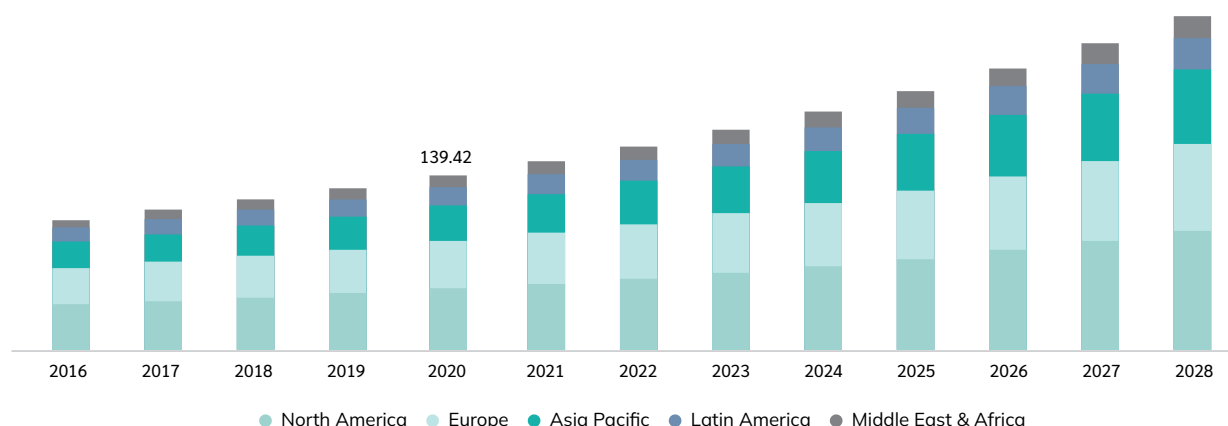
Mass market retail channel sales by product category, 2021



The multivitamins market size was USD 46.63 billion in 2021, and is expected to register revenue CAGR of 6.1% over the forecast period. Rising deficiencies in the intake of essential vitamins and minerals among people is driving the market revenue growth. Fitness, bodybuilding, and specialized nutrition are some of the growth categories. A large number of consumer age group between 20 and 40 years is consuming multivitamin supplements for achieving aesthetic goals and enhancing daily performance whereas rising geriatric population and consumer awareness in health and immunity development are the growth drivers, according to Reports and Data.

Below is the region-wise market estimation according to Polaris Market research

Dietary Supplements Market Size, By Region, 2016-2028 (USD Billion)



Source : Polaris Market Research Analysis

The increasing demand for immunity-boosting supplements and dietary supplements has created a large market, globally. Governments over the globe, especially in developing nations where malnutrition is highly prevalent, have been taking initiatives to improve the health condition of people. Nutritional supplementation has been key in improving the status of malnutrition in these nations.

Sports nutrition has also been trending due to a shift in focus toward health and fitness among the population. As the global population suffering from diseases like diabetes, obesity, and cardiovascular diseases, is increasing day by day, people are prompted to adopt a healthy lifestyle that reduces the risk of getting such diseases.

E – Pharmacy Market

Access to dietary supplementation has been made easier through online platforms and retail channels. The ease of availability has been a major factor driving the market.

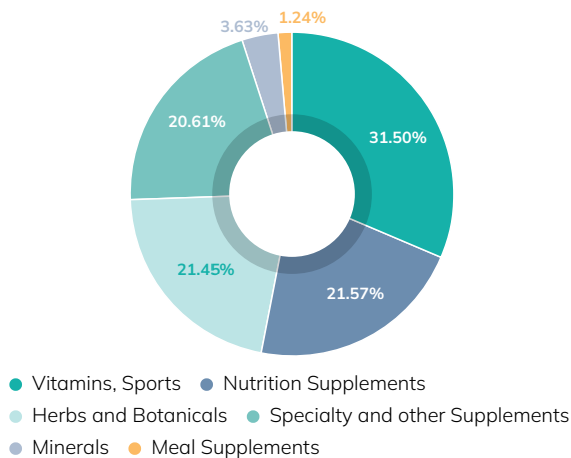
E – Commerce platforms are also propelling the growth of the market due to enhanced visibility of products, wider reach across all age groups, and socio-economic strata. The adoption of e-commerce platforms has increased due to the pandemic and has further propelled market growth.

E-commerce channel supplement sales and growth, 2017-2025e





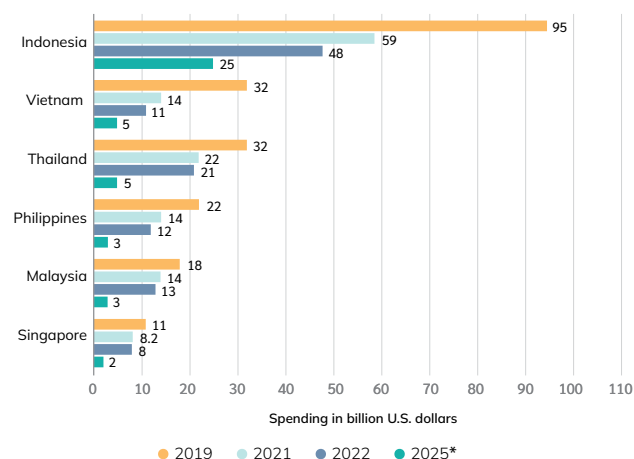
E-commerce channel sales by product category, 2021



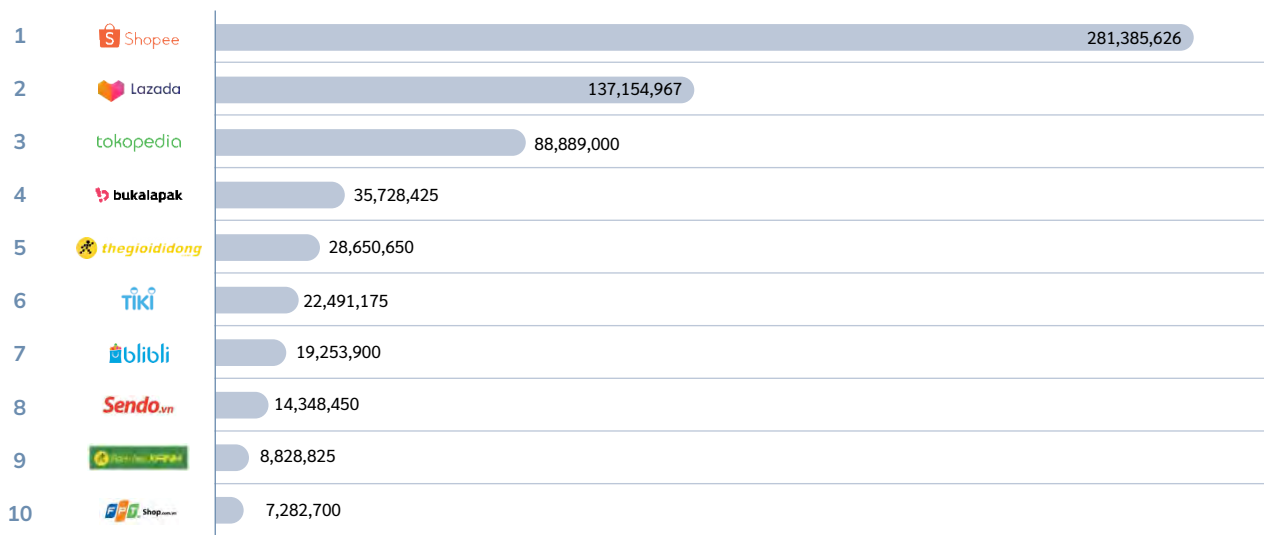
E-commerce market volume in SEA by 2025

SEA sees the fastest digital sales growth in the world. Ecommerce sales in Southeast Asia will total \$89.67 billion in 2022, an increase of \$15.31 billion over last year. The region is expected to cross the \$100 billion mark soon, a long way from the \$37.22 billion seen in 2019

For 2025, the Indonesian e-commerce market was predicted to generate 95 billion U.S. dollars in online retail sales, increasing from 25 billion U.S. dollars in 2019. By 2025, Indonesia was forecasted to account for over 45 percent of the Southeast Asian e-commerce market likely due to a growing middle class and the increasing access to the internet. Other emerging markets include Malaysia, the Philippines, Thailand and Vietnam as Published by S. Ganbold, Dec 20, 2022

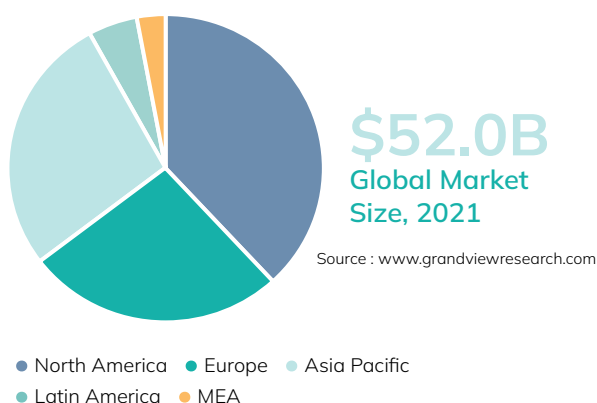


Top 10 visited e-commerce site in SEA are



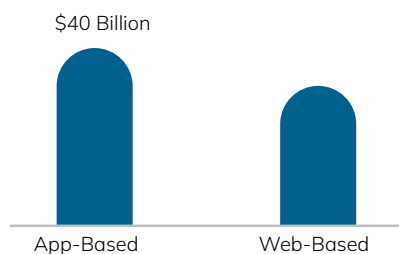
E-Pharmacy sales now contribute about 5-10% of the global consumer health market. The global ePharmacy market size was estimated at USD 52.0 billion in 2021 and was expected to reach USD 60.0 billion in 2022. It is expected to grow at a CAGR of 19.5% from 2022 to 2030 to reach USD 249.9 billion by 2030. North America dominated the ePharmacy market with a share of 40.3% in 2021

Global ePharmacy Market
Share, by region, 2021 (%)



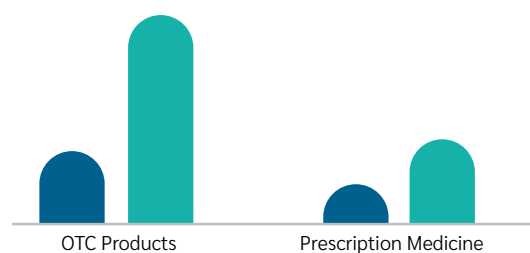
This is attributable to the high usage of online/app-based pharmacies for monthly prescription medicine and the presence of large retail pharmacies on the online platforms. Some key players operating in the ePharmacy market include The Kroger Co.; Walgreen Co.; Wal-Mart Stores, Inc.; CVS Health; Express Scripts Holding Company; Giant Eagle, Inc.; DocMorris (Zur Rose Group AG); Rowlands Pharmacy; and OptumRx, Inc. b.

Global Online Pharmacy Market, By Platform Type, in Value (2021)



Source : www.psmarketresearch.com

Global E-pharmacy Market, By Product Type, 2021 & 2028 (USD Million)



● 2021 ● 2028

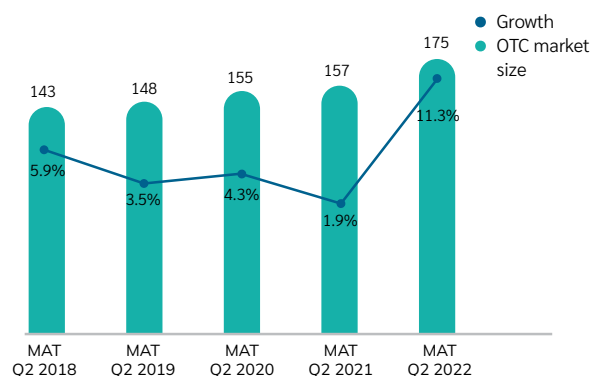
Source : www.psmarketresearch.com

Key factors that are driving the ePharmacy market growth include increased internet penetration across the world, improved healthcare infrastructure, rapid aging of the population, and increasing awareness pertaining to e-commerce amongst users of all age groups.

Consumer health industry

The consumer health industry has been extremely resilient through the last three years of COVID-19. Growth never slowed even during the peak of the pandemic as categories like Vitamins, minerals and supplements (VMS) stepped in to cover for the shortfall across Cold/flu and Pain categories, during times of lockdown and social distancing. For the MAT Q2 2022, the industry was at +11.3% value growths and may remain poised to continue at +6% growth during the next 5 years.

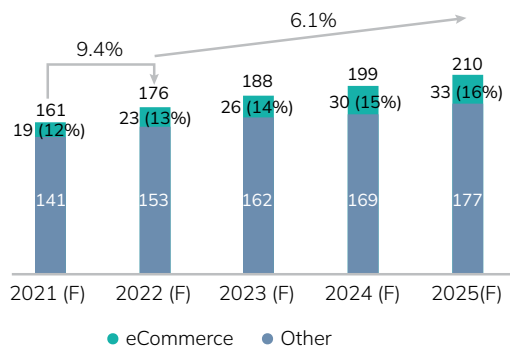
Global OTC market size (\$ bn) & growth – MAT Q2 2022





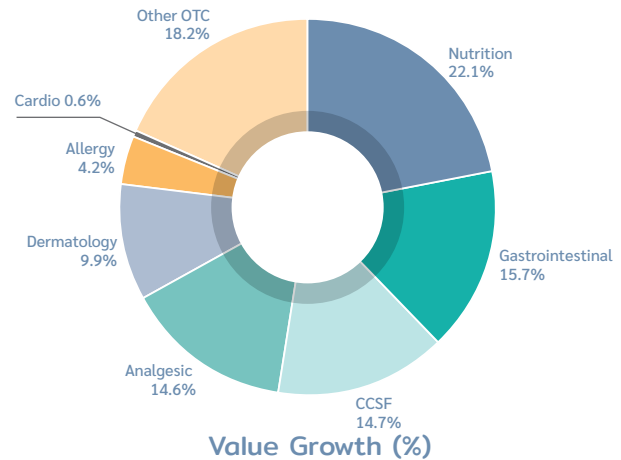
Amongst the challenges that lie ahead for the Consumer health industry are sustaining the R & D innovation pipeline, fending off from high tech giants and start-ups as well and adopting to the changes in the retail and e commerce pipelines brought by the pandemic. As per IQVIA's forecast the current 12% share of the OTC market held by e-commerce channels will grow to 16-18% by 2025.

OTC Market Sales 2021-25 (LCD mn)

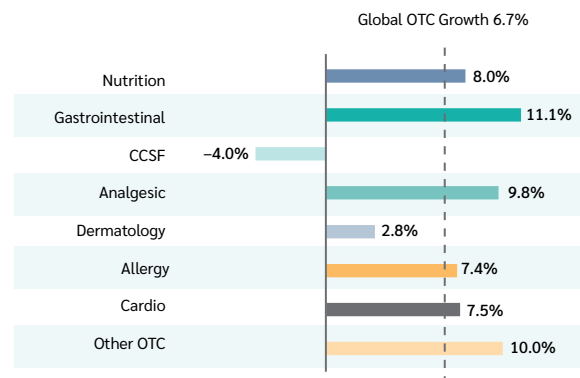


The growth of Global OTC market in 2021 was led by nutrition and gastrointestinal categories, according to IQVIA Consumer Health's Global OTC Insights data. Below is the categorical performance of OTC market. Analgesics also picked up significantly whereas the cough cold category got the hardest hit during the pandemic, was behind at -4%, but is expected to flatten. Consumers are also investing more in health and wellness products.

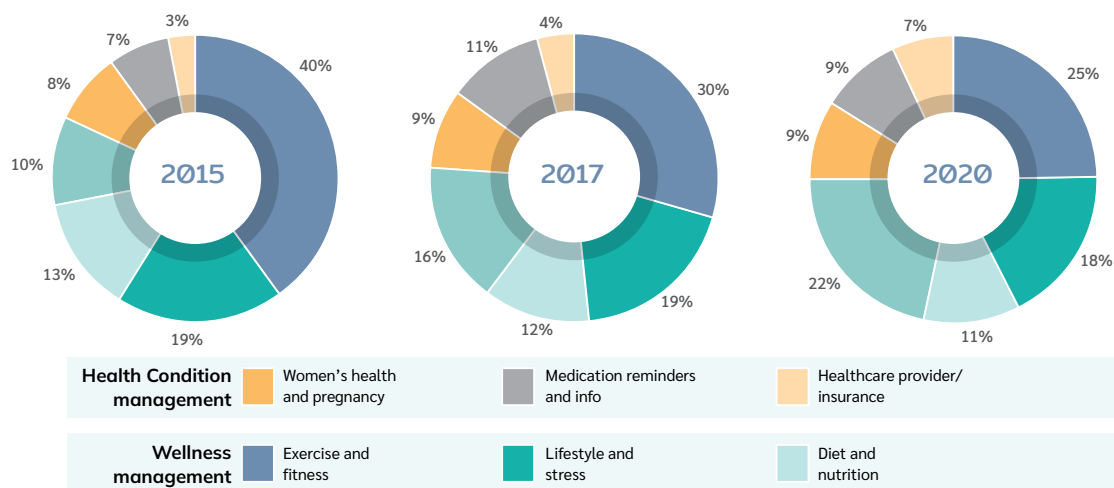
Value Share (%)



Value Growth (%)



Digital Health Apps by Category



Covid-19 impact

With the sudden impact of COVID-19, the market has witnessed a surge in demand for products that provide Immune and digestive health, which positively impacted the market. As a result, the sales of supplements such as vitamins, omega-3 fatty acids, and others witnessed immense growth. Consequently, it led to numerous product launches to cater to the growing demand. Moreover, to satiate the surging demand and maintain safety norms, the manufacturers have been focusing on increasing their sales by encouraging their customers to shop online instead.

The dietary supplements market is preliminarily driven by the paradigm shift toward preventive health management practices amid rising healthcare costs and the increasing burden of lifestyle diseases. Furthermore, digitization in the retail sector is expected to boost the future growth of dietary supplements further. Similarly, the surging popularity of herbal supplements is also expected to drive market growth in the forecast period.

With the supply chain coming to normal and consumer behavior also coming back to normal, the growth rates is expected to return to the estimation done in pre-covid

period by 2024, says IQUVIA report. Therapy areas like oncology, immunology and neurology are showing growth potential. Oncology is expected to grow by 15%, owing to the introduction of new treatments. According to IQUIVA the growth drivers in 2023 would be covid-19 vaccination, innovative formulations, lower cost of generics, coming back of other health concerns that had slowed down owing to precautionary measure in epidemic, improved access to cancer care etc. whereas the concerns like Ukraine conflict, new viral variants and uncertainty will still remain for couple of years.

From a global standpoint, market recoveries will continue to be tied to inflation rates and Covid-19, consumers' willingness to accept new wellness products is high leading to more opportunities. There is also acceleration to digital channels; according to IQUIVA already around a fifth of consumer health sales in the US, Germany, and China now goes through e-Pharmacies and other e-Commerce channels. In 2020, disease-specific apps represented 22% of all apps in the marketplace; of those, the leading topics include mental health, digestive, respiratory, musculoskeletal pain, eyes, and ears, which align with consumer health product categories.



1. Operating Assets

As of December 31, 2022, the net book value of our major operating fixed assets after depreciation was Baht 1,935.9 million, as represented in the following table.

| Item | Net book value after depreciation (in millions THB) | Ownership |
|--|--|-----------|
| Land ¹ | 331.1 | Owner |
| Building and building improvement | 815.9 | Owner |
| Machinery and equipment | 324.6 | Owner |
| Furniture, fixtures and office equipment | 105.5 | Owner |
| Other assets | | |
| - Leasehold building improvement | 6.7 | Owner |
| - Assets under construction | 305.1 | Owner |
| - Vehicles | 47.0 | Owner |
| Total | 1,935.9 | |

Remark : ¹ Includes assets classified as investment property.

1.1 Land

| Land Title reference | Location | Owner | Book Value (in millions THB) | Purpose of Possession | Encumbrance | Mortgage Amount (in million THB) |
|---|---|--|---------------------------------|--|-------------|----------------------------------|
| Thailand | | | | | | |
| Land Title Deed No. 90180 (Soi 8 Facility) | TambonPrakkasa (Praktasa), Amphur Muang Samut Prakarn, Samut Prakarn Province | Mega Lifesciences Public Company Limited | 1.5 | Manufacturing facility for our Mega We Care™ branded products and OEM business. | None | Nil |
| Land Title Deed No. 46618 (Soi 6 Facility) | TambonPrakkasa (Praktasa), Amphur Muang Samut Prakarn, Samut Prakarn Province | Mega Lifesciences Public Company Limited | 23.5 | Manufacturing facility for our Mega We Care™ branded products and OEM business. | None | Nil |
| Land Title Deed No. 31588 (Mualek , Saraburee) | Tambon Mittaparb Amphur Muaklek , Saraburee, Province | Mega Lifesciences Public Company Limited | 26.8 | Supporting Wellness center. | None | Nil |
| Land title deed No. 334902 (Muang Samutprakarn) | Tambon Preaksa, Amphur Muang Samut Prakarn Samut Prakarn Province, Thailand | Mega Lifesciences Public Company Limited | 168.3 | Warehouse, Product development & QC, new manufacturing plant primarily for our Mega We Care™ business. | None | Nil |

| Land Title reference | Location | Owner | Book Value (in millions THB) | Purpose of Possession | Encumbrance | Mortgage Amount (in million THB) |
|---|---|---|------------------------------|--|-------------|----------------------------------|
| Total | | | 220.1 | | | |
| Australia | | | | | | |
| Certificate of Title Volume 11241 Folio 618 | Lot 40 National Avenue, Pakenham 3810, Victoria, Australia | Mega Lifesciences (Australia) Pty. Ltd. | 33.8 | Manufacturing facility for our Mega We Care™ branded products and OEM business | None | Nil |
| Certificate of Title Volume 11554 Folio 386 | Lot 901 National Avenue, Pakenham 3810, Victoria, Australia | Mega Lifesciences (Australia) Pty. Ltd. | 34.9 | Manufacturing facility for our Mega We Care™ branded products and OEM business | None | Nil |
| Total | | | 68.7 | | | |
| Indonesia | | | | | | |
| Certificate no. SHGB no. 11 dan no 14 | No 23, Dessa Pasir Muncang District, Caringin Subdistrict, Bogorcity, WestJava, Indonesia | PT Mega Lifesciences Indonesia | 42.3 | Manufacturing facility for our Mega We Care™ branded products business | None | Nil |
| Total | | | 42.3 | | | |
| Total | | | 331.1 | | | |

1.2 Building and building improvement

| Asset | Location | Owner | Book Value (in millions THB) | Purpose of Possession | Encumbrance | Mortgage Amount (in millions THB) |
|--|--|--|------------------------------|--|-------------|-----------------------------------|
| The buildings situated in the area of Soi 8 Facility on Land Title Deed No. 90180 & No. 334902 | Tambon Prakkasa (Praktasa), Amphur Muang Samut Prakarn, Samut Prakarn Province | Mega Lifesciences Public Company Limited | 467.9 | Manufacturing facility for our Mega We Care™ branded products and OEM business | None | Nil |
| The buildings situated in the area of Soi 6 Facility on Land Title Deed No. 46618 | Tambon Prakkasa (Praktasa), Amphur Muang Samut Prakarn, Samut Prakarn Province | Mega Lifesciences Public Company Limited | | Manufacturing facility for our Mega We Care™ branded products and OEM business | None | Nil |



| Asset | Location | Owner | Book Value (in millions THB) | Purpose of Possession | Encumbrance | Mortgage Amount (in millions THB) |
|---|---|--|---------------------------------|--|-------------|-----------------------------------|
| The building situated on land with plot number 324, 325, 326 and 327 | Mingaladon township, Yangon industrial zone, Myanmar | MAXXCARE Limited, (Myanmar) ¹ | 231.3 | Distribution centre operating under Maxxcare™ distribution business | None | Nil |
| The buildings situated on Certificate of Title Volume 11241 Folio 618 | Lot 40 National Avenue, Pakenham 3810, Victoria, Australia | Mega Lifesciences (Australia) Pty. Limited | 85.3 | Manufacturing facility for our Mega We Care™ branded products and OEM business | None | Nil |
| The building situated on Certificate no. SHGB no. 11 dan no. 14 | No. 23, Dessa Pasir Muncang District, Caringin Subdistrict, Bogorcity, West Java, Indonesia | PT Mega Lifesciences Indonesia | 31.3 | Manufacturing facility for our Mega We Care™ branded products business | None | Nil |
| Others | | | 0.1 | | None | Nil |
| Total | | | 815.9 | | | |

¹ Maxxcare Limited (Myanmar) is considered as owner of building constructed on lease land as the useful life of building is less than the period of lease.

1.3 Machinery and Equipment

The table below exhibits the core machines and equipment used in the manufacturing of our Mega We Care™ branded products and OEM business for our two manufacturing facilities in Thailand, namely, Soi 6 Facility and Soi 8 Facility and our manufacturing facilities located in Australia and Indonesia. As of December 31, 2022, the core machine and equipment assets by net book value accounted for 94.3%, 57.5%, 67.5%. of the total value of machine and equipment assets in Thailand, Australia and Indonesia respectively.

| Asset | Net book value after depreciation (in millions THB) | Purpose of Possession | Ownership | Encumbrance |
|-----------------------------|--|--|-----------|-------------|
| Thailand¹ | | | | |
| Packing Machine | 62.0 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Solar Panel | 20.6 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Lab Equipments | 42.4 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Encapsulation Machine | 8.9 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Air System | 9.0 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |

| Asset | Net book value after depreciation (in millions THB) | Purpose of Possession | Ownership | Encumbrance |
|---|---|--|-----------|-------------|
| Bry Air | 7.6 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Electric Systems | 4.4 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Warehouse Equipment | 7.3 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Tablet machines | 10.7 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Dryer Machines | 8.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Chiller | 15.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Water Treatment Plants | 15.6 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Mixing Machine | 7.3 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Boilers | 2.8 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Spare Parts and Tools | 28.4 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Others | 14.9 | Manufacturing of Mega We Care™ branded products and OEM business | Owner | None |
| Total | 265.4 | | | |
| Australia | | | | |
| Tablet Filling Line including Decommissioning | 1.7 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Rotary Tablet Press | 1.3 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Powder filling machine | 0.3 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Solar Panels | 0.1 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Coating machine | 0.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Air conditioner | 0.6 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Blister line | 0.9 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |



| Asset | Net book value after depreciation (in millions THB) | Purpose of Possession | Ownership | Encumbrance |
|------------------------------------|---|--|-----------|-------------|
| Can seamer | 0.7 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Tablet Machine - Manesty D Express | 0.9 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Packing machine | 0.8 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Mixing Platform | 0.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Sealing Machines | 0.5 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Hard Capsule Filler Machine | 4.7 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Tooling machine | 0.1 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Vision Tablet Scanning System | 0.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Mixer | 2.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Metal detector | 0.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Forklift | 0.2 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Others | 11.7 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Total | 27.5 | | | |
| Indonesia | | | | |
| Serialization System | 2.0 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Agilent HPLC | 1.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Pneumatic Accumulator tank | 0.9 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Microbalance Mettler | 0.7 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Dissolution tester | 0.5 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Climatic chamber | 0.5 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Portable 450 TOC | 0.5 | Manufacturing of our Mega We Care™ branded products business | Owner | None |

| Asset | Net book value after depreciation (in millions THB) | Purpose of Possession | Ownership | Encumbrance |
|--------------------------------------|---|---|-----------|-------------|
| Precision Balance | 0.3 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| AHT integrated | 0.3 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| FT IR | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| LC 20A Prominance | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Air dryer | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Hardness tester | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Inkjet printer | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Automatic Couiting machine | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Continuous Electro - Delonization | 0.2 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Carbon active, Filter multimedia | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Sachet horizontal pack machine | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Semi Automatic capsule filler | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Kolom HCPL packing | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| CEIA metal detector | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Super mixer (Lab scale) | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Disintegration tester | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Auto sampler | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Feeder Kunglong + Sealing roller | 0.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Others | 4.1 | Manufacturing of our Mega We Care™ branded products business | Owner | None |
| Total | 12.6 | | | |



| Asset | Net book value after depreciation (in millions THB) | Purpose of Possession | Ownership | Encumbrance |
|--------------------------------------|---|---|-----------|-------------|
| Cambodia | | | | |
| Machines and equipment for warehouse | 10.9 | Supporting Brands and Distribution business | Owner | None |
| MAXXCARE Limited, (Myanmar) | | | | |
| Machines and equipment | 7.9 | Supporting Brands and Distribution business | Owner | None |
| MEGAWECARE TANZANIA LIMITED | | | | |
| Machines and equipment | 0.24 | Supporting Brands business | Owner | None |
| Total | 324.6 | | | |

Remark : ¹ The machines and equipment are used for our two manufacturing facilities in Thailand namely, the Soi 6 Facility and Soi 8 Facility.

1.4 Furniture, fixtures and office equipment

| Assets | Net book value after depreciation (in millions THB) | Purposes of Possession | Ownership | Encumbrance |
|--|---|-------------------------------|-----------|-------------|
| Furniture, fixtures and office equipment | 105.5 | Supporting business operation | Owner | None |

1.5 Other Assets

| Assets | Net book value after depreciation (in millions THB) | Purposes of Possession | Ownership | Encumbrance |
|--------------------------------|---|---|-----------|-------------|
| Leasehold building improvement | 6.7 | Support Mega We Care™ branded products business and Distribution business | Owner | None |
| Assets under construction | 305.1 | Manufacturing of our Mega We Care™ branded products and OEM business | Owner | None |
| Vehicles | 47.0 | Support Mega We Care™ branded products business and Distribution business | Owner | None |

1.6 Intangible Assets

| Purpose of Possession | |
|--|--|
| Computer software | <p>Rights to use computer software in relation to our general business activities. Such computer software includes accounting software and supporting management information systems, which includes manufacturing and logistics support, and sales force management, amongst others.</p> <p>The carrying value of Computer Software as on 31 December 2022 was Baht 22.9 million</p> |
| Eugica™ brand | <p>In December, 2012, the company initiated acquisition of the Eugica brand (including Trade mark and all intellectual property rights), the company became the legal owner of this brand in July, 2013. This Trademark is considered to have an infinite life as this will continue to generate inflows with the perpetual existence of business. The carrying value of this Trade Mark as at 31 December 2022 was Baht 185.4 million.</p> |
| Trademark and Goodwill on Acquisition of Bio-Life® | <p>On November 30, 2016, we acquired 100% equity of Bio-Life Marketing SDN. BHD. Pursuant to finalization of Independent appraisal report determining the fair value of the business, the purchase price allocation was completed in August 2017 resulting in adjustments to value of trademark and goodwill in financial statements which were preliminary assessed as at 31 December 2016. These Trademark and goodwill are considered to have an infinite life as they will continue to generate inflows with perpetual existence of business.</p> <p>The carrying value of trademark and goodwill as on 31 December 2022 was Baht 274.1 million and Baht 213.2 million.</p> |
| Knowhow & Licensed Trademark Acquisition from Sandoz® | <p>In December 2018, we acquired ownership rights in respect of product registrations/marketing authorizations, know-how, license to trademark, commercial and other related rights (All these to be collectively referred as “rights”) in respect of designated pharmaceutical products for Myanmar and Ethiopia from Sandoz GmbH. These rights are expected to have an infinite life as they will continue to generate inflows with perpetual existence of business.</p> <p>The carrying value of these rights as on 31 December 2022 was Baht 294.9 million.</p> |
| Trademark and Goodwill on acquisition of PT. Futamed Pharmaceuticals (renamed as PT Mega Lifesciences Indonesia) | <p>MEGA entered into the conditional share purchase agreement (CSPA) for acquisition of shares in November 2019 (representing 83.33% of ownership interest) on debt free cash free basis of PT Futamed Pharmaceuticals (renamed as PT Mega Lifesciences Indonesia), a company incorporated in Indonesia, engaged in manufacturing and marketing of pharmaceutical and nutraceutical products MEGA introduced further capital increasing its shareholding to 84.62%. The acquisition completed in February 2020. In June 2022, MEGA acquired an additional 15.38% interest in PT Mega Lifesciences Indonesia, increasing its ownership interest to 100%. The carrying value of trademark and goodwill as on 31 December 2022 was Baht 65.5 million and Baht 243.4 million.</p> |
| Other intangible assets | <p>MEGA had following other intangible assets as at 31 December 2022 :</p> <ol style="list-style-type: none"> 1. Drug registration licenses having a carrying amount of Baht 5.8 million, is expected to have an infinite life as they will continue to generate inflows with perpetual existence of business. 2. Customer contracts and relationship having a carrying value of Baht 2.0 million expected to have an infinite life as they will continue to generate inflows with perpetual existence of business. 3. Software under development of Baht 12.6 million, consisting of multiple projects relating to accounting, manufacturing and sales amongst others. 4. On January, 2022, MEGA acquired 100% equity of Mega Product (Yemen) Limited, resulting in good will in financial statements. The Goodwill is considered to have an infinite life as it will continue to generate inflows with perpetual existence of business. The carrying value of goodwill as on 31 December 2022 was Baht 9.2 million |



1.7 Trademarks

We recognise that high-quality and well-recognised brands are a core strength in operating our business. As such, we believe trademark protection is particularly important for the maintenance of the recognised brand names in all countries in which we market and sell our branded products.

We own or have the rights to material trademarks that we use in conjunction with the sale of our branded products, including Mega We Care™, Maxxcare™, BioLife™ and other trademarks for our brands in those countries in which we sell them including NAT C™, Gofen™, Livolin™, Acnotin™ and Eugica™.

1.8 Insurance Program and Operating Assets

We maintain insurance coverage in respect of each of the three business divisions in our respective markets and have policies to manage the insurance coverage in relation to assets and business operation in order to have the highest coverage available which is consistent with industry practice. The total sum insured in key markets as of December 31, 2022 was Baht 17,293.5 million.

We maintain industrial all-risks insurance (including business interruption insurance), directors and officers liability marine cargo, fidelity guarantee amongst others covering risk associated with : (1) sourcing of raw material, semi-raw material; (2) work in process; and (3) inventories, in storage and in transit, (4) fixed assets, motor vehicles (5) Money in office, in-transit, amongst others.

We maintain product liability insurance and public liability insurance. The former covers death, injuries or illness of third parties resulting from the Company's business, and public liability insurance covering third party claims in respect of personal injuries, property or environmental damages arising from accidents relating to our business.

However, we are generally not insured for losses arising from force majeure, war & terrorism, political risks, political demonstration or motive, property cyber and data, communicable diseases in Thailand.

We have sub-limits for THB 650,000,000 for flood cover in Thailand

The insurance coverages of our group companies can be summarised as follows :

| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|--|----------|---|--|-------------------------------|
| Mega Lifesciences Public Company Limited | Thailand | <ul style="list-style-type: none"> Buildings including factories and warehouses located at Soi 6 Facility and Soi 8 Facility All risks insurance | Mega Lifesciences Public Company Limited | 1,183.0 |
| | | <ul style="list-style-type: none"> Machinery and equipment, furniture and fixtures located at Soi 6 Facility and Soi 8 Facility All risks insurance | Mega Lifesciences Public Company Limited | 1,374.5 |
| | | <ul style="list-style-type: none"> Inventories including raw materials, packing materials stored in warehouse All risks insurance | Mega Lifesciences Public Company Limited | 721.0 |
| | | <ul style="list-style-type: none"> Stock in transit All risk during transit | Mega Lifesciences Public Company Limited | 1,500.0 |

| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|--|----------|---|---|----------------------------------|
| | | <ul style="list-style-type: none"> • Motor policy including cars and motorcycles • Theft, fire, accident, own damage insurance | Mega Lifesciences Public Company Limited | 0.6 |
| | | <ul style="list-style-type: none"> • Business interruption | Mega Lifesciences Public Company Limited | 3,020.0 |
| | | <ul style="list-style-type: none"> • Product liability³ | Mega Lifesciences Public Company Limited and its associated companies | 345.6 |
| | | <ul style="list-style-type: none"> • Public liability³ | Mega Lifesciences Public Company Limited and its associated companies | 345.6 |
| | | | | |
| Mega Lifesciences Public Company Limited | Thailand | <ul style="list-style-type: none"> • Directors' and officers' Liability | Mega Lifesciences Public Company Limited and its associated companies | 200.0 |
| | | <ul style="list-style-type: none"> • Comprehensive general liability insurance | Mega Lifesciences Public Company Limited | 15.0 |
| | | <ul style="list-style-type: none"> • Computers and projectors | Mega Lifesciences Public Company Limited and its associated companies | 3.9 |
| | | <ul style="list-style-type: none"> • Money insurance and fidelity guarantee | Mega Lifesciences Public Company Limited | 1.9 |
| Natural Health Foods Limited (Thailand) | Thailand | <ul style="list-style-type: none"> • Furniture, fixtures, fitouts, computers and other property located at Ample tower • All risks insurance • Money insurance | Natural Health Foods Limited (Thailand) | 0.9 |
| | | <ul style="list-style-type: none"> • Inventories including raw materials, packing materials | Natural Health Foods Limited (Thailand) | 6.0 |
| | | | | |
| Mega We Care Limited (Thailand) | Thailand | <ul style="list-style-type: none"> • Building at Muaklek, Saraburi. | Mega We Care Limited (Thailand) | 29.0 |
| | | <ul style="list-style-type: none"> • Furniture, fixtures, fitouts, computers and other property | | 7.5 |
| | | <ul style="list-style-type: none"> • Money insurance | | 0.9 |



| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|--|------------------------|--|---|----------------------------------|
| Mega Lifesciences Pty. Limited | Thailand | <ul style="list-style-type: none"> Furniture, fixtures, fitouts, computers and other property located at Ample tower All risks insurance | Mega Lifesciences Pty. Limited | 92.0 |
| | | <ul style="list-style-type: none"> Inventories (finished goods, etc) stored at Ample Tower All risks insurance | Mega Lifesciences Pty. Limited | 36.0 |
| | | <ul style="list-style-type: none"> Inventories (finished goods, etc) stored in Zuellig warehouse All risks insurance | Mega Lifesciences Pty. Limited | 200.0 |
| | | <ul style="list-style-type: none"> Motor policy including cars and motorcycles Theft, fire, accident, own damage insurance | Mega Lifesciences Pty. Limited | 0.07 |
| | | <ul style="list-style-type: none"> Money insurance and fidelity guarantee | Mega Lifesciences Pty. Limited and its associated companies | 2.0 |
| | | <ul style="list-style-type: none"> Business interruption | Mega Lifesciences Pty. Limited | 2,440.0 |
| | | | | |
| Mega Lifesciences (Australia) Pty. Limited | Australia ¹ | <ul style="list-style-type: none"> Building including factory and warehouse fire and other damage, burglary and glass insurance | Mega Lifesciences (Australia) Pty. Limited | 257.1 |
| | | <ul style="list-style-type: none"> Machinery and equipment, furniture and fixtures fire and other damage, burglary and glass insurance | Mega Lifesciences (Australia) Pty. Limited | 162.4 |
| | | <ul style="list-style-type: none"> Inventory Fire & other damage | Mega Lifesciences (Australia) Pty. Limited | 140.2 |
| | | <ul style="list-style-type: none"> Business interruption | Mega Lifesciences (Australia) Pty. Limited | 281.7 |
| | | | | |
| Mega Lifesciences (Vietnam) Limited | Vietnam ² | <ul style="list-style-type: none"> Building located at all locations Industrial all risks | Mega Lifesciences (Vietnam) Limited | 10.3 |
| | | <ul style="list-style-type: none"> Furniture, Fixture, Fitouts, Computers and Other assets Industrial All risks | Mega Lifesciences (Vietnam) Limited | 9.2 |
| | | <ul style="list-style-type: none"> Public Liability Industrial All risks | Mega Lifesciences (Vietnam) Limited | 32.9 |
| | | <ul style="list-style-type: none"> Movable equipment and automobiles Industrial All risks | Mega Lifesciences (Vietnam) Limited | 5.3 |
| | | | | |

| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|---|----------------------|---|--|----------------------------------|
| Maxicare Company Ltd,Vietnam | Vietnam ² | • Marine cargo | Mega Lifesciences (Vietnam) Limited | 55.6 |
| | | • Business interruption | Mega Lifesciences (Vietnam) Limited | 161.6 |
| | | • Movable equipment and automobiles | Maxicare Company Ltd, Vietnam | 0.92 |
| | | • Business interruption | Maxicare Company Ltd, Vietnam | 73.9 |
| Mega Lifesciences Ltd, Myanmar and/or Maxxcare Limited, Myanmar | Myanmar ³ | • Inventory, furniture fixture and equipment etc. atLashio | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 0.0 |
| | | • Fire and other damage insurance at Lashio | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at Mandalay | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 295.6 |
| | | • Fire and other damage insurance at Mandalay | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at Mawlamyine | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 21.1 |
| | | • Fire and other damage insurance at Mawlamyine | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at NayPyi Taw | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 18.3 |
| | | • Fire and other damage insurance at Nay Pyi Taw | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at Taungyi | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 41.8 |
| | | • Fire and other damage insurance at Taungyi | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at Yangon | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 136.5 |
| | | • Fire and other damage insurance at Yangon | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at No. 21/saLashio | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 0.0 |
| | | • Fire and other damage insurance at Lashio | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. at No. 3 Expressway,Hlegu township | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 9.6 |
| | | • Fire and other damage insurance at Lashio | | |
| | | • Inventory, furniture fixture and equipment' e.t.c. | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 0.0 |
| | | • Fire and other damage insurance at Lashio | | |



| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|-----------------------------------|----------------------|--|--|----------------------------------|
| | | <ul style="list-style-type: none"> Motor policy including cars and motorcycles | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 27.9 |
| | | <ul style="list-style-type: none"> Buildings, Generators, racks, Forklifts Fire and Other damage insurance at Yangon | Mega Lifesciences Ltd., Myanmar and/or Maxxcare Limited, Myanmar | 1,904.2 |
| Mega Lifesciences Pty Peru S.A.C | Peru ³ | <ul style="list-style-type: none"> Motor policy including cars and motorcycles Theft, fire, accident, own damage insurance | Mega Lifesciences Pty. Peru S.A.C. (Peru) | 1.6 |
| Mega Lifesciences Ghana Limited | Ghana ⁶ | <ul style="list-style-type: none"> Inventory All risks | Mega Lifesciences Ghana Limited | 24.1 |
| | | <ul style="list-style-type: none"> Motor insurance policy Motor Comprehensive Policy | Mega Lifesciences Ghana Limited | 6.7 |
| Mega Lifesciences Private Limited | India ⁴ | <ul style="list-style-type: none"> Furniture, fixtures, fitouts, machinery, computers and other property Fire and other damage insurance | Mega Lifesciences Private Limited | 12.3 |
| | | <ul style="list-style-type: none"> Furniture, fixtures, fitouts, machinery, computers and other property Electronic equipment risk insurance | Mega Lifesciences Private Limited | 3.0 |
| | | <ul style="list-style-type: none"> Laptops Fire and burglary insurance | Mega Lifesciences Private Limited | 2.0 |
| Mega Lifesciences Nigeria Limited | Nigeria ⁵ | <ul style="list-style-type: none"> Laptops and phones All risk insurance | Mega Lifesciences Nigeria Limited | 1.4 |
| | | <ul style="list-style-type: none"> Furniture, fixtures, fitouts, machinery, computers and other property Fire and other damage insurance | Mega Lifesciences Nigeria Limited | 3.0 |
| | | <ul style="list-style-type: none"> Inventory Fire and burglary insurance | Mega Lifesciences Nigeria Limited | 89.9 |
| | | <ul style="list-style-type: none"> Money insurance and fidelity guarantee Theft, robbery, stealing, cheating etc. | Mega Lifesciences Nigeria Limited | 39.0 |
| | | <ul style="list-style-type: none"> Public liability insurance Personal injury and property damage | Mega Lifesciences Nigeria Limited | 0.2 |
| | | <ul style="list-style-type: none"> Motor policy and transportation vehicles Accident, damage by self and others | Mega Lifesciences Nigeria Limited | 11.0 |

| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|---|------------------------|---|--|----------------------------------|
| Mega Lifesciences Pty Limited (Cambodia) | Cambodia ³ | <ul style="list-style-type: none"> • Inventory, furniture, fixtures, fit-outs, machinery, computers and other property • Fire insurance | Mega Lifesciences Pty Limited (Cambodia) | 69.1 |
| | | <ul style="list-style-type: none"> • Furniture, fixtures, fit-outs, office equipment and other assets • Burglary insurance | Mega Lifesciences Pty Limited (Cambodia) | 34.6 |
| | | <ul style="list-style-type: none"> • Motor policy and transportation vehicles • Comprehensive risk | Mega Lifesciences Pty Limited (Cambodia) | 4.7 |
| | | <ul style="list-style-type: none"> • Stock in transit • All risk | Mega Lifesciences Pty Limited (Cambodia) | 138.2 |
| | | <ul style="list-style-type: none"> • Money insurance and fidelity guarantee • In Safe, in transit, fraud e.t.c | Mega Lifesciences Pty Limited (Cambodia) | 24.4 |
| | | <ul style="list-style-type: none"> • Industrial All Risks | Mega Lifesciences Pty Limited (Cambodia) | 276.5 |
| | | <ul style="list-style-type: none"> • Business Interruption | Mega Lifesciences Pty Limited (Cambodia) | 138.2 |
| | | | | |
| Bio-Life Marketing Sdn. Bhd. (Malaysia) | Malaysia ⁷ | <ul style="list-style-type: none"> • Inventory, furniture, fixtures, fit-outs, machinery, money, computers and other property. • All risk | Bio-Life Marketing Sdn. Bhd (Malaysia) | 123.1 |
| | | <ul style="list-style-type: none"> • Marine cargo • All risks | Bio-Life Marketing Sdn. Bhd (Malaysia) | 20.0 |
| | | <ul style="list-style-type: none"> • Motor policy and transportation vehicles • Comprehensive risk | Bio-Life Marketing Sdn. Bhd (Malaysia) | 0.9 |
| | | | | |
| PT Mega Lifesciences Indonesia (Formerly PT Futamed Pharmaceuticals) | Indonesia ⁸ | <ul style="list-style-type: none"> • Property • All risk | PT Mega Lifesciences Indonesia | 246.2 |
| | | <ul style="list-style-type: none"> • Business Interruption | PT Mega Lifesciences Indonesia | 132.9 |
| | | <ul style="list-style-type: none"> • Electronic Equipment | PT Mega Lifesciences Indonesia | 1.7 |
| | | <ul style="list-style-type: none"> • Motor Vehicles | PT Mega Lifesciences Indonesia | 1.0 |
| | | | | |



| Company | Country | Details of Asset Insured | Beneficiary | Sum Insured (in millions THB) |
|---|--------------------------|---|---|----------------------------------|
| Mega Lifesciences PTY LTD (Indonesia) Rep Office Indonesia | Indonesia | • Motor Vehicles | Mega Lifesciences PTY LTD (Indonesia) Rep Office Indonesia | 0.6 |
| Mega Lifesciences LLC Ukraine and Ukraine representative office | Ukraine ⁹ | • Motor Vehicles | Mega Lifesciences LLC Ukraine and Ukraine representative office | 22.0 |
| | | • Inventories | Mega Lifesciences LLC Ukraine | 207.4 |
| | | • Cargo Insurance | Mega Lifesciences LLC Ukraine | 378.1 |
| | | • Furniture, office equipment, computers, household equipment | Mega Lifesciences LLC Ukraine | 1.5 |
| Megawecare Tanzania Ltd | Tanzania ¹⁰ | • Motor Vehicles | Mega we care Tanzania Ltd | 1.6 |
| | | • All risks | Mega we care Tanzania Ltd | 26.0 |
| | | • Cargo Insurance | Mega we care Tanzania Ltd | 10.4 |
| | | • Public Liability | Mega we care Tanzania Ltd | 6.9 |
| Mega Uzbekistan | Uzbekistan ¹¹ | • Furniture, office equipment, computers, household equipment | Mega Uzbekistan | 0.2 |
| | | • Stock in warehouse-Drugs and Supplements | Mega Uzbekistan | 12.3 |
| Mega Yemen | Yemen ¹² | • Office Furniture, Equipment, Machinery, etc -All risks | Mega Yemen | 1.8 |
| | | • Cash in box | Mega Yemen | 0.8 |
| | | • Inventory-All risks | Mega Yemen | 41.5 |
| | | • Car Insurance | Mega Yemen | 4.2 |
| Total | | | | 17,293.5 |

Remarks: ¹ Currency exchange rate as at December 31, 2022 was 1 AUD to 23.3791 THB.
² Currency exchange rate as at December 31, 2022 was 1000 VND to 0.0015 THB.
³ Currency exchange rate as at December 31, 2022 was 1 USD to 34.5624 THB.
⁴ Currency exchange rate as at December 31, 2022 was 1 Indian Rupee to 0.4199 THB.
⁵ Currency exchange rate as at December 31, 2022 was 1 Nigerian Naira to 0.0748 THB.
⁶ Currency exchange rate as at December 31, 2022 was 1 Ghanaian Cedi to 4.0301 THB.
⁷ Currency exchange rate as at December 31, 2022 was 1 Malaysian Ringgit to 7.8304 THB..
⁸ Currency exchange rate as at December 31, 2022 was 1 Indonesian Rupiah to 0.0022 THB.
⁹ Currency exchange rate as at December 31, 2022 was 1 Ukrainian Hryvna to 0.945 THB.
¹⁰ Currency exchange rate as at December 31, 2022 was 1 Tanzanian Shilling to 0.015 THB.
¹¹ Currency exchange rate as at December 31, 2022 was 1 Uzbek Som to 0.003 THB.
¹² Currency exchange rate as at December 31, 2022 was 1 Yemeni Rial to 0.1382 THB.

1.9 Investment Policies in its subsidiary and associated companies

We have a policy to invest in subsidiaries or associated companies to facilitate expansion of our business. We also consider the investment ratio, expected profits, potential risks and financial condition of those entities or business before investing. The decision to make such an investment will be considered and determined by our Board of Directors or a shareholders' meeting (as the case may be). We shall appoint a qualified and experienced Company representative to act as a member of the Board of Directors to determine important policies and control business operations of the subsidiary or associated companies.

As of December 31, 2022, the Company (by itself and through its subsidiaries) had invested¹ in subsidiaries as listed below.

| Subsidiary (Country) | Holding (percentage) ² | Amount Dec. 31, 2022 | Amount Dec. 31, 2021 |
|---|-----------------------------------|----------------------|----------------------|
| 1. Mega Lifesciences Limited (Myanmar) | 99.99 | 174,628,184 | 174,628,184 |
| 2. Mega Lifesciences (Vietnam) Limited (Vietnam) | 99.99 | 112,827,483 | 112,827,483 |
| 3. Mega We Care Limited (Thailand) ³ | 99.99 | 0 | 0 |
| 4. Natural Health Foods Limited (Thailand) ³ | 99.99 | 0 | 0 |
| 5. Mega Lifesciences Pty. Limited (Thailand) | 99.99 | 99,626,964 | 99,626,964 |
| 6. E-Sense Limited (Thailand) | 99.96 | 499,300 | 499,300 |
| 7. Mega Lifesciences Pty. Limited (Cambodia) | 99.99 | 18,860,452 | 18,860,452 |
| 8. Mega Lifesciences (Australia) Pty. Limited (Australia) | 99.99 | 541,363,882 | 541,363,882 |
| 9. Mega Lifesciences Nigeria Limited (Nigeria) | 99.99 | 17,891,906 | 17,891,906 |
| 10. Mega LifesciencesSdn. Bhd. (Malaysia) | 100.00 | 644,293,991 | 644,293,991 |
| 11. Mega Lifesciences Pty. Peru S.A.C. (Peru) | 99.99 | 1,530,285 | 1,530,285 |
| 12. PT Mega Lifesciences (Indonesia) | 98.99 | 15,011,646 | 15,011,646 |
| 13. Mega Lifesciences Ghana Limited (Ghana) | 99.99 | 10,185,051 | 10,185,051 |
| 14. Mega Products (Mauritius) Limited (Mauritius) | 99.99 | 4,991,811 | 4,991,811 |
| 15. Mega Lifesciences Private Limited (India) | 99.99 | 7,640,828 | 7,640,828 |
| 16. Mega Lifesciences Pte. Limited (Singapore) | 99.99 | 156,500 | 156,500 |
| 17. Mega Lifesciences Limited (Ukraine) | 100.00 | 2,049,140 | 2,049,140 |
| 18. MAXXCARE Limited, (Myanmar) | 100.00 | 649,889,263 | 649,889,263 |
| 19. Bio-Life Marketing Sdn. Bhd. (Malaysia) | 100.00 | 617,655,789 | 617,655,789 |
| 20. MAXXCARE Company Limited(Vietnam) | 100.00 | 12,730,000 | 12,730,000 |
| 21. Mega We Care Tanzania Ltd (Tanzania) | 100.00 | 6,674,007 | 6,663,376 |
| 22. Health at Home Pte Ltd (Singapore) | 100.00 | 32 | 32 |
| 23. PT Mega Lifesciences Indonesia (Indonesia) (Formerly PT Futamed Pharmaceuticals) | 100.00 | 504,167,455 | 538,730,009 |
| 24. Mega Lifesciences Limited Inc. (Philippines) | 100.00 | 6,229,300 | 6,229,300 |
| 25. Mega We Care Uzbekistan | 100.00 | 1,223,780 | 1,189,510 |
| 26. Mega Product Yemen Limited | 100.00 | 1,336,796 | 0 |

¹ Includes contribution towards employee stock option plan granted to Companies subsidiaries (2014-2019).

² As at 31 December 2022.

³ The value of investment as at December 31, 2022 is zero as a result of provision for investment impairment recognized during 2022.



During 2021, the Company made an additional investment of Baht 83.98 million in the issued and paid up capital of Mega Lifesciences Limited Myanmar, an indirect subsidiary in Myanmar, in order to expand the business

During 2021, the Company incorporated, MEGA LIFESCIENCES COLOMBIA S.A.S, a direct subsidiary in Colombia, in order to expand business.

During 2021, the Company made an additional investment of Baht 4.39 million in the issued and paid up capital of Mega We Care Tanzania Ltd, a direct subsidiary in Tanzania, in order to expand business.

During 2021, the Company made a new investment of Baht 1.19 million in the issued and paid up capital of Mega We Care Uzbekistan, a direct subsidiary in Uzbekistan, in order to expand the business.

In June 2022, the Group acquired an additional 15.38% interest in PT Mega Lifesciences Indonesia, a subsidiary for Baht 4.91 million in cash, increasing its ownership interest from 84.62% to 100%.

During 2022, the Company made an additional investment of Baht 0.01 million in the issued and paid up capital of Mega We Care Tanzania Ltd., a direct subsidiary in Tanzania, in order to expand the business.

During 2022, the Company made an additional investment of Baht 0.03 million in the issued and paid up capital of Mega We Care Uzbekistan, a direct subsidiary in Uzbekistan, in order to expand the business.

In 2022, the Company entitled to receive of IDR 17,094.00 million (equivalent to Baht 39.47 million) from the previous shareholder under the term of the share purchase agreement. As at 31 December 2022, Baht 1.97 million has already been received.

In 2022, as a result of the step up acquisition, investment in Mega Product (Yemen) Limited had been reclassified from investments in associate to investments in subsidiaries and had been remeasured with fair value at acquisition date of Baht 1.34 million

Our Group Structure

We have operations in 23 countries through 28 subsidiaries and associates and 18 branches or representative offices. The following table summarizes the operations of our subsidiaries and associates, at present.

| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|--|--|--|---|
| 1. Mega Lifesciences Public Company Limited (Thailand) Registered capital : THB 436,950,941 | Mega We Care™ branded products business; OEM business | <ul style="list-style-type: none"> Manufacturing, marketing and sales of our own branded products and OEM products under third parties' brands. | - |
| 2. Mega Lifesciences Limited (Myanmar) Registered capital : Kyat 8,267,100,300 First invested in Oct. 1996 by Mega Lifesciences PTY Limited Tel. : +951 701817 Fax. : +951 580125 E-mail : Info.mm@megawecare.com Address : Universal Building, No.1A/7, Shwe Pin Lon Housing Estate, Bayint Naung Road, Ward 27, North Dagon Township, Yangon, Myanmar | Maxxcare™ distribution business | <ul style="list-style-type: none"> Marketing, sales, and distribution services to various importers who import branded and third party products from Mega Lifesciences Pty Limited, Thailand. We also distribute locally-sourced products. | 99.99 |
| 3. Mega Lifesciences (Vietnam) Limited (Vietnam) Registered capital : VND 55,432,500,000 First invested in Jun. 2001 by Mega Lifesciences PTY Limited Tel. : +848 38123174 Fax. : +848 38123168 E-mail : info.vn@megawecare.com Address : No. 6 12A, 6 th Floor, E-Town 1 Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam | Mega We Care™ branded products business; Maxxcare™ distribution business | <ul style="list-style-type: none"> Marketing, sales, and distribution services to various prescription pharmaceutical product and OTC product importers under its own brand and third parties' products from Mega Lifesciences Pty Limited. Marketing, selling and distributing our branded and third party food products to consumers in Vietnam. We also distribute locally-sourced food products. | 99.99 |
| 4. Mega We Care Limited (Thailand) Registered capital : THB 4,900,000 First invested in Dec. 2003 by Mega Lifesciences Public Company Limited Tel. : +662 7694222 Fax. : +662 7694244 E-mail : Info@megawecare.com Address : 909 Ample tower, 9 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260, Thailand | Mega We Care™ branded products business | <ul style="list-style-type: none"> Retains ownership of 'Mega We Care' trade name. | 99.99 |



| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|--|--|---|---|
| 5. Natural Health Foods Limited (Thailand) Registered capital : THB 8,000,000 First invested in Sep. 1994 by Mega Lifesciences Public Company Limited Tel. : +662 7694222 Fax. : +662 7694244 E-mail : Info@megawecare.com Address : 909 Ample tower, 9 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260, Thailand | Mega We Care™ branded products business | <ul style="list-style-type: none"> Direct marketing by sale of products under our Mega We Care™ brand in Thailand via direct mail to consumers. | 99.99 |
| 6. Mega Lifesciences Pty. Limited (Thailand) Registered capital : THB 50,000,000 First invested in Oct. 1996 by Mega Lifesciences Public Company Limited Tel. : +662 7694222 Fax. : +662 7694244 E-mail : Info@megawecare.com Address : 909 Ample tower, 9 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260, Thailand | Mega We Care™ branded products business; Maxxcare™ distribution business | <ul style="list-style-type: none"> Marketing and sales of our branded and third party products to distributors in and outside of Thailand. | 99.99 |
| 7. E-Sense Limited (Thailand) Registered capital : THB 500,000 First invested in Jun. 2000 by Mega Lifesciences PTY Limited. Tel. : +662 7694222 Fax. : +662 7694244 E-mail : Info@megawecare.com Address : 909 Ample tower, 9 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260, Thailand | All business segments | <ul style="list-style-type: none"> Provides IT services to all our subsidiaries and affiliate companies under our group and holds certain software licenses for our business operation. At present, E-Sense Limited (Thailand) does not engage in any business operations. | 99.96 |
| 8. Mega Lifesciences Pty. Limited (Cambodia) Registered capital : Riels 1,400,000,000 First invested in Nov. 1996 by Mega Lifesciences PTY Limited Tel. : +855 23 987359 Fax. : +855 23 727325 E-mail : info@megawecare.com Address : The iCon Building, #216, 2 nd Floor, 58-E2, Norodom Blvd Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh, Cambodia | Mega We Care™ branded products business; Maxxcare™ distribution business | <ul style="list-style-type: none"> Provides marketing, sales, and distribution services for our branded products business and third party products. | 99.99 |

| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|---|--|---|---|
| 9. Mega Lifesciences (Australia) Pty. Limited (Australia) Registered capital : AUD 20,000,000 First invested in Feb. 1997 by Mega Lifesciences PTY Limited Tel : +61359418599 Fax : +61359403089 Email : info.au@megawecare.com Address : 60 National Avenue, South East Business park, Pakenham, Victoria, Australia 3810 | Mega We Care™ branded products business; OEM business | <ul style="list-style-type: none"> Manufactures our own brands and OEM products. | 99.99 |
| 10. Mega Lifesciences Nigeria Limited (Nigeria) Registered capital : Naira 50,000,000 First invested in Dec. 2003 by Mega Lifesciences PTY Limited Tel : +234 1 7916444 Fax : +234 8053596201 Email : info.ng@megawecare.com Address : Metal House, Plot No.6, Cocoa Industrial Road, Ogba Industrial Layout, Ogba, Ikeja, Lagos, Nigeria | Mega We Care™ branded products business; Maxxcare™ distribution business | <ul style="list-style-type: none"> Provides importation, marketing, sales, and distribution services for our branded products business and third party products. | 99.99 |
| 11. Mega Lifesciences Sdn.Bhd. (Malaysia) Registered capital : RM (Ringgit) 1,678,714 First invested in Jun. 2004 by Mega Lifesciences PTY Limited Tel : +603 62033754 Fax : + 603 62039201 Email : info@megawecare.com Address : D-10-P1, Block D, Plaza Mont' Kiara, No.2, Jalan Kiara, 50480 Kuala Lumpur, Malaysia | Mega We Care™ branded products business | <ul style="list-style-type: none"> Holds product registrations and provides marketing support for our branded products sold through third party distributors. | 100.00 |
| 12. Mega Lifesciences Pty. Peru S.A.C. (Peru) Registered capital : S 8,000 First invested in Feb. 2010 by Mega Lifesciences PTY Limited Tel : +511 4365611 Email : info@megawecare.com Address : Av. Encalada 1010, Oficina 402, Centro Empresarial Altavista, Urb. Centro Comercial de Monterrico, Surco, Lima, Peru. | Mega We Care™ branded products business | <ul style="list-style-type: none"> Provides importation, marketing, and sales services for our branded products business. | 99.99 |



| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|---|---|---|---|
| 13. PT Mega Lifesciences (Indonesia) Registered capital : Rp 3,441,000,000 First invested in Dec. 2003 by Mega Lifesciences PTY Limited Tel : +62213500487 Fax : + 6221 3500514 E-mail : info.id@megawecare.com Address : 7 th Floor, Suite 701 - C-D, Cowell Tower (Graha Atrium) Jl Senen Raya 135, Senen, Jakarta - Pusat Jakarta, Indonesia, Postal Code : 10410 | Mega We Care™ branded products business | <ul style="list-style-type: none"> Holds product registrations in Indonesia. | 98.99 |
| 14. Mega Lifesciences Ghana Limited (Ghana) Registered capital : GHS 457, 343 First invested in Apr. 2010 by Mega Lifesciences PTY Limited Tel. : +233 200418233 Fax. : + 233 302224898 E-mail : info.gh@megawecare.com Address : H. No. D 623/3, 1 st Brewery Road, Near St. Joseph Convent, School, Adabraka Official Town, Adabraka, Accra, Ghana | Mega We Care™ branded products business | <ul style="list-style-type: none"> Provides importation, marketing, sales, and distribution services for our branded products business. | 99.99 |
| 15. Mega Products (Mauritius) Limited (Mauritius) Registered capital : USD 10,000 First invested in May. 1998 by Mega Lifesciences PTY Limited Tel : +230 403 6000 Fax. : + 230 403 6060 E-mail : info@megawecare.com Address : 6 th Floor, Tower A, -1, Cyber City, Ebene 230, Mauritius | Maxxcare™ distribution business | <ul style="list-style-type: none"> Provides support services to some of our importers, which are mostly located in Myanmar, and some principals from our Maxxcare™ distribution business. | 99.99 |
| 16. Mega Lifesciences Private Limited (India) Registered capital : Rupees 10,000,000 Tel. : +91 22 41417900 Fax. : + 91 22 41417942 E-mail : info.in@megawecare.com Address : A-1301, Thane One, DIL Complex, Majiwada, Ghodbundar Road, Thane (W)-400610 | Mega We Care™ branded products business | <ul style="list-style-type: none"> Provides support services (such as intellectual property and legal services) for our branded products business and provides the procurement of technical dossier services in relation to branded products from third parties worldwide. | 99.99 |

| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|--|---|---|---|
| 17. Mega Lifesciences Pte. Limited (Singapore) Registered capital : USD 5,000 First invested in Dec. 2011 by Mega Lifesciences PTY Limited Tel. : +65 6236 3333 Fax. : +65 62364399 E-mail : info.in@megawecare.com Address : 80 Robinson Road #02-00, Singapore 068898 | Maxxcare™ distribution business | <ul style="list-style-type: none"> Provides trade services for third party products. | 99.99 |
| 18. Mega Lifesciences L.L.C., Ukraine Registered Capital : 1,174,809.4 UAH (equivalent to USD 100,000) First invested in Dec. 2014 Tel. : +380 44 2488025 Fax. : +380 44 5370160 E-mail : info.ukr.megawecare.com Address : 2, Solemnskaya Square 1 st Floor, Office No. 100, Kiev 03035, Ukraine | Mega We Care™ Branded products business | <ul style="list-style-type: none"> Marketing & Sale of Nutraceutical and Pharmaceutical product. | 100.00 |
| 19. Maxxcare Limited Registered capital : Kyat 19,500,000,000 First invested in Jul. 2016 by Mega Lifesciences PTY Limited Tel. : +951 701817 Fax. : +951 580125 E-mail : Info.mm@megawecare.com Address : Universal Building, No.1A/7, Shwe Pin Lon Housing Estate, Bayint Naung Road, Ward 27, North Dagon Township, Yangon, Myanmar | Maxxcare™ distribution business | <ul style="list-style-type: none"> Marketing, sales, and distribution services for our branded products business. | 100.00 |
| 20. Bio-Life Marketing Sdn.Bhd. Registered capital : Malaysian Ringgit 1,500,000 Invested in Nov. 2016 by Mega Lifesciences Sdn.Bhd., Malaysia Tel. : +60 3 7882 8888 Fax. : +60 3 7882 6389 E-mail : info@megawecare.com Website : www.biolife.com.my Address : B-09-01, The Ascent, Paradigm, No. 1, Jalan SS 7/26A, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia | Bio-Life™ branded products business | <ul style="list-style-type: none"> Marketing and sales of own branded products and OEM products under third parties' brands. | 100.00 |

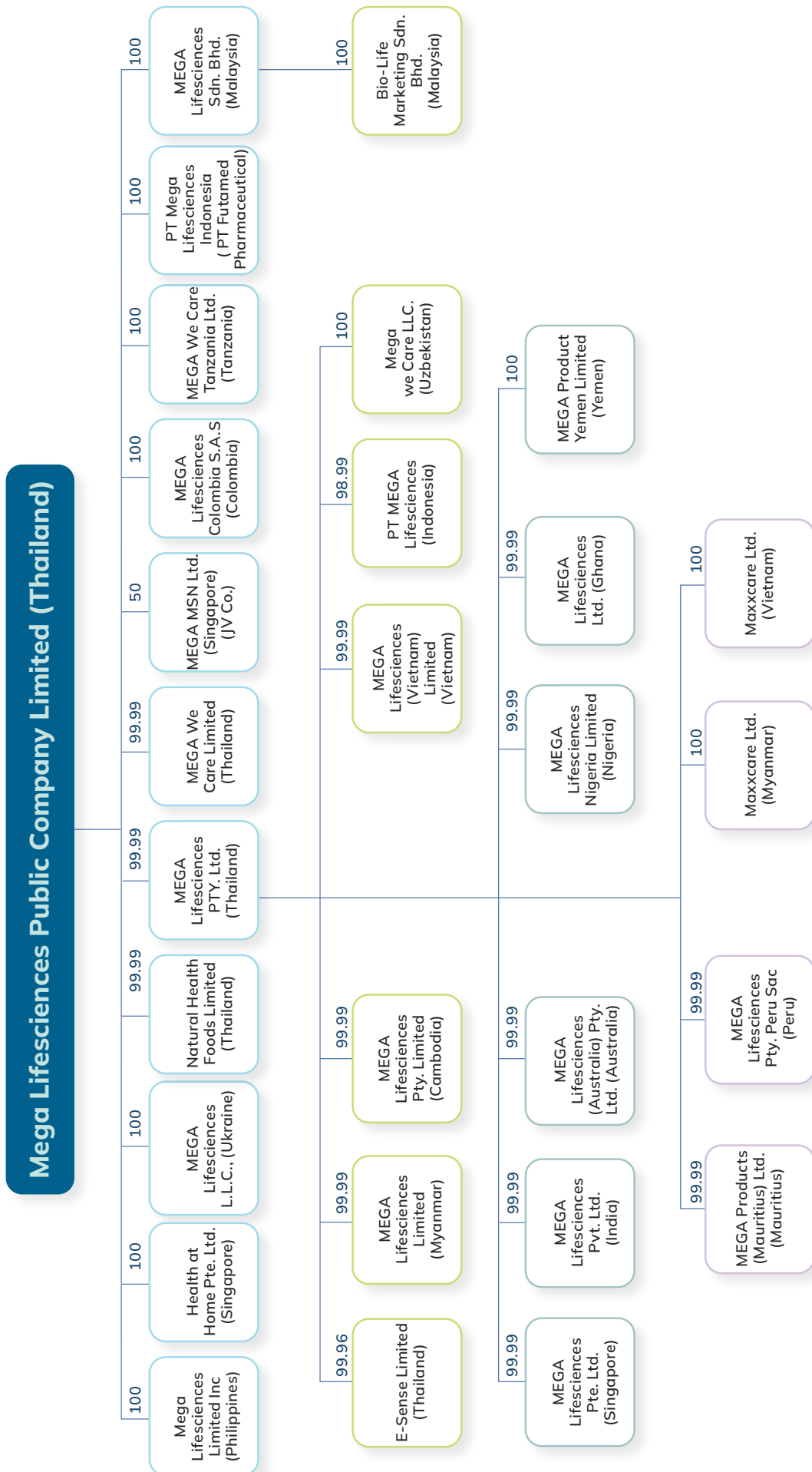


| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|--|--|---|---|
| 21. Mega MSN Pte. Limited Registered Capital : USD 15.7 million First invested in Mar. 2018 Tel : +65 6236-3333 Fax : +65 6236-4399 Mail : Info@megawecare.com website : www.megawecare.com Address : 80, Robinson Road, #2-00, Singapore 068898 | Mega We Care™ Branded products business | <ul style="list-style-type: none"> • Manufacture and Sale of Pharmaceutical products. | 50.00 |
| 22. Mega We Care Tanzania Limited Tel. : +255652421061 E-mail : info@megawecare.com Website : www.megawecare.com Address : 3 rd floor, 10 West, 10 Vingunguti, P.O. Box 1899 Dar es Salaam , Tanzania | Mega We Care™ Branded products business | <ul style="list-style-type: none"> • Marketing, sales and distribution of Mega We care Branded products including medicinal supplements and pharmaceutical products. | 100.00 |
| 23. Maxxcare Company Limited (Vietnam) Registered Capital : USD 100,000 First invested in Aug. 29, 2018 Tel. : +842828159892 Fax. : +84832838159871 Address : Lo B4, Duong K1, Khu Cong Ngiep Cat Lai, Phuong, Thanh My Loi, Quan 2, Ho Chi Minh City, Vietnam | Mega We Care™ Branded products business | <ul style="list-style-type: none"> • Importation of Consumer products, Medicinal Supplements and pharmaceuticals. | 100.00 |
| 24. Health at Home Pte. Ltd. Registered Capital : USD 1.0 First invested in Apr. 2019 Tel. : +65 6236 3333 Fax. : +65 6236 4399 E-Mail : info@megawecare.com Website : www.megawecare.com Address : 80, Robinson Road, #2-00, Singapore 068898 | Mega We Care™ Branded products business | <ul style="list-style-type: none"> • Digital Healthcare applications. | 100.00 |
| 25. Mega Lifesciences Limited Inc. (Philippines) Registered Capital : USD 200,000 First Invested in Oct. 28, 2020 by Mega Lifesciences PCL Public Company Limited Tel. : +632-8942830 Address : 3 rd Floor, ACE Building, 101-103 Rada St., Legaspi Village, Makati City, Metro Manila, Philippines 1229 | Mega We Care™ branded products business | <ul style="list-style-type: none"> • Marketing & Sale of Nutraceutical and Pharmaceutical product. | 100.00 |

| Subsidiary (Country) | Business Segment | Activities | Percentage of Direct and Indirect Ownership |
|---|---|--|---|
| 26. PT Mega Lifesciences Indonesia (PT Futamed Pharmaceutical) Registered Capital : Rp 65,000,000,000 First Invested in Feb. 6, 2020 by Mega Lifesciences PCL Public Company Limited Tel. : +622 13 500487 Fax. : +622 13 500514 E-mail : info.id@megawecare.com Address : 7 th Floor, Suite 701-C-D, Cowell Tower (Graha Atrium) Jl Senen Raya 135, Senen, Jakarta – Pusat Jakarta, Indonesia, 10410 | Mega We Care™ branded products business | <ul style="list-style-type: none"> Manufacturing and marketing of Pharmaceutical and Medicinal supplement products. | 100.00 |
| 27. Mega we Care Uzbekistan Registered Capital : Soms 211,940,800 First Invested in Sep, 2021 Tel : +998 (71) 256 6815 Fax : - Email : info.id@megawecare.com Address: 68-A, Langar st., Almazar dist, Tashkent, Uzbekistan | Mega We Care™ branded products business | <ul style="list-style-type: none"> Marketing & Sale of Nutraceutical and Pharmaceutical product | 100.00 |
| 28. Mega Product Yemen Limited Registered Capital : 1,336,796 (THB) First Invested in 1 Nov 2002 Tel : +967-12-72213 Fax: +967-12-75276 Address: Building No.112, 2 nd floor, opposite Yemen office, A1 – Zubairy street, Sana A , Republic of Yemen | Mega We care™ branded products business | <ul style="list-style-type: none"> Marketing, Sale and distribution of Mega We Care Branded product | 100.00 |
| 29. Mega Lifesciences Colombia S.A.S Registered Capital : USD 800,000 First Invested in 2019 Tel: +57 19261854 Fax: +57 3113744714 Address: Calle 100£8a-55 of 805, Torre C World Trade Centre, Bogota, Colombia | Mega We care™ branded products business | <ul style="list-style-type: none"> Marketing, Sale and distribution of Mega We Care Branded product | 100.00 |



Our Group Structure



Shareholding Structure

The Company has a Registered Share capital of Thai Baht 436,950,941 Million divided into shares with par value of Thai Baht 0.50 each and a paid up capital of Thai Baht 435,934,754 Million divided into 871,869,508 shares of Thai Baht 0.50 each at par value.

List of top 10 shareholders as on December 30, 2022 is as below:

| Sr. No | Name of Shareholder | No. Of Shares | % |
|--------------|---|--------------------|---------------|
| 1. | SHAH FAMILY ⁽¹⁾ | 437,098,156 | 50.133 |
| 2. | MR. VIVEK DHAWAN AND FAMILY ⁽²⁾ | 57,722,716 | 6.621 |
| 3. | THAI NVDR COMPANY LIMITED | 36,759,988 | 4.216 |
| 4. | STATE STREET EUROPE LIMITED ⁽³⁾ | 34,416,750 | 3.947 |
| 5. | N.C.B. TRUST LIMITED-NORGES BANK 30 ⁽⁴⁾ | 23,919,900 | 2.744 |
| 6. | SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED ⁽⁵⁾ | 23,606,900 | 2.708 |
| 7. | THE BANK OF NEW YORK MELLON ⁽⁶⁾ | 20,125,414 | 2.308 |
| 8. | MR. PARAMJIT SINGH SAWHNEY | 13,085,395 | 1.501 |
| 9. | MISS DUANGNAPA TONGSIRI | 12,883,095 | 1.478 |
| 10. | BNP PARIBAS, LONDON BRANCH | 12,426,500 | 1.425 |
| Total | | 672,044,814 | 77.081 |

Source : Thailand Securities Depository Co. Limited

¹⁾ Shah family's shareholding comprises of:

1.1 434,311,400 Shares of Mega Lifesciences Public Company Limited held by Unistretch Limited. Unistretch Limited shares are held by Miss Sameera Shah 30.76%, Mr. Ishaan Shah, 29.23% and Globlex Corporation Limited 40%.

1.2 Miss Nishita Shah holds 99.99% shares of Globlex Corporation Limited. She is daughter of Mr. Kirit Shah and Sister of Mr. Ishaan Shah and Miss Sameera Shah.

1.3 2,786,756 Shares of Mega Lifesciences Public Company Limited owned by Mr. Ishaan Shah.

²⁾ Mr. Vivek Dhawan holds 45,982,716 shares under his name, his wife, Mrs. Rashi Dhawan holds 2,440,000 shares, his son Mr. Tarun Dhawan holds 3,000,000 shares, his son Mr. Udit Dhawan holds 3,050,000 shares and his son Mr. Anuj Dhawan holds 3,250,000 shares.

³⁾ State Street Bank Europe Limited holds including shares in NVDR

⁴⁾ N.C.B. Trust Limited-Norges Bank 30 holds including shares in NVDR

⁵⁾ South East Asia UK (Type C) Nominees Limited holds including shares in NVDR

⁶⁾ The Bank of New York Mellon Limited holds including shares in NVDR



Change in Shareholding of Board of Directors and Management

Directors and management's shareholding in the Company as at December 30, 2022 is as follows:

| Name-Surname | Designation | No. of equity shares held as on | | |
|----------------------------------|--|---------------------------------|-------------|-------------------|
| | | December 30, 2021 | Changes +/- | December 30, 2022 |
| Mr. Mechai Viravaidya | Independent Director Chairman of Board of Directors | - | - | - |
| Mr. Alan Kam | Independent Director Chairman of Audit Committee | - | - | - |
| Mr. Vijay Paul Karwal | Independent Director Chairman of Nomination & Remuneration Committee | - | - | - |
| Mr. Thor Santisiri | Independent Director Member of Audit Committee | 20,000 | 90,000 | 110,000 |
| Mr. Kirit C. Shah ⁽¹⁾ | Director Member of Nomination & Remuneration Committee | - | - | - |
| Mr. Ishaan Shah ⁽¹⁾ | Director | - | 2,786,756 | 2,786,756 |
| Ms. Sameera Shah ⁽¹⁾ | Director | - | - | - |
| Mr. Shiraz E. Poonevala | Director | - | - | - |
| Mr. Vivek Dhawan ⁽²⁾ | Director & CEO Member of Nomination & Remuneration Committee | 57,422,716 | 300,000 | 57,722,716 |
| Mr. Thomas Abraham | Director & CFO | 6,668,200 | - | 6,668,200 |
| Ms. Duangnapa Tongsiri | Management | 12,883,095 | - | 12,883,095 |
| Mr. Paramjit Singh Sawhney | Management | 13,085,395 | - | 13,085,395 |
| Mr. Girish Wadhwa | Management | 3,850,020 | - | 3,850,020 |
| Mr. Manoj Gurbuxani | Management | 111 | - | 111 |

***Note:** ¹⁾ Mr. Kirit Shah, Ms. Sameera Shah and Mr. Ishaan Shah and Miss Nishita Shah are a part of the Shah family which directly or through holding companies owns 50.133% of the paid up capital as on December 30, 2022 (refer note under capital structure).

²⁾ In addition to Mr. Vivek Dhawan's shareholding as mentioned above his family owns shares as below:

| Name | Relationship | No. of shares held |
|-------------------|--------------------------|--------------------|
| Mr. Vivek Dhawan | Husband | 45,982,716 |
| Mrs. Rashi Dhawan | Wife | 2,440,000 |
| Mr. Tarun Dhawan | Son (Age above 18 years) | 3,000,000 |
| Mr. Udit Dhawan | Son (Age above 18 years) | 3,050,000 |
| Mr. Anuj Dhawan | Son (Age above 18 years) | 3,250,000 |

Mr. Vivek Dhawan's family's total shareholding, as above, is 57,722,716 shares as on December 30, 2022

Registered Capital and Paid-up Capital

Registered Capital and Paid-up Capital

Subsequent to the public offering of 129,787,408 shares and the offering of 8,652,494 ordinary shares reserved for allocation to the ESOP Warrants, our Authorized capital will be THB 436,950,551 with a par value of THB 0.50 per share, comprised of 865,248,608 paid-up ordinary shares and 8,652,494 ordinary shares reserved for allocation to the ESOP Warrants.

Prior to this initial public offering, our paid-up registered capital is THB 67,056,190 comprised of 6,705,619 ordinary shares with a par value of THB 10 per share. In addition, our Extraordinary General Meeting of Shareholders No. 2/2013 held on June 7, 2013 (the "EGM") resolved:

1. To issue an additional 30,067,480 ordinary shares with a par value of THB 10 per share allocated as follows:
 - Ordinary shares in the amount of 30,000,000 shares in support of the stock dividend payment; and
 - Ordinary shares in the amount of 67,480 shares, to be offered on a rights offering basis to existing shareholders pro rata to their original shareholding.

We have issued and allocated the ordinary shares and registered such with the Department of Business Development, Ministry of Commerce on July 17, 2013. After the stock dividend payment and the rights offering, our registered capital shall be THB 367,730,990, comprised of 36,773,099 shares, with a par value of THB 10 per share.

2. To change the par value of our ordinary shares from THB 10 per share to THB 0.50 per share, resulting in the number of our total ordinary shares being increased from 36,773,099 shares to 735,461,980 shares.

3. To issue an additional 129,787,408 ordinary shares with a par value of THB 0.50 per share, for offering to the public through the initial public offering ("IPO"). We registered our EGM's resolution regarding the increase of capital with Department of Business Development, Ministry of Commerce on July 17, 2013.
4. To issue an additional 8,652,494 ordinary shares with a par value of THB 0.50 per share to support the exercise of the ESOP Warrants issued and offered to the Company's employees, for which we registered our EGM's resolution regarding the increase of capital with the Department of Business Development, Ministry of Commerce on July 17, 2013.

Subsequent to the initial public offering of 129,787,408 ordinary shares and an offering of 8,652,494 ordinary shares to support the exercising of the ESOP Warrants, our aggregate paid-up registered share capital will be THB 436,950,551 with a par value of THB 0.50 per share, dividing into 865,248,608 paid-up ordinary shares and 8,652,494 shares to support the exercising of the ESOP Warrants.



Other Securities-ESOP Warrants

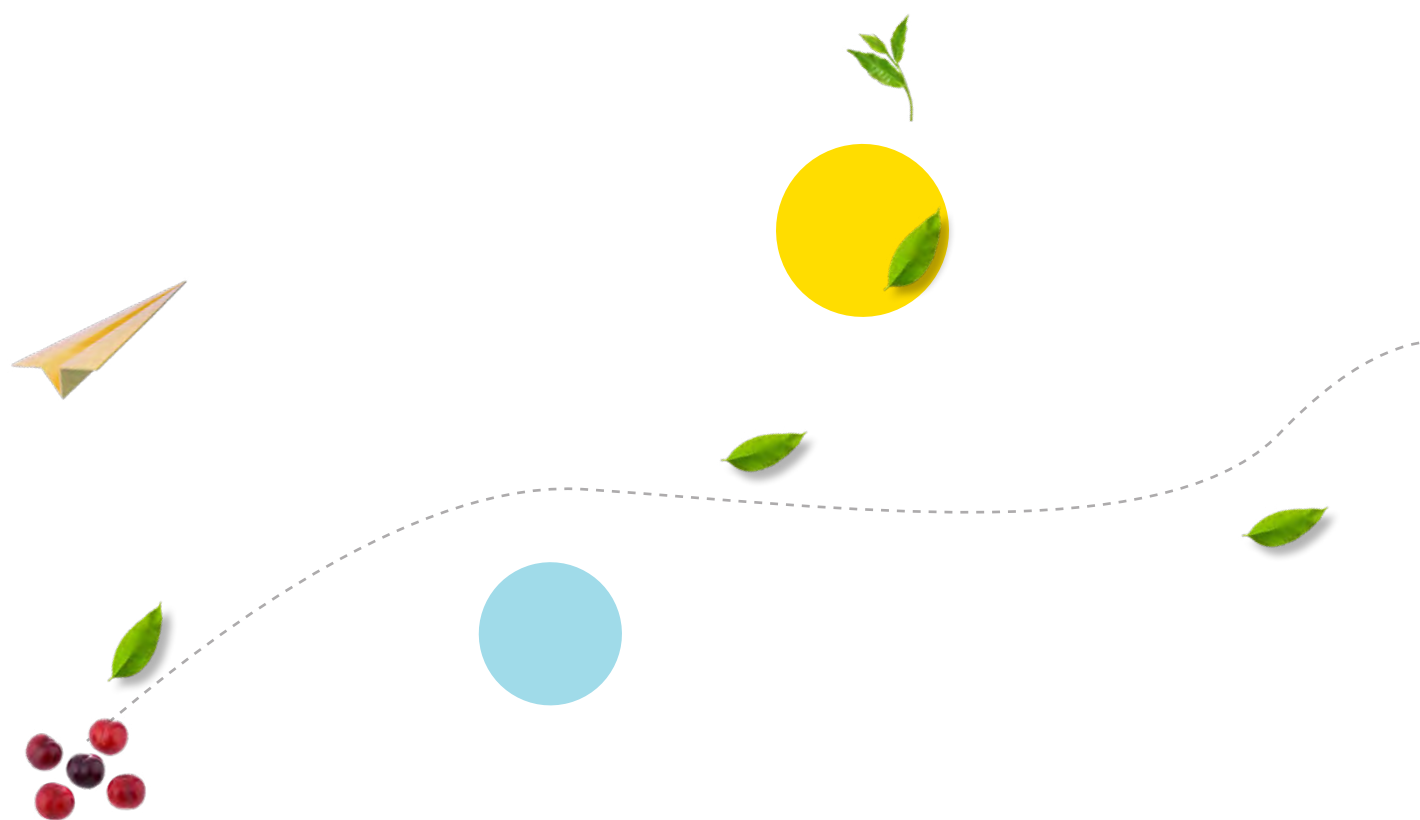
In addition to the issue of ordinary shares referred to in Section 8.1.1, the EGM passed a resolution to approve the issuance of 8,652,494 ordinary shares to our employees and the employees of our subsidiaries and/or affiliates in accordance with the follow

| | |
|--|---|
| Amount | : Not exceeding 8,652,494 units. |
| Period | : Not exceeding 5 years from the issue and offering date of warrants |
| Offer Price per unit | : Baht 0 (Zero Baht) |
| Exercise price | : Equivalent to the IPO price. |
| Exercise rate | : Each holding of 1 unit of warrants is entitled to convert the warrant into 1 ordinary share, except in the case that the exercise right is amended under a condition of amendment as will be prescribed in the terms and conditions of the warrant. |
| Allocated ordinary shares for the exercising of right | : Not exceeding 8,652,494 shares (par value of Baht 0.5 per share) |
| Issue date | : Date set by the board of directors or chief executive officer and approved by the shareholder's meeting. |
| Offer period | : We will offer to sell the warrants within 1 year of the date determined by our Extraordinary General Meeting no. 2/2013 dated June 7, 2013, which approved us to issue and offer the warrants to our employees and the employees of our subsidiaries and/or affiliates following the listing of our shares on the SET. |
| Exercise period | : We shall not allocate such warrants to any employee in an amount exceeding 5% of the total amount of securities on offer at that time. On the last day of each month, commencing from the first month falling 4 years and 6 months following the warrant issue date. In addition, the exercise right may be exercised on any of the final 5 business days prior to the expiry of the 5 year warrant period. |

Dividend Policy

The policy of the company is to pay as dividends not less than 25 percent of the company's annual net profit (after corporate income tax and appropriation of statutory reserves). However, the dividend payment for each year may vary depending upon the business operations of

the Company, financial conditions, investment plan and the need for working capital for business operation and expansion as well as other relevant factors, as the Board of Directors and/or the shareholders of the Company deem appropriate.





Risk Management

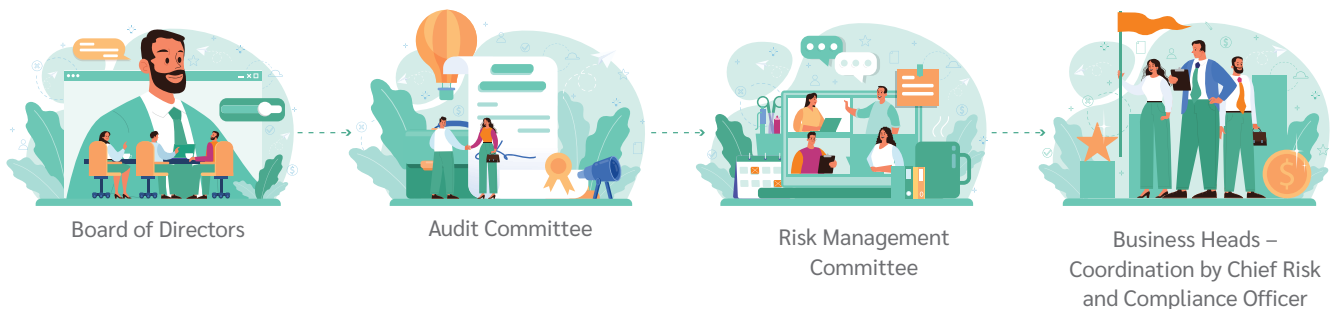


Mega Lifesciences has a reasonable and appropriate risk management environment. The Company's risk management is headed by its CFO and Executive Director, Mr Thomas Abraham as a member of the Sustainability, Risk Management and Corporate Governance Committee. The Company has a senior officer who has been assigned the task of Risk Management. Mega Lifesciences Public Company Limited (Company) identifies its risks and manages them by building mitigation processes as a part of its business strategy and oversight by the Board of Directors and the respective Committee. The Company continues to grow and by identifying and efficiently managing its risks in an ever changing competition and political landscape.

Mega Lifesciences has identified its key risks in consultation with various locations in which it operates and each Location head is considered as a risk owner and reports to the President/Head Coach.

Mega Lifesciences has a Risk Appetite statement and has a practice of identifying the Key risk indicators and prepares a detailed mitigation plan. The Risk mitigation plan is then followed up to ensure that the Risks are addressed and the Residual Risks are attained as per plan to enable the company to take risks and also take advantage of opportunities available for the Company.

The Company has included Risk Management as one of the key KPIs for Executives, Senior and middle Management. The Company encourages a risk culture to leverage new opportunities and to minimize the threats.



A summary of the Company's Risk Register comprising mainly of High and Extreme inherent Risks is provided in the report below.

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|---|--|------------|----------|
| | | | | | Inherent | Residual |
| 1. | Strategic Risk | 1.1 Our business, financial condition and results of operations may be negatively affected if we are unable to compete effectively in our markets. The pharmaceutical industry is highly competitive. Our key competitors are large national and international manufacturers and distributors of pharmaceutical and healthcare products. In addition, we compete with local manufacturers and distributors of pharmaceutical products and other healthcare product providers in each market in which we operate. Thus, we may be impacted by competition from competitors' products and we cannot assure you that we will be able to remain competitive by continually distinguishing our products and services from that of our competitors', or maintain our existing supplier and customer relationships. Nor can we assure you that we will increase or maintain our existing market share. | <ul style="list-style-type: none"> • Reducing Gross Margins • Reducing in turnover growth rate • Reduction in Brand and company ranking | <ul style="list-style-type: none"> • Niche/New Products • Understand the market • Innovative Products through active engagement with stakeholders • Track key financial ratios | High | Medium |
| | | 1.2 We may not be successful in introducing new products. We believe a critical component of the ongoing success and sustainable growth of our Mega We Care™ branded products business is our ability to develop and introduce new products into our portfolio, particularly branded generic products, through a combination of both in-house product development and the procurement from third parties through arrangements including but not limited to purchase of technical dossiers for submission of new products for regulatory approval and or registering and marketing third party brands under Mega's trademarks under defined term contracts with options to renew. | <ul style="list-style-type: none"> • Less or no new products introduced • Reduction in revenue growth • Higher PBT in short run due to lower investments in new product introduction • Product recalls/ product failures. | <ul style="list-style-type: none"> • Credible partners with higher reference standards • Risk based supplier selection • Adopt higher regulatory standards • Strengthen Business Development practices | High | Low |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|--|------------|-------------|
| | | | | | Inherent | Residual |
| | | <p>As such, the success of our new product candidates is highly dependent on our ability to identify a generic formulation of existing drugs, to develop these drugs in a cost-effective and timely basis, and to commercialize them successfully.</p> <p>The products need to be tested and prove to be equally effective. The development and commercialization process involves a high degree of business risk.</p> <p>Registration and approvals may get delayed and our competitors may grab the market share.</p> <p>In addition, our product candidates, may not be functionally or commercially feasible. This may negatively impact our business in a material manner.</p> <p>The Efficacy of our products and the perceptions in the minds of the customers/ consumers is critical to our survival and growth and any reduction in these indices may adversely impact our revenues and profits.</p> | | | | |
| | | <p>1.3 Risks associated with doing business in Myanmar</p> <p>For the fiscal year ended December 31 2020, 2021 and 2022, approximately, 46.5%, 44.6%, and 39.9%, respectively, of our total consolidated group revenues came from Myanmar.</p> <p>Since November 1997, Myanmar was governed by the State Peace and Development Council, formerly known as the State Law and Order Restoration Council, a military-dominated regime that previously governed Myanmar from 1988 to November 1997. Myanmar has experienced opposition from pro-democracy, religious and ethnic groups in recent years, with such opposition having at times included armed resistance.</p> | <ul style="list-style-type: none"> • N.A. | <ul style="list-style-type: none"> • Compliance local and global laws • Focus on Pharmaceutical and Consumer goods which are in the range of essential products and hence mostly not subject to sanctions • Stringent compliance with the policies of Principals. | High | High-Medium |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---------------------|--|------------|-------------|
| | | | | | Inherent | Residual |
| | | <p>Although the government of Myanmar has in recent years instituted certain market-based economic and financial reforms, such as the sale of state-owned assets, much of the economy remains state-dominated as a result of past socialist economic initiatives. A new constitution was ratified in May 2008 through a nationwide referendum. In November 2010, Myanmar held its first elections in two decades, although key opposition leaders boycotted the election. Since March 2011, the new president has shown leaning towards democratization, freed several political prisoners, taken steps to liberalize the state-controlled economy and permitted parliamentary elections, which were overwhelmingly won by the opposition party. The Country witnessed a Military coup on February 01, 2021. The government has promised to hold free and fair election in the near future. However, the economy is under sanctions.</p> <p>In any event, we cannot assure you that political or economic developments in Myanmar will always be positive, nor not have a negative effect on our business, financial condition, results of operations and commercial opportunities. Should such reforms by the Myanmar government fail, the occurrence of such events may negatively affect our business, results of operations, financial condition and commercial opportunities in a material manner.</p> | | <ul style="list-style-type: none"> • Compliance local and global laws • Focus on Pharmaceutical and Consumer goods which are in the range of essential products and hence mostly not subject to sanctions • Stringent compliance with the policies of Principals. | High | High-Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|-------------|------------|
| | | | | | Inherent | Residual |
| | | <p>1.4 Our continued growth depends, in part, on increases in real disposable income and per capita spending across countries in which we operate, each of which may not grow as rapidly as it has in the past or may not grow at all.</p> <p>While real disposable income and per capita spending on products across countries in which we operate have generally risen in recent years, each may not grow as rapidly as it has in the past or may not grow at all, which might cause our business, financial condition, results of operations and commercial opportunities to be negatively affected in a material manner.</p> | <ul style="list-style-type: none"> • Consumers inclination towards cheaper generics • Decline in Public Health • Heightened government intervention in pricing and purchase of healthcare products | <ul style="list-style-type: none"> • Competitive Pricing • Niche products marketing to safeguard margins • Aggressive branding • Practice and Build quality image • Elevate the communities through health and economic awareness | High | Medium-Low |
| | | <p>1.5 We may not be able to successfully identify, acquire or integrate future projects.</p> <p>One of our business strategies is to take advantage of the consolidation trend in the highly fragmented pharmaceutical industry in our frontier and emerging markets by engaging in acquisition transactions, such as our acquisition of the Eugica™ brand, including intellectual property and title documents in relation to the products manufactured and distributed under the Eugica™ brand, from DHG Pharmaceutical Joint Stock Co. on December 12, 2012, acquisition of enterprise as well as brands of Biolife Marketing Sdn. Bhd., Malaysia on November 30, 2016, certain pharmaceutical brands forming entire business of Sandoz® in Myanmar and Ethiopia in December 2018 and Manufacturing facility in Indonesia in February 2020. In addition, in order to expand our business, we may identify, pursue and set up joint venture projects from time to time. Our acquisition strategy entails the following risks, among others:</p> | <ul style="list-style-type: none"> • Reducing performance parameters • Potential or actual impairment of investments reflected in the financial statements • Declining vertical with which the newly acquired business is integrated • Declining market share/market presence • Reducing Margins | <ul style="list-style-type: none"> • Calibrated integration • Realise synergies efficiently • Monitoring the implementation of above at the highest levels in the company | High-Medium | Medium-Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---------------------|------------|------------|----------|
| | | | | | Inherent | Residual |
| | | <ul style="list-style-type: none"> • we may incorrectly assess the value of any acquisition target; • we may not realise any of the anticipated benefits from any of the acquisitions we complete; • we may face difficulties associated with integrating the operations and/or the technologies or products of acquired businesses with our operations; • we may experience increasing competition for potential business acquisitions or trademark acquisitions; • we may not have access to sufficient capital to finance potential business acquisitions or trademark acquisitions; and • we may not be able to retain key employees of companies acquired by us or key employees necessary successfully commercialise technologies and products that we acquire. <p>In addition, businesses that we acquire may not have internal control policies (in particular with respect to accounting control procedures and general internal controls) in place which may incur extra costs and expenses when integrating the operations of acquired businesses into those of our group.</p> <p>Failure to make acquisitions may also impact our ability to grow business and it may adversely affect our Revenue and profits.</p> | | | | |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|--|------------|-------------|
| | | | | | Inherent | Residual |
| | | <p>1.6 Our Controlling Shareholders are able to exercise significant influence over us.</p> <p>Our controlling shareholders, namely Unistrech Co., Ltd. Owned by the Shah family, will own more than, directly and indirectly, at least 50.0% of our entire issued share capital in aggregate. Accordingly, our controlling shareholders will have the ability to exercise significant influence over our business and on decisions in shareholder meetings except in cases which may require a three fourths majority.</p> | <ul style="list-style-type: none"> Declining standards of Governance Declining performance Stakeholder feedback | <ul style="list-style-type: none"> Transparency in information and management Maintain standards of Governance Stakeholder engagement | Medium | Low |
| | | <p>1.7 Risks relating to the ownership of our shares</p> <p>We may not be able to or may elect not to pay dividends.</p> <p>Our dividend payment policy is to pay dividends in the amount of not less than 25.0% per cent of our annual net profit (after corporate income tax and appropriation of statutory reserves) from the date the Company has been listed on the SET. However, the dividend payment for each year may vary depending on our business operations, financial condition, investment plan and the need for working capital for business operations and expansion as well as other relevant factors. Board of Directors may decide to leverage funds for pursuing growth and expansion opportunities instead of paying higher dividends and the Board of Directors may consider paying a lower rate of the specified dividends or may elect not to pay any dividends at all, which may impact our ordinary share price after being listed on the SET.</p> | <ul style="list-style-type: none"> Reducing financial performance Less than desirable Financial ratios Market presence challenged | <ul style="list-style-type: none"> Disclosures and transparency Strategic Focus Stakeholder engagement and addressing stakeholder concerns Innovation and technology | High | High-Medium |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|-------------|----------|
| | | | | | Inherent | Residual |
| | | <p>1.8 We depend substantially on the knowledge and proficiency of our key management personnel, and our business, cash flow, results of operations, financial condition and commercial opportunities may be negatively affected if we lose their services.</p> <p>Our future success depends heavily upon the continued services of our key management personnel.</p> <p>Our ability to attract and retain key personnel, in particular, senior management, key product development personnel and key sales and marketing personnel, is a critical aspect of our competitiveness. Competition for these individuals could require us to offer higher compensation and other benefits in order to attract and retain them, which would increase our operating expenses and, in turn, could materially and adversely affect our business, result of operations, financial condition, results of operations and commercial opportunities.</p> <p>We may be unable to attract or retain the personnel required to achieve our business objectives, and failure to do so could severely disrupt our business and prospects.</p> <p>Furthermore, if any of our executive officers join a competitor or form a competing company, we may lose a significant number of our customers, which could have a negative effect on our business, cash flow, result of operations, financial conditions and commercial opportunities.</p> | <ul style="list-style-type: none"> • High Turnover ratio at senior-middle management levels • Inertia at Junior-Middle level employees • Inadequate training/development opportunities | <ul style="list-style-type: none"> • Monitoring and Reporting turnover at all levels • Emphasis on Human Capital Development • Retention of Middle-Senior management to ensure continuity • Succession plans | High-Medium | Low |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|-----------------|--|--|--|-------------|----------|
| | | | | | Inherent | Residual |
| 2. | Regulatory Risk | <p>2.1 If we are unable to protect our intellectual property, trademarks and trade secrets, our business, results of operations, financial condition and commercial opportunities could be negatively affected in a material manner.</p> <p>Our success depends in part on our ability to protect and maintain our proprietary trademarks. We seek to protect our trademarks under trademark protection laws in Thailand and other jurisdictions, as well as employee and third party confidentiality agreements.</p> <p>As of December 31, 2022, we had 3,508 trademark registrations. Apart from the lengthy, time consuming and cumbersome process of seeking trademark approvals we may be issued one or we also have a risk of rejection of our application. We cannot assure you that our pending trademark applications, or any trademark applications we may make in the future in respect of other products, will result in an issued trademark, or that any trademark registrations issued in the future will be able to provide us with meaningful protection or commercial benefits. The trademarks applications and registered trademarks may be challenged, invalidated or circumvented in the future.</p> <p>In addition we also have trade secrets which are more often in our case than patents and we seek to protect these trade secrets in part by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as: (1) employees; (2) corporate collaborators; (3) contract manufacturers; (4) consultants; etc.</p> | <ul style="list-style-type: none"> Increased level of litigation and consequent rise in legal costs Expensive product rollbacks or changes in branding campaigns Market presence challenged | <ul style="list-style-type: none"> Trademark risk analysis Stringent branding processes prior to product launch Market intelligence and Trademark enforcement Corporate governance processes including Code of Conduct | High-Medium | Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|--|--|------------|----------|
| | | | | | Inherent | Residual |
| | | <p>Not with standing these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim against a party that illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable.</p> <p>If any of our trade secrets were to be disclosed to, or independently developed by, a competitor, our competitive position, results of our operations, financial condition and commercial opportunities would be negatively affected in a material manner.</p> | | | | |
| | | <p>2.2 Our ability to set our prices solely in accordance with market forces is restricted in Vietnam by government price limits adversely affecting our business revenue and profits</p> <p>Prices of pharmaceutical products in Vietnam are subject to the regulation and approval of the government. We must publicly declare the prices of our pharmaceutical products (import prices, wholesale and retail prices) prior to distribution, and submit one price dossier for approval to the Drug Administration of Vietnam (“DAV”) and another for filing. If any changes in pricing are proposed to be made, the process must be re-started and a new approval obtained. If our proposed pricing is acceptable, the DAV will issue a receipt of acknowledgement in respect of our price declaration and alternatively the DAV will request that we reconsider our proposed pricing and re-submit.</p> <p>This limits our ability to price our products in accordance with traditional economic principles and we cannot predict the nature of any measures that may be adopted in the future by the Vietnamese government to control prices.</p> | <ul style="list-style-type: none"> Declining Margins Reduced product lifecycle Market domination by cheap generics Market may embrace lower regulatory standards | <ul style="list-style-type: none"> Introduce new products with higher standards Rebranding with credible products Establish image as a high quality product company Champion higher regulatory standards Competitive sourcing | High | Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|---|--|-------------|----------|
| | | | | | Inherent | Residual |
| | | <p>2.3 We may not be able to fully comply with applicable regulatory and accounting requirements or renew our certifications and other permits and licenses which enable us to conduct our business. Non-compliance with, changes in or amendments to these regulatory and accounting requirements could have a negative effect on our business, financial condition and results of operations.</p> <p>Our manufacturing, marketing and distribution activities require us to obtain certain permits and licenses which have certain conditions to be complied with and these conditions may change or get more stringent/detailed in the future. There are government and regulatory bodies involved in granting such licenses/permits and certain protectionist measures may be adopted in the interest of the host markets. Furthermore, we may be required to apply for additional permits, licenses or certifications if any interpretation or implementation of the relevant current regulations change, or if new regulations requires us to obtain additional permits, licenses or certifications.</p> <p>Changes to, or different interpretations of, accounting methods or policies may require us to reclassify, restate or otherwise change or revise our financial statements, including those contained in this filing.</p> | <ul style="list-style-type: none"> • Fines/Penalties • Non-Compliances reported • Regulatory interventions in operations • Reducing margins • Asset write-offs/Impairments | <ul style="list-style-type: none"> • Monitoring compliance • Internal Audits • License renewals • Regulatory standards | High-Medium | Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|--|--|------------|-------------|
| | | | | | Inherent | Residual |
| | | <p>2.4 The economic, political and social conditions and government policies in some of our major markets could affect our business, results of operations, financial condition and commercial opportunities.</p> <p>As of December 31, 2021 and 2022, a significant portion of our consolidated group revenues are derived from a number of emerging frontier markets or countries, such as Myanmar, Vietnam, Cambodia, Nigeria, Yemen, Ukraine and Peru ("Major Risk Markets"), which accounted for approximately 69.2% and 67.1% of our consolidated group revenues. Accordingly, our financial condition and results of operations as well as the growth of our business will be affected to a significant extent by economic, political and legal developments in any of the Major Risk Markets. These international operations are subject to certain specific risks that can materially affect our results of operations and can be summarised as follows:</p> <ul style="list-style-type: none"> • unsettled political conditions, war, civil unrest and hostilities in some countries and regions where we operate or seek to operate; • undeveloped legal systems; • economic instability in foreign markets; • the impact of inflation; • natural disasters; • an inability to access necessary human capital; • governmental action such as expropriation of assets, general legislative and regulatory environment changes, exchange controls and the difficulty of enforcing contractual rights; • restrictions on foreign investment in certain jurisdictions; and | <ul style="list-style-type: none"> • Asset write-offs/ Impairments • Unrealizable dues • High fluctuations in Currency rates • Frequent change in regulations • Declining performance | <ul style="list-style-type: none"> • Asset Light approach i.e. maintaining low asset base • Moderate to low capital investment • Competitive pricing • Long term view of business • Resilience • Compliance with regulations | Extreme | High-Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|-------------|----------|
| | | | | | Inherent | Residual |
| | | <ul style="list-style-type: none"> changes in global trade policies such as sanctions and embargoes imposed by the United States and other countries. <p>Although the economies of the Major Risk Markets have been transitioning from tightly government-controlled economies to more market-oriented economies, the majority of productive assets in such Major Risk Markets are still owned by their respective governments. The governments of the Major Risk Markets also exercise significant control over the economic growth through allocating resources, controlling repayments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.</p> <p>In the Major Risk Markets we may experience difficulties in effecting service of legal process and enforcing judgments against persons who breach contractual or legal duties to us, or violate our trademarks and licenses.</p> | | | | |
| | | <p>2.5 We deal with hazardous materials and must comply with environmental laws and regulations, which can be expensive and restrict our business operation.</p> <p>Our activities involve the controlled storage, use and disposal of hazardous materials, including corrosive, explosive and flammable chemicals, and biological waste. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. Although we believe that our safety procedures for the handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot assure you that we would be able to eliminate the risk of contamination or injury from these materials.</p> | <ul style="list-style-type: none"> Environmental violations Compliance violations Waste Inefficiency Increased cost of operations | <ul style="list-style-type: none"> ESG compliance and reporting Transparency in compliance | High-Medium | Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|-------------|----------|
| | | | | | Inherent | Residual |
| | | <p>2.6 Our Mega We Care™ branded products business is highly regulated, and future government regulations may place additional burdens on our business as well as have a negative effect on our business, financial condition, results of operations and commercial opportunities in a material manner.</p> <p>Our Mega We Care™ branded products business is generally subject to extensive government regulation and supervision. In particular, the regulatory framework addresses all aspects of our operations, including approval, production, licensing and certification requirements and procedures for periodic renewal and reassessment processes, registration of new drugs, quality control, pricing of pharmaceutical products and environmental protection and</p> <p>Violation of these laws, rules and regulations may also constitute civil or criminal offenses under certain circumstances, and could have a negative effect on our business, results of operations current and or future.</p> <p>In addition, the relevant government authorities may also introduce policies that are unfavorable to the pharmaceutical industry by terminating or materially altering any favorable policies, or introducing any unfavorable policies, which could have a negative effect on our business, financial condition, results of operation and commercial opportunities in a material manner.</p> | <ul style="list-style-type: none"> • Frequent changes in regulatory framework • Bans/prohibitions on business | <ul style="list-style-type: none"> • Frequent monitoring • Stakeholder interaction • Competitive pricing • Focus on technology • Company strategy of making high quality products available at competitive prices | High-Medium | Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|-----------------|---|---|---|-------------|------------|
| | | | | | Inherent | Residual |
| | | <p>2.7 We may be subject to product liability, personal injury or wrongful death claims or product recalls in connection with our products and services.</p> <p>We are exposed to risks inherent in the manufacturing, packaging, marketing and distribution of pharmaceutical, and nutraceutical products, such as: (1) unsafe products; (2) ineffective products; (3) defective products; (4) contaminated products; (5) improper or inaccurate labeling of products; (6) inadequate warnings or insufficient or misleading disclosures of side effects; and (7) unintentional distribution of counterfeit medicines.</p> <p>In the event of any use or misuse of our products resulting in personal injury or death, product liability claims may be brought against us for damages. We may also be subject to product recalls and any relevant government may close down our operations.</p> | <ul style="list-style-type: none"> • Product Recalls • Quality defects • Excessive or false Off-label claims • After sales concerns gathered by Sales teams • Lack of proactive Regulatory Internal Audits | <ul style="list-style-type: none"> • Pharmacovigilance qSOPs and action • Robust Regulatory Audit schedule • Compliance with quality standards • Controls on Off-Label claims • Pragmatic Marketing Code of Conduct • Product Liability Insurance | Extreme | Medium |
| 3. | Financial Risks | <p>3.1 Changes in foreign currency exchange rates could negatively affect our business, results of operations financial condition, or commercial opportunities in a material manner.</p> <p>In our operations, there are transactions and balances denominated in currencies other than the Thai Baht (which is the currency used to report our results of operations and financial condition in our financial statements). As such, we are exposed to the risk of such changes in foreign currency exchange rates in the event that we cannot immediately pass on the effect of any such devaluation in our pricing to our customers.</p> | <ul style="list-style-type: none"> • High Levels of foreign Exchange losses/Gains • Diverse currencies along with significant gaps in foreign currency assets and liabilities | <ul style="list-style-type: none"> • Balancing Foreign currency assets and liabilities • Transaction timing management • Foreign currency hedging – Natural and otherwise • Reporting and transparency • Limit the basket of currencies | High-Medium | Medium-Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|---|------------|----------|
| | | | | | Inherent | Residual |
| | | <p>3.2 Our level of insurance coverage may not be adequate.</p> <p>Although we maintain insurance coverage that we believe is in accordance with customary industry practice, we are not fully insured against certain risks because such insurance is either not available at all or not available on commercially reasonable terms. In addition, we do not carry coverage for timely completion of our projects under development, loss of rent or profit or defects in the quality of materials used. Should an uninsured loss or a loss in excess of insured limits occur, we may lose the capital invested in, and the anticipated revenue from, the affected assets. In addition, any payments we make to cover any uninsured loss of the insurer of such event, may have a negative effect on our business, financial condition and results of operations in a material manner.</p> | <ul style="list-style-type: none"> • Asset write-offs, impairments, etc • Reducing bottomlines • Increased risk of impairment • Accounting provisions | <ul style="list-style-type: none"> • Periodic Insurance review • Securing all the assets • KPIs of responsible staff/ Management | High | Low |
| | | <p>3.3 Our financial performance may be affected by fluctuations in interest rates.</p> <p>As of December 31, 2021 and 2022, based upon our consolidated financial statements, we have, on a consolidated basis, outstanding loans from financial institutions in the amount of Baht 168.2 million and 229.2 million respectively, which are subject to floating interest rates leading to a possibility of fluctuations in interest costs and thus negatively impact our business and profits and that too potentially significant.</p> | <ul style="list-style-type: none"> • Increasing interest costs | <ul style="list-style-type: none"> • Stakeholder engagement • Banking relationships • Diverse financial instruments | Medium | Low |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|-------------------|--|---|--|----------------|-------------|
| | | | | | Inherent | Residual |
| 4. | Operational Risks | <p>4.1 Our failure to maintain the principals of our Maxxcare™ distribution business segment could have a negative effect on our business.</p> <p>Our Maxxcare™ distribution business division distributes substantially all products to customers through a distribution network that currently consists of our own distribution infrastructure in Myanmar, Cambodia and Nigeria and in Vietnam through strategic tie-ups as an aggregator.</p> <p>In addition to distributing our own Mega We Care™ branded products in these countries, our Maxxcare™ distribution business also distributes healthcare and FMCG products for international pharmaceutical and international and local FMCG companies in Cambodia and Myanmar and through strategic partners and aggregating arrangements in Vietnam. These distribution activities accounted for 48.7% and 46.4 % of our consolidated group revenues for fiscal year ended December 31, 2021 and year ended December 31, 2022 respectively. We typically distribute such products pursuant to the relevant agreements entered into directly between us and such principals, under which our principals provide us with a series of incentives and other support to distribute their products.</p> <p>The arrangements which support our Maxxcare™ distribution business operations are typically short-term in nature, and are generally renewed every three years and can be terminated by six months' notice by either party.</p> | <ul style="list-style-type: none"> • Sudden/Abrupt Fall in business revenues • Inability to attract new Principals • Reducing margins due to competition | <ul style="list-style-type: none"> • Service standards • Build Cost Competitive/sensitive business • Investment in technology and skill development • Compliance | Extreme - High | High-Medium |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|--|--|------------|----------|
| | | | | | Inherent | Residual |
| | | <p>We cannot assure you that the principals of our Maxxcare™ distribution business will continue to sell products to us on commercially acceptable terms, or at all, or that such distribution arrangements will continue. We also cannot assure you that we will be able to establish new distributor relationships, or renew our agreements with our principals when they expire.</p> <p>In addition, we cannot assure you that there would not be material changes in our relationships with principals due to reasons beyond our control. The agreements may be terminated/not renewed and thus discontinued thereby affecting our revenues and contribution from Distribution/Maxxcare business.</p> | | | | |
| | | <p>4.2 If we are unable to operate our Maxxcare™ distribution business efficiently, our business may be negatively affected.</p> <p>Our ability to meet the demand of our principals within our Maxxcare™ distribution business may be constrained if we are unable to efficiently operate our Maxxcare™ distribution business, or if the operations of one or more of our subsidiaries or warehouses are disrupted or shut down for any reason, including as a result of natural disasters. Any such disruption could result in higher costs or longer lead times associated with product distribution.</p> <p>In addition, as it is difficult to predict accurate sales volume in the distribution industry, we may be unable to optimize our distribution operations, which may result in us: (1) having excess or insufficient inventory; (2) being unable to efficiently warehouse products; and (3) having a decreased ability to distribute products. Any failure to effectively operate our distribution processes may also materially decrease our operating margins and reduce our profitability.</p> | <ul style="list-style-type: none"> • High turnover rate of Principals • Excessive inventory levels • Overdues in payables to Principals • Delays in fulfilling sales orders • Increased costs of supply chain | <ul style="list-style-type: none"> • Monitor inventory and capital investment in distribution business • Modular warehousing and other distribution infrastructure • Cost sensitive operations • Costing of operations | High | Low |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|--|---|------------|----------|
| | | | | | Inherent | Residual |
| | | <p>4.3 We rely on our distributors for transacting sales of our Mega We Care™ branded products.</p> <p>Other than in Myanmar, Vietnam (through strategic partners), Cambodia, Nigeria, Yemen and Ghana, where we have set up our own distribution infrastructure, we use third party distributors to distribute our Mega We Care™ branded products in each relevant country.</p> <p>In line with industry practice, we generally do not have long-term agreements with such third-party distributors, though we have established long-term relationships with many of them.</p> <p>We cannot assure you all of our distributors will renew their agreements with us, or otherwise continue their business relationships with us. Neither can we assure you that our distributors will meet performance targets in the future.</p> | <ul style="list-style-type: none"> • Frequent Changes in Distributors • Reducing revenues • Increasing costs of distribution | <ul style="list-style-type: none"> • Improved engagement with Distributors • Market updates • Timely Contract renewals | Medium | Low |
| | | <p>4.4 The continued success of our marketing and sales team is subject to a variety of risks.</p> <p>The performance of our marketing and sales team is subject to certain risks, including:</p> <ul style="list-style-type: none"> • inability to successfully execute advertising, marketing and promotional programs necessary to effectively maintain market share and increase the awareness of our brands, products and services; • failure to implement effective pricing and other strategies in response to competitive pressures in the industry; • inability to respond to changes in consumer demand in a timely manner; • failure to adhere to, or comply with, any relevant local laws, rules or regulations; and | <ul style="list-style-type: none"> • Reducing revenues • Reducing Margins • Erosion in market share • Regulatory penalties | <ul style="list-style-type: none"> • Performance monitoring • Maintain margins/market share • Compliance risk assessment | High | Medium |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|------------|----------|
| | | | | | Inherent | Residual |
| | | <ul style="list-style-type: none"> • failure to comply with the terms prescribed within the regulatory or governmental permits, approvals and clearances, or to pass government inspections or audits. <p>The occurrence of any such circumstances could have a negative effect on our business, results of operations, financial condition, reputation and commercial opportunities in a material manner.</p> | | | | |
| | | <p>4.5 If our raw material costs increase, or if we are unable to procure raw materials at acceptable prices and quality, it may negatively affect our business.</p> <p>Our Mega We Care™ branded products business and our OEM business division depend heavily on the supply of 4 categories of raw materials, being: (1) active ingredients; (2) excipient; (3) packaging; and or (4) gelatin.</p> <p>Any decrease in the supply, which may occur for various reasons, for example, due to changes in the natural climate, natural disaster, sudden increase in demand or an increase in the cost of raw materials (particularly active ingredients and gelatin), could lead to an increase in the costs of the procurement of raw materials. In addition, we cannot assure you that we would be able to pass on any increase in raw material costs to our customers, which may negatively affect our business, results of operations and financial condition in a material manner.</p> | <ul style="list-style-type: none"> • Rising costs of manufacturing • Single supply sources • Fluctuations in supply prices | <ul style="list-style-type: none"> • Stakeholder engagement • Market intelligence • Alternate supply sources and engagement | High | Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|--|------------|---------------|
| | | | | | Inherent | Residual |
| | | <p>In order to manufacture our products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. As such, we typically do not enter into long-term supply agreements with raw material suppliers and as a result are vulnerable to supply shortages and fluctuations in market prices. Should any of our suppliers fail to supply sufficient quantities of raw materials of an acceptable quality in the future, we may be unable to obtain replacement raw materials elsewhere in a timely and cost effective manner. We may also be forced to obtain raw materials from different suppliers, who may require us to pay prices that are not commercially reasonable or may provide us with raw materials that are not of an acceptable quality. This may consequently disrupt our manufacturing process and negatively affect our business, results of operations and financial condition in a material manner.</p> | | | | |
| | | <p>4.6 We rely largely on our own manufacturing and storage facilities in the manufacturing and storage of our products. Any disruption of our current facilities or in the development of new facilities could reduce or restrict sales and have a negative effect on our business, financial condition and results of operations in a material manner.</p> <p>We rely largely on our own manufacturing and storage facilities for the continued operation of our Mega We Care™ branded products business and our OEM business. As such, natural disasters, such as storms, fires or earthquakes, or other unanticipated catastrophic events, including power interruptions, water shortages, terrorist attacks and wars, as well as changes in governmental regulations for the land underlying these facilities, could significantly impair our ability to manufacture products and operate our business.</p> | <ul style="list-style-type: none"> • Single Location concentration • Absence of engagement with third party suppliers • Excessive maintenance/ renovation costs | <ul style="list-style-type: none"> • Third party suppliers for finished goods formulations • Alternate contracts for continuity • Alternate manufacturing locations | Extreme | Medium - High |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|---|------------|----------|
| | | | | | Inherent | Residual |
| | | Due to the current higher standards of manufacturing, as such, if we are forced to re-locate any or all of our manufacturing facilities after experiencing any of the aforementioned disasters, our expenses may rise due to the cost of relocating our tools and equipment to a new manufacturing facility. There may also be delays in obtaining necessary re-certification from the relevant national authorities. | | | | |
| | | <p>4.7 The existence of counterfeit products in the pharmaceutical retail market may damage our brand and reputation and have a negative effect on our business, financial condition, results of operations and commercial opportunities.</p> <p>Certain products distributed or sold in the pharmaceutical and health care retail market in certain markets may be manufactured without proper licenses or approvals and/or intentionally and fraudulently mislabeled with respect to their content and/or manufacturer. These products are generally referred to as counterfeit products. These products are generally sold at lower prices than authentic products due to their lower production costs, and in some cases, are very similar in appearance to the authentic products. Furthermore, counterfeit products may or may not have the same chemical content as their authentic counterparts.</p> <p>Continued proliferation of counterfeit products may reinforce the negative image of distributors and retailers among consumers, and may severely harm the reputation and brand names of companies like ours. As a result, the continued proliferation of counterfeit pharmaceutical products in our operating markets could have a negative effect on our business, results of operations, financial condition and reputation.</p> | <ul style="list-style-type: none"> • Reducing margins • Eroding brand image • Regulatory warnings | <ul style="list-style-type: none"> • Market intelligence • Aggressive IP enforcement • Stakeholder engagement • Vigilance | High | Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|---|------------|------------|
| | | | | | Inherent | Residual |
| | | <p>4.8 Failure to maintain adequate inventory levels could increase our operating costs or cause us to lose sales, either of which could have a negative effect on our business, results of operations, financial condition and commercial opportunities in a material manner.</p> <p>We need to maintain sufficient inventory levels to operate our Mega We Care™ branded products business and our Maxxcare™ distribution business successfully as well as to meet market demand. At the same time, we are exposed to the risk of excess inventory accumulation, especially of our Mega We Care™ branded products.</p> <p>We cannot assure you that we can accurately predict these market trends and events, including avoiding over-stocking or under-stocking products, for the following reasons:</p> <ul style="list-style-type: none"> • demand for products could change significantly between the time product inventory is ordered and the time it is delivered for sale; • when we begin to introduce a new product into the market, it is particularly difficult to forecast product demand accurately; and • the purchase of certain types of inventory may also require significant lead time. <p>Inventory levels in excess of customer demand may result in: (1) setting up of reserves or inventory write-downs; (2) expiration of products; or (3) increase in inventory holding costs. As such, the occurrence of which could have a negative effect on our business, results of operations, financial condition and commercial opportunities in a material manner.</p> | <ul style="list-style-type: none"> • Stock outs • Loss of market share • Declining Margins and Revenues | <ul style="list-style-type: none"> • Monitoring and control • Supplier engagement • Market intelligence • Budgetary Control | High | Medium-Low |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|--|---|---|----------------|-------------|
| | | | | | Inherent | Residual |
| 5. | Emerging risks | <p>5.1 There is a growing as our business environment changes, data convergence with third parties and cyber security threats become more sophisticated.</p> <p>Emerging technologies and embracing new business models may also heighten the risk. Failure to maintain our customer, product and or corporate data can result in reputational, financial and regulatory implications. However, to mitigate this we have implemented company wise controls, cyber security awareness and training programs. We also continually review our security controls based on known threats and updated intelligence.</p> | <ul style="list-style-type: none"> • Threats to business continuity • Hacking incidents • Data breach | <ul style="list-style-type: none"> • Data Security training • Access Controls • Firewalls and virus protection • Establishing credibility of sources converging with Company's information security systems | High | Low |
| | | <p>5.2 Sustainability</p> <p>Our high quality standards and sustainability combined with inherent scarcity of the raw materials/ingredients for our products run a risk of shortage of such materials.</p> <p>Combined with these factors and Mega's strategy to supply to fast growing under developed and developing countries may lead to a shortage of supplies and there is a risk of climate change affecting the supplies in response to rising demand.</p> <p>However, Mega has a process oriented approach for selecting suppliers not only compliant with the requirements of Good Manufacturing Practices but much beyond those standards. Mega takes all steps necessary to ensure sustainability of supplies including maintain effective long term relationships with credible suppliers, high level of technology in forecasting, investing in long term relationships and blend these factors with an advantage of flexible captive manufacturing facility.</p> | <ul style="list-style-type: none"> • Environmental non-compliance • No or scarce reporting • Absence of leadership involvement | <ul style="list-style-type: none"> • ESG reporting • Transparency in reporting non-compliances, fines, etc • Setting Targets | Extreme - High | High-Medium |



| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|--|--|----------------|----------|
| | | | | | Inherent | Residual |
| | | 5.3 Data Privacy and related regulatory Environment <p>Mega has invested in building an information technology environment which involves collection and processing of data. Data including personal data remains an important part of the intellectual property. Countries have announced their data protection laws which includes privacy and usage of data to the extent approved by the data owners. In addition, data is collected and stored on servers maintained by third parties offering cloud computing on professional basis.</p> <p>Mega has in place a Data Privacy policy and framework.</p> <p>Mega also has a contemporary computer security system and a policy for restricted use of data in the company's possession. Mega also has restrictions in its agreements with vendors to safeguard Mega's proprietary data. Mega has in place a system of stress testing and infrastructure audits by third parties.</p> | <ul style="list-style-type: none"> • Data Breaches • Fines/reporting • Complaints/whistle Blowing | <ul style="list-style-type: none"> • Stakeholder engagement • Reporting • Cyber security measures including training • Optimise data requests | High | Medium |
| | | 5.4 Post-Pandemic recovery <p>Society has seen a significant increase in consumption of supplements, NSAIDS and immunity building products during the Pandemic period. This has attracted new local and foreign competitors in the market. Regulatory bodies have opened gates for production and sale of pharmaceutical products and medicinal supplements. The new demand and new players will elevate their aggression to retain their market share and revenues in the markets including those where Mega Lifesciences is present.</p> | <ul style="list-style-type: none"> • Increase in competitors • Falling margins • New Brands | <ul style="list-style-type: none"> • Focus on Quality • Aggressive branding • Competitive pricing • Building brand image as a credible long term player • Focus on Human wellness | Extreme - High | High |

| Sr. No. | Classification | Description | Key Risk Indicators | Mitigation | Risk Level | |
|---------|----------------|---|---|--|------------|------------|
| | | | | | Inherent | Residual |
| | | Pharmaceutical companies have expanded capacities to cope with the increase in demand of certain products and will now utilise the capacity for other products. The market will see serious changes including reduction in demand for supplements and return back to slightly above pre-pandemic levels and higher number of competitors. | | | | |
| 6. | Bribery Risk | <p>The Company deals with government and public hospitals, government agencies, regulatory bodies, certification bodies and various other checks and certifications which are preconditions to obtaining licenses and also conducting regular business.</p> <p>Management and employees are under constant pressure to maintain, build and grow business and our businesses are conducted in developing and under-developed markets. Mega Lifesciences appoints various third parties to conduct business on its behalf especially in distribution, importation, trademark registration, regulatory services, logistics and certain other services. Mega Lifesciences also conducts distribution business for third party principals and is under increasing pressure to ensure compliance in its dealings with the customers which include government hospitals, government bodies directly or through tenders.</p> | <ul style="list-style-type: none"> • Multiple licenses across countries • Poor governance in underdeveloped/developing markets • Higher expectations from third party Principals under distribution contracts • Reducing margins • Outsourced services | <ul style="list-style-type: none"> • Corporate values • Anti-Corruption training and monitoring • Financial and internal Audits • Agreements with service providers including clauses for sustainability, anti-corruption, personal data protection, etc | High | Medium-Low |



Driving Business for Sustainability

Message from CEO and Chief Coach



Dear Stakeholders,

I am proud to present our second sustainability report on the GRI framework and United Nations Sustainable Development Goals (UN SDG). The report covers Mega Lifesciences's philosophy, strategy and practices for achieving a sustainable Company and workplace. The report covers the Economic, Social and Environmental aspects of Mega way of life. Central to the Mega Way in all of the 35 countries where we do business is the concept of Creating Shared Value. To us, that means going beyond the traditional parameters of Corporate Social Responsibility. It means embracing an entire philosophy of generating economic value while achieving social value. Simultaneously it means connecting our success to the success of the communities where we operate. It means practicing what we preach in terms of caring for Human Wellness – economic wellness, physical wellness, and social wellness. The world has witnessed an unprecedented pandemic and businesses were

Creating Shared Value

- Revenue achieved **15.69 Billion baht**
- Total product registrations filed **4,405** (Year 2022 : 234)

Safeguarding environment

- Solar energy generated % Energy from Renewable sources : **10%** (PY 5.8%)
- Investment of **Thai 20 million baht** in 2023

Social enrichment

- **70,826 hours** of training
- **100 Hours** of human rights training
- **Thai 30 million baht** invested in community and other programs
- **100 hours** of sustainability training in year 2022
- **Thai 15 million baht** for employee training

Governance

- Board committees reorganized
- **10 New policies**



exposed to serious risks and continuity was threatened. Mega Lifesciences has chosen to elevate its involvement to uplift the communities and businesses. Mega Lifesciences has leveraged its sustainable business practices to build a more resilient company with an enriched/enabled workforce and a better planet through sustainable environmental practices.

From building talent and creating jobs in the markets where we work, to spreading the wisdom of self-care, to successfully pursuing ISO certification for our facilities, Creating Shared Value is not just at the periphery of what we do : it is at the center of it.

Mega We care for People.

We introduced and arranged a bouquet of training courses under Mega Academy® for our employees ranging from work engagement and capacity creation to managing own health including a talk on COVID by our Chief Wellness Officer with me as a moderator. The talk was held on August 21, 2021 attended by 600 participants and covered a range of COVID related concerns and Do's and Don'ts. We also arranged a follow-up talk on Sep. 18, 2021 to cover the queries/concerns and this was attended by 400 participants. Mega Lifesciences has championed a Strengths Based Outcome Management system (SBOMS) which is a performance evaluation system that focuses on strengths. Mega Lifesciences has also launched a Good Health BY Yourself GHBY® program to enable our employees and business partners to be sensitive about their health issues including Non Communicable Disease which is a silent killer in the current times. Living in the world we have a responsibility to help build a society that is sustainable and will live and grow beyond us. We start with this at home by helping create a healthy environment for our own team. So they enjoy good health. A good environment that accepts failures and encourages opinions. A place where people have fun and their mental wellbeing is not compromised by the demands of results. An environment where employees learn to stay healthy by making lifestyle changes. As a company we have a role to help the world we live in, so they can all stay healthy as long as they live. Our wellness we care center is at the center of spreading knowledge and behavior change among our country men and women, so they can prevent and reverse chronic diseases. Thereby reducing the financial burden on countries, on families and on themselves. And freeing themselves to remain active and enjoy moments of their lives. It is our social endeavor to spread this message to the world where we operate. We offer comprehensive medical coverage to employees in markets where this is often unheard of, with annual check-ups and individualized advice on healthy living along with incentives for pursuing healthy ways of life.

Mega We care for Communities

We have programs which are focused on certain communities and locations including health screening, scholarships, donations, patronage for institutions. We organized marathons in Vietnam and Myanmar. We donated rice in Cambodia and sponsored pharmaceutical studies for lesser privileged. Mega Lifesciences prepared COVID care kits and reached out to various sections

of the society. A common understanding is to build resilient societies and the intent of our outreach is to enhance our relationship with our stakeholders. Our Corporate Social Responsibility or community outreach is also a primary objective of Mega Wellness Foundation. The activities are in line with the UNSDGs. Creating Shared Value or Sustainability is not just philanthropy or reports. Nevertheless, it makes us proud to be able to plow a significant proportion of our profits back into the communities where we work to achieve sustainable growth benefiting all.

Innovations for communities : Mega Lifesciences has implemented mobile phone applications to connect patients, healthcare professional and pharmacies. Mega has launched this project on pilot basis in Myanmar and has onboarded more than 1,000 patients to connect with the healthcare ecosystem. Mega Lifesciences has committed approximately USD 10 million over next 8-10 years for this project.

Mega We care for environment

We want to play our role in conserving the environment and for this we will do everything possible from using solar energy to LED lights to reducing waste in our operation and use single use plastics that can be recycled among many other initiatives and going paperless in many areas. We have installed solar plants in Thailand manufacturing facility, Myanmar Distribution center and Australia manufacturing facility. The solar plants have collectively saved 863 ton (2021 : 716 ton) CO₂ emissions. We have invested USD 1.50 million in installing the above solar plants and have achieved a saving of USD 200,000 in costs of electricity. Australia and Thailand manufacturing facilities have installed 100% LED lighting.

Innovations to make this planet cleaner and safer : Mega Lifesciences has invested Thai baht 1.5 million to achieve efficiencies in electrical usage of chillers in the Thailand manufacturing plant resulting in net savings of 337 tons of CO₂ emissions and Thai Baht 2.5 million per annum.

Motion and time sensor switches have been installed in the Thailand manufacturing plant resulting in net savings of 29 tons of CO₂ emissions by investing Thai Baht 100,000.

Improved roller in feed sealing station has resulted in a reduction of waste by 2.88% thus resulting in a net saving of 581 kgs of waste per annum.

Improvement of carton design lead to reduction of 834 kgs of waste per annum.



Mega We care for values

We care for our core values of Truth, Trust Respect and Freedom and these also have become our guiding posts for Governance. We have a responsibility to follow the rules in every part of our business including revenue and tax and Good Manufacturing Practices (GMP) and product quality and to build a culture where it is way of life to work honestly, where we do not promote outcomes that drive employees to cheat, lie and find short cuts. The pursuit of profit cannot be above our values/purpose.

Recognitions/Achievements in year 2022.

1. THSI – Mega has been included in the Thailand Sustainable Investing group by the Stock Exchange of Thailand for Mega's initiatives in Sustainability.
2. Mega Lifesciences has signed Letter of Intent for inclusion in the Collective Alliance Against Corruption by the Institute of Directors of Thailand. We have also submitted a self evaluation checklist certified by the Chairman of Board of Directors, Chairman of Audit Committee and CEO and this checklist has been audited by a reputed third party auditor from Thailand.



CEO & Chief Coach
Vivek Dhawan

About Mega Lifesciences

Mega Way - Mission

Mega Lifesciences - a Thinking Organisation

MEGA is a deep-thinking organization, where we strive to allow people the opportunity to learn from the best. We want to encourage not just thinking about everything we do, but the why and how of it too. Only by using our freedom to question do we challenge outdated methods and traditions, in order to form new ideas. Seek new solutions, find new approaches and exploit new opportunities to work together with us, to build a better MEGA.

Mega Values



TRUTH

Being truthful in what we do every day is the way of life here at MEGA. We insist on truth in action every day. We will not manufacture, market, sell, or distribute any product that is not safe for humans. We will do everything to report and inform the public truthfully about our performance, successes and failures, and own up to the mistakes we make.

TRUST

We trust people as adults who know what needs to be done. We show 100 percent trust in people who work at MEGA, till this trust is lost. We believe everyone is honest and is here to give their best, they wish to come to work on time, contribute, and want to be respected for the work they do. Our trust extends beyond our own people to our suppliers and partners who work together to help us create value for their customers.

RESPECT

Each one of us is different and brings his or her distinct abilities to the team. A team is made up of passionate, committed and caring people who bring different views. We encourage respect amongst our team members, fostering a culture of learning and changing together. Mega is an equal opportunity employer and does not discriminate based on race, nationality, religion, civil status, sex, or sexual orientation. Mega respects a good work & life balance.

FREEDOM

MEGA insists on freedom to be oneself, encouraging you to do what you are best at. We believe in hiring adults and trusting them to make responsible decisions once that freedom is given. We believe in giving them freedom to make choices to lead their lives the way they wish to, without being judgmental. As an adult, you are expected to value your responsibilities and maximize your freedom, utilizing the existing guidelines.



Mega Commitment – The Vision

The MEGA commitment is to provide quality products and services through constant improvement and innovation. We are also committed to developing mutual trust and respect in our suppliers, distributors, and customers, as well as the country in which we operate. We offer our valued consumers products of that fit their needs, with a focus on the quality and quantity of ingredients, in addition to accurate information, and we believe in our good judgment as our guide.

Business segments

We are a leading international manufacturer and distributor of pharmaceutical, nutraceutical products and Fast Moving Consumer Goods or FMCG headquartered in Bangkok, Thailand. Currently, we are a leading distributor in developing countries with high growth trends such as Myanmar, Vietnam and Cambodia. In addition, we develop, manufacture, market and sell our own market leading brands of nutraceutical products, generic prescription pharmaceutical products, and OTC products under our Mega We Care® brand through our distribution network and third party distributors in countries across the world. As of December 31, 2021, our Mega We Care® branded products were being sold in a total of 35 countries around the world.

Our business activities across all major stages of the pharmaceutical industry value chain provide us with increased opportunities to pursue growth by realizing potential synergies arising from coordinating our efforts across business segments in our selected markets. We believe the market leading positions held by our Mega We Care™ branded products and Maxxcare™ distribution businesses will enhance our ability to increase market share through both organic growth and acquisitions. In addition, the growth of our business will



provide us with sufficient resources to continue developing new products, and allow us to invest in our distribution services to drive and strengthen future growth and profitability.

We believe that significant growth opportunities will arise from our focus on fast growing developing markets. The pharmaceutical and nutraceutical markets in the developing world are expanding rapidly, in line with strong economic growth and demographic changes. The consumer health market in particular is the direct beneficiary of favorable global and local healthcare trends and is expected to grow significantly over the coming years.

Due to the economic growth of the key markets in which we operate, in addition to increased consumer health awareness in those markets, we foresee opportunities and a trend of revenue growth from our major business segments, namely, our Maxxcare® distribution business segment and Mega We Care® branded products business segment.

Mega We Care® branded products achieved a higher rate of profit than other business segments. Such growth was attributable to increased revenues derived from Mega We Care® branded products (mainly from the sales of pharmaceutical prescription products, nutraceutical products and OTC products). Revenue from our Maxxcare® distribution business - an important business segment with high growth potential, given the growth potential of our customer base (principal) in pharmaceuticals and FMCG.

We operate in the following three business segments :

1. Our Maxxcare® distribution business : We market, sell and distribute various branded prescription pharmaceutical products, OTC and FMCG products.

Our services include warehouse management, collections (including assuming the liability for bad debts) , and value-added services, such as marketing services for some major principals.

We operate our Maxxcare® distribution business in three countries, namely, Myanmar, Vietnam, and Cambodia. Our clients for this business segment include leading domestic and international pharmaceutical and FMCG companies.

In addition, we also distribute our Mega We Care® branded products in the markets in which we operate.

2. Our Mega We Care® branded products business : We develop, manufacture, market and sell our own brand

of nutraceutical products, prescription pharmaceutical products and OTC products.

3. Our OEM business : In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia accepts various production orders from third-party customers.

Mega Lifesciences' revenue is derived mainly from Mega We care Branded products which comprise of Medicinal Supplements and Niche Pharmaceutical products and Maxxcare distribution business. These two businesses contribute more than 95% of the business revenues. Mega Lifesciences also manufactures products under OEM contracts in its facilities located in Thailand and Australia.

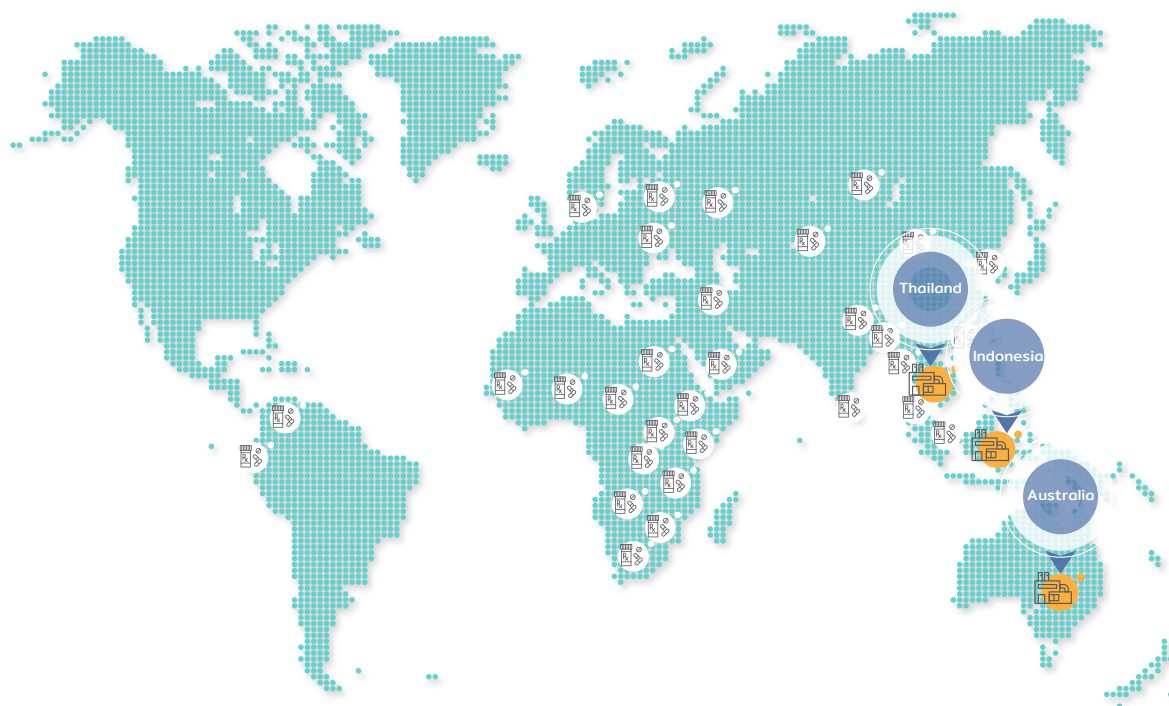
Our Growth Strategies

- Continue to make investments in capacity building
- We will engage with stakeholders and build a mutual growth platform
- Sustain and grow the revenue streams by introducing specialty Pharmaceutical and Supplement products in our existing and new markets. We aim to be a champion of developing and underdeveloped markets by introducing high technology/niche products at affordable prices.
- We will improve the standards of offerings in products under Mega We care® through compliance of higher standards of GMP and in services under Maxxcare® by adopting technology and higher standards of services.
- Mega Lifesciences will also optimize costs to ensure sustainable existence and growth in the markets where it operates.

Our Resources

- 3 high technology manufacturing operations
- High value and deep engagement outsourcing contracts for certain niche pharmaceutical products
- Deep technology investments for connecting Patients, Health Care Professionals and Pharmacies to improve the healthcare ecosystem.
- 5,700+ employees worldwide
- Presence in 35 countries
- 3,508 trademarks registered (Year 2022 : 210 trademarks)

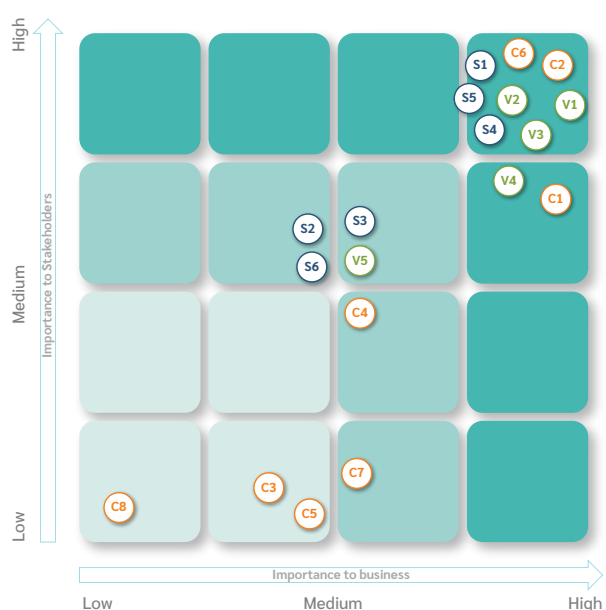
Our presence



Materiality – Mega's Key Concerns

Mega Lifesciences has interacted with stakeholders in various forms including analyst reports, shareholder meetings both annual as well as quarterly, opportunity day interaction, regulatory changes, employee feedbacks on policies and work environment, supplier inputs by Supply Chain team and customer interaction by sales teams. Considering the key concerns expressed and raised by all the stake holders Mega Lifesciences has identified its key concerns or material concerns which need to be addressed to ensure Mega remains a sustainable company and truly as per Mega's thinking **continues to live and grow beyond all of us at Mega**. Mega Lifesciences has on a regular basis conveyed the concerns to the Board of Directors and the Company's strategy has been greatly influenced by the Material concerns from stakeholders.

Materiality Matrix



Economic Dimension

- C1. Corporate Governance (H, H)
- C2. Risk Management
- C3. Sustainable sourcing
- C4. Responsible business practices
- C5. Information Technology
- C6. Affordable and Innovative Medicines
- C7. Anti-Corruption
- C8. Combatting Counterfeit Drugs/ Enforcement















Environment Dimension

- V1 Waste Management
- V2 Water Management
- V3 Energy Management
- V4 Compliance with Environment laws
- V5 Community engagement

Social Dimension

- S1 Attracting and retaining Talent
- S2 Training and Development
- S3 Diversity
- S4 Human Rights
- S5 Non-Discrimination and no harassment
- S6 Community development



| Dimension | Reporting Boundary | Key performance Indicators | SDGs at play |
|--|----------------------------|--|---|
| Economic Dimension C1 Corporate Governance (H, H) C2 Risk Management C3 Sustainable sourcing C4 Responsible business practices C5 Information Technology C6 Affordable and Innovative Medicines C7 Anti-Corruption C8 Combatting Counterfeit Drugs/ Enforcement | Thailand and rest of world | <ul style="list-style-type: none"> Optimize risks and exploit opportunities Fines for not complying with environmental laws/standards. Continuity of supplies Optimization of supply prices Data Privacy Avoid business disruptions due to cyber attacks |     |
| Environment Dimension V1 Waste Management V2 Water Management V3 Energy Management V4 Compliance with Environment laws V5 Community engagement | Thailand manufacturing | <ul style="list-style-type: none"> Hazardous and non-hazardous waste Water recycling and usage of ground water/municipal supplies Energy from renewable and non-renewable sources Total energy consumption Engaging with communities in and around manufacturing operations |     |
| Social Dimension S1 Attracting and retaining Talent S2 Training and Development S3 Diversity S4 Human Rights S5 Non-Discrimination and no harassment S6 Community development | Thailand and Rest of world | <ul style="list-style-type: none"> Building talent at workplace Capacity development/training Fatalities and absence due to workplace injuries Corporate Social Responsibility Ensuring a free and fair workplace |       |

Technology and Innovation

Mega Lifesciences believes in investing in and employing contemporary information technology for its operations. The Company employs risk based approach for deciding on the selection and deployment of security systems, training and response time for any adverse events. We employ multi-layered Information Technology security measures and internal controls. Our key computing infrastructure is in a closed environment with no public access.

Mega Lifesciences views cyber risk as inherently high risk event but the residual risk due can be Low-Medium. Highlights of our technology environment

- Password management complimented by Multi Factor Authentication (MFA)
- Encryption of data
- Internal Controls
- Cyber Security training and awareness
- Firewalls and virus protection
- Distributed Network
- Mobile Device Management (MDM)
- Virtual Private Network (VPN)

Key Risks

- Cyber hacking event
- Data security risk including breach of personal data and business data theft



2,100 hours

of training on cyber security awareness in year 2021-22. Approximately **500 hours** planned in 2023

Corporate Governance enablers

IT policy with emphasis on Intellectual Property, Licensed software, access controls and data protection.

Administrative enablers



Board of Director



CEO



CFO



Chief Information Officer






SDGs as play

Stakeholder engagement

Stakeholder engagement is a part of Mega Lifesciences' policies, processes, procedures and reporting. It is embedded in the Business Ethics and Code of Conduct. Stakeholder engagement manifests in various forms.

| Stakeholders | Expectations | Engagement | Results |
|---|---|--|--|
| Shareholders, Analysts and Financial Institutions  | <ul style="list-style-type: none"> • Product Management & responsibility • ESG standards • Legal compliance • Continuity • Supply Chain management | <ul style="list-style-type: none"> • Annual General Meetings • Quarterly Financial Statements • Annual Report • Earnings Calls • Roadshows • Questions and Answers • Complaints • Factory Visits | <ul style="list-style-type: none"> • Sustainable Return on Investment • Long term sustainable strategy • Good Governance |
| Customers  | <ul style="list-style-type: none"> • Responsible business practices • Synergies/collaboration | <ul style="list-style-type: none"> • Regular visits • Knowledge building programs through keynote speakers and other programs • Training and Development | <ul style="list-style-type: none"> • Good Quality Products/ Services • Consumer education • Consumer feedback and reporting related training. |



| Stakeholders | Expectations | Engagement | Results |
|--|--|---|---|
| Suppliers  | <ul style="list-style-type: none"> Responsible Supply Chain Fair business partnership Synergies/collaboration | <ul style="list-style-type: none"> Regular meetings Supplier Code Supplier audits | <ul style="list-style-type: none"> Fair relationships Long terms |
| Employees  | <ul style="list-style-type: none"> Fair work environment Decent workplace Responsible business practices | <ul style="list-style-type: none"> Newsletters (Mega Views News) Minds we Share meets Annual Trips/picnics Appraisal meetings | <ul style="list-style-type: none"> Good remuneration Decent working conditions Career path, security, benefits and training. |
| Society  | <ul style="list-style-type: none"> Responsible business practices ESG compliance Responsible Product management | <ul style="list-style-type: none"> Regular Involvement with communities | <ul style="list-style-type: none"> Long term community and social development |
| Government/Regulators  | <ul style="list-style-type: none"> Regulatory compliance Payment of taxes Responsible business practices | <ul style="list-style-type: none"> Filing reports and returns Responding to directives, queries, etc | <ul style="list-style-type: none"> Payment of taxes Compliance with laws |

Creating Shared Value

Mega Lifesciences believes in creating wealth and distributing wealth among the stakeholders. Mega Lifesciences believes in rewarding its employees adequately in the form of incentives, stock options, friendly work places and healthcare for all. Mega Lifesciences believes in paying its due share of taxes to the society and has a policy of paying minimum 25% dividend to the shareholders. Mega Lifesciences also invests for the betterment of the society through its wellness we care foundation. Mega Lifesciences pays its suppliers on time and ensures diligent repayment to all the banks and financial institutions on due dates.

Economic Value Added

| Direct Economic Value Generated | | FY 2022 | FY 2021 | FY 2020 |
|--|--------------|---------|---------|---------|
| Sale revenues | Million Baht | 15,686 | 14,136 | 12,589 |
| Revenues from sale of goods and rendering of services | Million Baht | 15,686 | 14,136 | 12,589 |
| Net sales plus revenues from financial investments and sales of assets | Million Baht | 15,728 | 14,149 | 12,602 |

| Economic Value Distributed | | FY 2022 | FY 2021 | FY 2020 |
|---|--------------|---------|---------|---------|
| Employee wages and benefits | Million Baht | 2,404 | 2,259 | 2,058 |
| Operating cost | Million Baht | 5,298 | 4,686 | 4,154 |
| Payments to government : Gross taxes | Million Baht | 389 | 363 | 227 |
| Payments to providers of capital : Dividend payments | Million Baht | 1,404 | 924 | 671 |
| Community investments | Million Baht | 1 | 7 | - |
| Economic value retained | Million Baht | 8,316 | 7,542 | 6,497 |

Mega Lifesciences believes in paying its share of taxes to the society and governments and has in the past received the Thailand Prime Ministers' award for best practices in Taxation.

Our subsidiaries in tax havens are purely for the purpose of facilitating our operations and not for the sake of avoidance of taxes.

Reconciliation of Effective Tax rate

| Particulars Consolidated | 2022 | | 2021 | |
|--|--------------|----------------|--------------|----------------|
| | Rate (%) | Baht ('000) | Rate (%) | Baht ('000) |
| Operating Profits before Income tax expense | | 2,594,676 | | 2,276,880 |
| Income tax using the expected average tax rate* | 20.9% | 543,323 | 22.8% | 519,184 |
| Tax effect of income and expense that are not taxable or not deductible in determining taxable profit, net | | (193,312) | | (179,392) |
| Others | | 4,622 | | (3,768) |
| Total | 13.7% | 354,633 | 14.8% | 336,024 |

* Expected average tax rate corresponds to the weighted average tax rates by operating profits before tax expense in those countries where Mega Operates

Mega Lifesciences's – The growth Story

Mega Lifesciences pursues believes in growth as a step towards sustainability. The Company pursues an active growth strategy blended with it's We care philosophy. The Company focusses on improving its key ratios and keeps its cash flows and expenses/costs under control to be able to address its material concerns including providing good quality medicines/supplements at affordable prices.

Company has expanded its business from 4 countries in Indo-China to more than 35 countries now in Asia and Africa covering most of the under developing and under-developed countries due its strategy of Improving Human Wellness and Making People's lives.

Revenue Push Mega Lifesciences' growth story involves improving revenue streams through product introductions, expanding to new markets, technological upgrades in product and information systems and through human capacity building and human empowerment.

Affordability Mega Lifesciences promises affordable medicines in developing and under developed countries to improve human life and cost rationalization is an important part of the strategy towards human wellness. To achieve this Mega Lifesciences partners with suppliers to reduce costs and optimizes supply chains to ensure efficiencies in costs across the Supply Chain without compromising on the ethics and integrity of our operations.

Risk Management and Compliance Company believes in mitigating its risks in various ways and primarily



compliance with laws, regulatory and quality standards is the mainstay of the strategy. Mega Lifesciences complies with top class manufacturing and distribution standards in its operations. The manufacturing facility in Thailand is EU GMP and Australia GMP certified. Manufacturing operations of suppliers are mostly EU GMP/PICS compliant to ensure supplies are sustained in various ASEAN and African markets.

Responsible Product Pricing through Sustainable Sourcing and optimum Supply Chain Mega Lifesciences believes in sharing the gains with stakeholders and indulges in responsible product pricing in its markets considering the affordability is a sensitive factor in making choices. This is made possible by optimizing the supply chain including the resellers/caregivers and by balancing profit and social citizenship.

SDG's @ Play



Mega Lifesciences's growth story is embedded with its concerns community and without losing sight on its obligations to achieve the United Nations' Sustainable Development Goals.

MEGA's resilience

Mega Lifesciences along with other companies witnessed the unprecedented COVID-19 related crisis which threatened Business Continuity for multiple reasons. Pharmaceutical industry and businesses were at the forefront of the fight against COVID-19 pandemic. We promptly developed the strategy to stay along ahead of the challenges and updated the strategy with the passing phases and the evolution of the virus. We continued to stay ahead of times and met our material concern of making available good quality medicines at affordable prices in developing and underdeveloped countries.

MEGA witnessed challenges in Supply Chain, Employee Health and Safety at levels experienced never before. We decided to take the following steps to ensure continuity :

1. Inventories of Raw Materials were procured to ensure buffer stocks
2. Manufacturing of certain essential products like vitamins, NSAIDS, etc was increased exponentially
3. Office related employees were instructed to work from home
4. COVID awareness and coordination committees were formed
5. Business Continuity guidelines for pandemic were activated
6. Responses were classified as A-B-C depending on the aggravation of the pandemic
7. Factory employees were provided the best amenities and fool-proof plans

8. Medical checkups and vaccinations were arranged for employees
9. CEO, Mr. Vivek Dhawan arranged a COVID awareness program along with the Chief Wellness Officer
10. Special leaves, quarantine leaves, etc were announced.
11. Medical Insurance for employees was checked
12. Mega Lifesciences' material concerns including Product Responsibility, Making medicines available at affordable prices, Employee Safety, etc were challenged
13. COVID Coordination Committees were formed
14. COVID-19 care supplements were distributed among employees and business partners including suppliers, health-care professionals (HCPs) and customers.

COVID-19 HEALTHCARE SUPPLEMENTS DISTRIBUTED FREE OF CHARGE APPROXIMATELY THAI BAHT 3.3 MILLION TIME SPENT APPROXIMATELY 1,000 HOURS IN ALL OFFICES





During the strict quarantine time, all employees who got COVID-19 are isolated and supported with necessary items, prepared with knowledge of prevention and treatment of the disease. Mega Lifesciences Vietnam's operation is still maintained although facing some challenges.



The image recorded representatives of Mega Vietnam checking in with employees infected by COVID-19

Mega Lifesciences was identified as a resilient performer by Forbes® by including Mega Lifesciences in the list of best 200 companies in Asia with revenues under USD 1 Billion.

We care for Human Wellness- Product Responsibility and Stewardship

Product responsibility and Responsible business practices is a backbone of Mega Lifesciences' existence and is one of the Material Concerns for the Company and its Board of Directors and Executives/Management.



Employees, Consumers, Patients, Regulators and Healthcare Professionals (HCPs) are the key stakeholders involved.



The Regulatory Affairs team comprises of the Global Head – Regulatory Affairs and the team comprises of more than 150 people worldwide with technical qualifications including Ph.D. level.

The team conducts dossier preparation (self- formulation/ manufacture) and dossier audits (3rd Party sourcing) and files the product registration applications across more than 35 countries in the world.

As on December 31, 2021 we have the following number of registrations :

Registrations Across the World (except Thailand)

| Number of Registrations | | | | |
|-------------------------|-------------|-------------|------------|-------------|
| Category | Active | Non-Active | Applied | Total |
| Nutra | 727 | 842 | 219 | 1788 |
| OTC | 61 | 72 | 37 | 170 |
| Prescriptions | 392 | 280 | 372 | 1044 |
| Total | 1180 | 1194 | 628 | 3002 |

Registrations in Thailand only

| Number of Registrations | | | | |
|-------------------------|------------|-------------|-----------|-------------|
| Category | Active | Non-Active | Applied | Total |
| Nutra | 131 | 1106 | 18 | 1255 |
| OTC | 12 | 21 | 2 | 35 |
| Prescriptions | 38 | 53 | 22 | 113 |
| Total | 181 | 1180 | 42 | 1403 |

Total Registrations Worldwide (including Thailand)

| Number of Registrations | | | | |
|-------------------------|-------------|-------------|------------|-------------|
| Category | Active | Non-Active | Applied | Total |
| Nutra | 858 | 1948 | 237 | 3043 |
| OTC | 73 | 93 | 39 | 205 |
| Prescriptions | 430 | 333 | 394 | 1157 |
| Total | 1361 | 2374 | 670 | 4405 |

Details of Unique Products

| Number of Registrations | | | | |
|-------------------------|------------|------------|------------|-------------|
| Category | Active | Non-Active | Applied | Total |
| Nutra | 243 | 746 | 5 | 994 |
| OTC | 21 | 17 | 1 | 39 |
| Prescriptions | 179 | 98 | 128 | 405 |
| Total | 443 | 861 | 134 | 1438 |

Non-Compliance with Regulatory/manufacturing/quality standards is one of the key risks for Mega Lifesciences. The key mitigation mechanisms would include strict compliance with regulatory standards including current Good Manufacturing Practices (GMP) of respective markets, EU GMP standards, Australian GMP standards and certain specific requirements of various regulators worldwide.

Failure to comply GMP standards would result in expensive product recalls and expensive litigation among other serious consequences. The Company follows a Risk based approach for quality assurance and a robust quality control process which is normally followed upon completion of manufacturing on test samples including storage of samples.

Risk based Regulatory control processes ensure compliance with law, safety for use, prevent contamination/cross contamination, minimizes variations in potency of finished product and prevents mislabeling/adulteration.

We follow 21st Century : Risk-Based Approach

- Risk-based assessment
- Up-to-date Science-based policies and standards
- Integrated Systems approach
- Quality/Facilities and Equipment/Materials/ Production/Packaging and Labeling/Laboratory Control

International cooperation

- ICH : International Conference on Harmonisation
- WHO GMP guidelines (adopted by over 100 countries)
- PICS : Pharmaceutical International Cooperation Scheme

The foundation of cGMP

- Risk Based Quality Assurance Systems to ensure documentation and implementation of process controls and consistency and validation at each step.
- Raw Materials related controls including supplier selection and followup audits, robust formulation and testing incoming material.
- Purified water.
- Buildings and facilities including vacuum, Air filtration systems (HVAC) , Hygiene and sanitation of personnel/ environment.



- Production and Process controls as per Quality Assurance standards and manufacturing processes as per formulations.
- Reporting of deviations and expiration dating, packaging/labelling.
- Testing and release of finished products including batch controls and lab certificates.
- Reports and records
- Certifications including ISO etc and followup audits.
- All Mega's manufacturing facilities in Thailand (2 plants), Australia and Indonesia complies to PIC/S guidelines. Periodically audited by FDA of various countries around the world including Germany (for European Union), Australia, Thailand, Indonesia, Ukraine, Azerbaijan, Kenya, Uganda, Tanzania, Ethiopia,

Zimbabwe, Nigeria, Ghana, UAE, Yemen, Oman, Peru for GMP compliances – audits are scheduled every 3 years. Also audited by our customers from Europe

- Mega Lifesciences' has a robust Pharmacovigilance program with Standard Operating Procedures and hotlines and email IDs for consumers, healthcare professionals.
- Our distribution business in Myanmar, Vietnam and Cambodia has achieved ISO 9001 certification of distribution systems.

Quality, human rights, supplier code and safety audits conducted for more than 50 suppliers in year 2022.



Myanmar ISO 9001



Myanmar GSDP 9001



Mega Cambodia ISO 9001



Target : Mega Lifesciences is preparing for ISO 17025 for competence in laboratory and testing processes in year 2023

Mega We care for Environment

Central to Mega Lifesciences' We care approach is to safeguard our environment.

Material Concerns

- Optimize and conserve Energy Management
- Water Management
- Waste Management



| Energy | | | |
|------------------|--|----------------------|-----------|
| GRI 302-1 (2016) | Energy Consumption within Organization | | |
| | Total Energy consumption within the Organization | MWh | 22,832.18 |
| | Total fuel consumption within the organization from non-renewable sources | | |
| | Total Non-renewable fuels purchased and consumed | MWh | 9,115.94 |
| | Natural Gas | MWh | 9,115.94 |
| | Diesel | MWh | - |
| | Gasohol | MWh | - |
| | Total Non-renewable electricity purchased | MWh | 12,342.01 |
| | Electricity purchased | MWh | 12,342.01 |
| | Total fuel consumption within the organization from renewable sources | | |
| | Total Renewable Energy consumption within the organization | MWh | 1,374.23 |
| | Solar Energy | MWh | 1,374.23 |
| | Energy Consumption Outside the Organization | | |
| | Total Energy Consumption Outside the Organization | MWh | 803.31 |
| | Total Transmission and Distribution (T & D) Losses | MWh | 803.31 |
| | Upstream Transportation and Distribution | MWh | - |
| | Downstream Transportation and Distribution | MWh | - |
| | Energy intensity | | |
| | Energy intensity ratio inside the organization | MWh/Million Capsule | - |
| | Energy intensity ratio outside the organization | MWh/Million Capsules | - |
| | Reduction of energy consumption | | |
| | Amount of energy consumption reduction achieved through energy conservation and efficiency initiative projects | MWh | - |

| Water | | | |
|------------------|--|----------------|-------|
| GRI 303-3 (2018) | Water Withdrawal | | |
| | Total water withdrawal from all areas | m ³ | 0.068 |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | 0.068 |
| | Fresh water (≤1,000 mg/L Total Dissolved Solids) | m ³ | 0.068 |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | 0.068 |
| | Other water (>1,000 mg/L Total Dissolved Solids) | m ³ | - |
| | Surface water | m ³ | - |



| Water | | | |
|------------------|--|----------------------|--------------|
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | - |
| | Total water withdrawal from all areas with water stress | m³ | - |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | - |
| | Total third-party water withdrawal by withdrawal source | | |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Fresh water (≤1,000 mg/L Total Dissolved Solids) | m³ | - |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | - |
| | Other water (>1,000 mg/L Total Dissolved Solids) | m³ | - |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Produced water | m ³ | - |
| | Third-party water | m ³ | - |
| GRI 303-4 (2018) | Water Discharge | | |
| | Total Water discharge to all area | m³ | 0.004 |
| | break down by destinations : | | |
| | Surface water | m ³ | - |
| | Groundwater | m ³ | - |
| | Seawater | m ³ | - |
| | Third-party water | m ³ | 0.004 |
| | Third-party water sent for use to other organizations | m ³ | - |
| | break down by type of water : | | |
| | Fresh water (≤1,000 mg/L Total Dissolved Solids) | m ³ | - |
| | Other water (>1,000 mg/L Total Dissolved Solids). | m ³ | - |
| | Total Water discharge to all area with water stress | m³ | - |

| Water | | | |
|-------------------------|---|----------------|-------|
| | break down by type of water : | | |
| | Fresh water ($\leq 1,000$ mg/L Total Dissolved Solids) | m ³ | - |
| | Other water ($> 1,000$ mg/L Total Dissolved Solids) | m ³ | - |
| GRI 303-5 (2018) | Water consumption | | |
| | Water consumption from all area | m ³ | 0.014 |
| | Water consumption from all area with water stress | m ³ | - |
| GRI 303-5 (2018) | Water storage | | |
| | Change in water storage | m ³ | 0.00 |

| Air and GHG Emissions | | | |
|-------------------------|--|---|-----------------|
| GRI 305-1 (2016) | GHG Emissions | | |
| | Total GHG emissions (Scope 1+2+3) | Tonne CO ₂ equivalents | (627,413.27) |
| | Direct (Scope 1) GHG emissions | Tonne CO ₂ equivalents | (633,276.08) |
| | Biogenic CO ₂ emissions (Scope 1) | Tonne CO ₂ equivalents | - |
| GRI 305-2 (2016) | GHG Scope 2 | Tonne CO₂ equivalents | 5,504.54 |
| GRI 305-3 (2016) | GHG Scope 3 | Tonne CO₂ equivalents | 358.28 |
| | Biogenic CO ₂ emissions (Scope 3) | Tonne CO ₂ equivalents | - |
| GRI 305-4 (2016) | GHG intensity (With Revenue) | Tonne CO ₂ equivalents/ Million THB | - |
| | GHG intensity (With Production) | Tonne CO ₂ equivalents/ Million Std Capsule | - |
| GRI 305-5 (2016) | Reduction of GHG Emissions | Tonne CO ₂ equivalentss | - |
| GRI 305-6 (2016) | Emissions of Ozone-Depleting Substances (ODS) | | |
| | Total ozone-depleting substances (ODS) emissions | Tonne CFC-11e | 0.01 |
| GRI 305-7 (2016) | Nitrogen Oxides (NOX) , Sulfur Oxides (SOX) , and Other Significant Air Emissions | | |
| | Total nitrogen oxides (NOX) emissions | Tonne | - |
| | Total sulfur oxides (SOX) emissions | Tonne | - |
| | Total volatile organic compounds (VOC) emissions | Tonne | - |
| | Total Particulate Matter (PM) Emission | Tonne | - |

| Waste | | | |
|-------------------------|---|-------|---|
| GRI 306-3 (2020) | Waste Generated | | |
| | Total waste generated | Tonne | - |
| | Total hazardous waste generated | Tonne | - |
| | Total non-hazardous waste generated | Tonne | - |
| GRI 306-4 (2020) | Waste diverted from disposal (Offsite) | | |
| | Total waste diverted from disposal | Tonne | - |
| | Total hazardous waste diverted from disposal | | |
| | Total hazardous waste diverted from disposal | Tonne | - |
| | • Preparation for reuse | Tonne | - |



| Waste | | | |
|------------------|---|-------|---|
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Recycling | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Other recovery operations | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | Total non-hazardous waste diverted from disposal | | |
| | Total non-hazardous waste diverted from disposal | Tonne | - |
| | • Preparation for reuse | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Recycling | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Other recovery operations | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| GRI 306-5 (2020) | Waste directed to disposal (Offsite) | | |
| | Total waste directed from disposal | Tonne | - |
| | Total hazardous waste directed to disposal | | |
| | Total hazardous waste directed to disposal | Tonne | - |
| | • Incineration (with energy recovery) | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Incineration (without energy recovery) | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Landfilling | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | • Other disposal operations | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |
| | Total non-hazardous waste directed to disposal | | |
| | Total non-hazardous waste directed to disposal | Tonne | - |
| | • Incineration (with energy recovery) | Tonne | - |
| | Onsite | Tonne | - |
| | Offsite | Tonne | - |

| Waste | | |
|--|-------|---|
| • Incineration (without energy recovery) | Tonne | - |
| Onsite | Tonne | - |
| Offsite | Tonne | - |
| • Landfilling | Tonne | - |
| Onsite | Tonne | - |
| Offsite | Tonne | - |
| • Other disposal operations | Tonne | - |
| Onsite | Tonne | - |
| Offsite | Tonne | - |

Find out Baseline Water Stress using this website :

<https://www.wri.org/applications/aqueduct/water-risk-atlas/>

| Source of Water | Province | Baseline Water Stress* | Water Stress Classification | Comment |
|-----------------|--------------|---------------------------|-----------------------------|------------------------------------|
| MWA | Samut Prakan | Medium - High (20-40%) | Yes | 2021, Reference from AQUEDUCT Tool |

* Note : Baseline water stress should be updated annually.

47,200 kg solvent diverted to other uses and saved from incineration in year 2022.

| Month | Non-Hazardous | % of Non-Hazardous waste directed to Incineration | Hazardous | Hazardous waste directed to Incineration | Hazardous waste diverted from disposal |
|--------------|-------------------------------------|---|----------------------------------|--|--|
| | Net Gelatin,Paper, Glove+Other (kg) | % | Product Defect, Net Gelatin (kg) | kg | Used Solvent (kg) |
| January | 70,480.00 | 100 | 5,405.50 | 5,405.50 | 4,200.00 |
| February | 76,650.00 | 100 | 7,900.00 | 7,900.00 | 5,600.00 |
| March | 82,959.00 | 100 | 8,138.60 | 8,138.60 | 5,000.00 |
| April | 61,578.00 | 100 | 6,481.40 | 6,481.40 | 4,800.00 |
| May | 80,207.00 | 100 | 5,823.40 | 5,823.40 | 4,200.00 |
| June | 97,400.00 | 100 | 7,802.90 | 7,802.90 | 4,800.00 |
| July | 76,170.00 | 100 | 6,460.50 | 6,460.50 | 5,000.00 |
| August | 75,550.00 | 100 | 6,995.00 | 6,995.00 | 3,800.00 |
| September | 52,020.00 | 100 | 6,169.90 | 6,169.90 | 2,800.00 |
| October | 75,904.00 | 100 | 4,358.20 | 4,358.20 | 3,400.00 |
| November | 60,760.00 | 100 | 3,820.40 | 3,820.40 | 2,400.00 |
| December | 27,510.00 | 100 | 2,320.00 | 2,320.00 | 1,200.00 |
| Total | 837,188.00 | 100 | 71,675.80 | 71,675.80 | 47,200.00 |



Planted fruit and local herd trees in our manufacturing facility in Bangpoo.

| Name | Quantity | Name | Quantity | Name | Quantity |
|-----------------------------------|----------|-----------------------------|----------|---------------|----------|
| Coconut | 45 | Santol | 3 | Great marindo | 1 |
| Sugar apple, Annona | 4 | Papaya | 10 | Curd fruit | 2 |
| Malay apple, Pomerac | 3 | Tamarind | 6 | Acacia | 1 |
| Guava | 10 | Longkong | 2 | Cork wood | 2 |
| Mango | 12 | Longan | 2 | Kaffir lime | 1 |
| Java apple | 5 | Gold apple | 2 | Eggplant | 13 |
| Tangerine | 4 | Rambutan | 1 | Mulberry | 28 |
| Jack fruit | 4 | Manila tamaMr.ind | 2 | Lemon grass | 20 |
| Dates palm | 1 | Grapefruit, Pomelo, Pummelo | 3 | Ginger | 8 |
| Mangosteen | 4 | Olive | 2 | Termeric | 4 |
| Cucumber tree, Bilimbi | 1 | Madan | 1 | Pineapple | 2 |
| Star gooseberry | 4 | Banana | 6 | Finger root | 2 |
| Black plum | 1 | Marian plum | 2 | Galangal | 2 |
| Rambeh, rambi | 1 | Lychee, Litchi | 4 | Sweet basil | 6 |
| Star apple, Star fruit, Carambola | 4 | Neem | 1 | Holy basil | 6 |
| Indian gooseberry | 2 | Moringa | 2 | Chaya spinash | 4 |
| Curry leaf | 2 | Avocado | 2 | Shrubby basil | 2 |



Innovations and savings

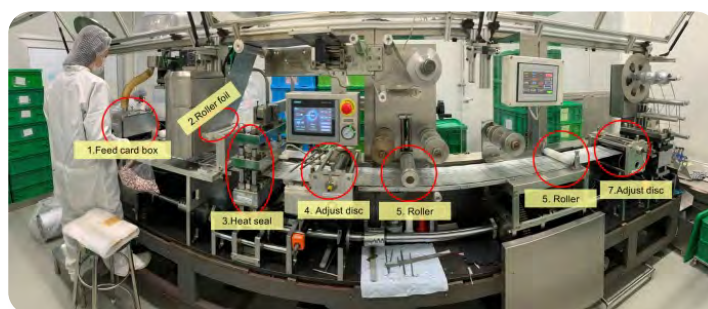
Innovations to make this planet cleaner and safer : Mega Lifesciences has invested Thai baht 1.5 million to achieve efficiencies in electrical usage of chillers in the Thailand manufacturing plant resulting in net savings of 337 tons of CO₂ emissions and Thai Baht 2.5 million per annum.



Motion and time sensor switches have been installed in the Thailand manufacturing plant resulting in net savings of 29 tons of CO₂ emissions by investing Thai Baht 100,000.



Improved roller in feed sealing station has resulted in a reduction of waste by 2.88% thus resulting in a net saving of 581 kgs of waste per annum.



Improvement of carton design lead to reduction of 834 kgs of waste per annum.

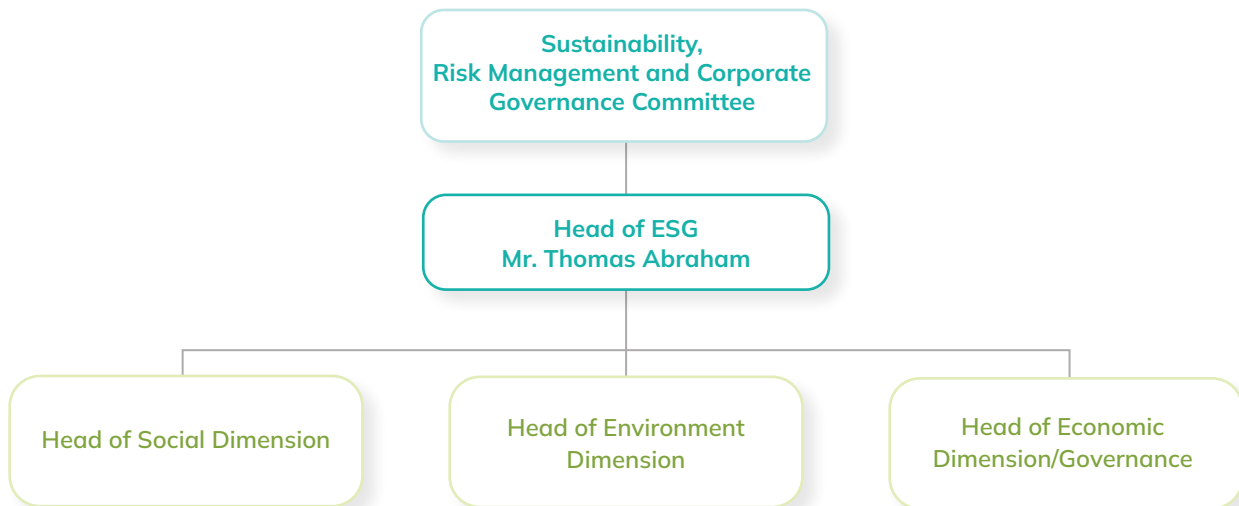




Governance Mechanism

- Environment Policy
- EHS policy

Organizational Enablement



Environment Goals

Base year 2021

| Short term - 2023 | Medium term - 2025 | Long term - 2030 |
|-----------------------|-----------------------|-----------------------|
| 10% water neutrality | 15% water neutrality | 30% water neutrality |
| 8% renewable energy | 10% renewable energy | 25% renewable energy |
| 15% waste circularity | 20% waste circularity | 25% waste circularity |
| Carbon neutrality 12% | Carbon neutrality 20% | Carbon neutrality 30% |

Mega We care for employees



Material concerns

Being an employer of choice

- Safety and Health of Employees
- Business Ethics and Code of Conduct
- Human Rights Policy
- Non-Discrimination and Non-Harassment Policy
- Non-retaliation Policy

Organizational enabler

Vision to empower people and treat all employees as co-owners of the Company

Mega Lifesciences' values of **Truth, Trust, Respect** and Freedom

Extending the We Care and **Creating Owners Improving Lives** philosophy to all the employees.

CEO and Chief Coach

Board of Management

Human Capital Development Head

MEGA is a people centric organization which believes in goodness of people and gives an opportunity to people to make careers, improve their own lives as they are improving lives of their customers and partners.

Every member of the Mega team is an owner of a way of life. Our daily lives are driven by a simple cause : To improve lives, to care for human wellness and to help people stay healthy as long as they live. It's a cause that unites our 5,700 -plus strong team across the world, sparking ingenuity, passion and a zest for life. They have created a learning organization that believes in Thinking, Changing and Growing.

At the core of the Mega culture is Respect, Freedom, Trust and Truth :

- Respect : for each other's differences
- Freedom : in work and personal lives
- Trust : our people as adults who know what needs to be done.
- Truth : in everything we do.

Mega Academy arranges a variety of training programs and workshops for the people at Mega Lifesciences.



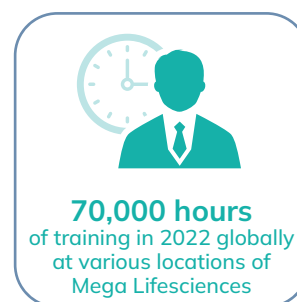
EXCELLENCE ACADEMY

'MINDS WE SHARE at Mega Lifesciences, is an approach to organize hands-on meets with the purpose of exchanging knowledge and gain wisdom, a conclave where we invite world-renowned speakers to offer

new perspectives, which participants then cascade to their worldwide teams. World-renowned facilitators have included Dr. Park, Partner of Blue Ocean Strategy, Dr. Clotaire Rapaille, author of 'The Culture Code', Jason Jennings, Curt W Coffman, Dr. Eric De Smet, Fredrik Haren, Dr. Jody Hoffer Gittel and Robert Spector.

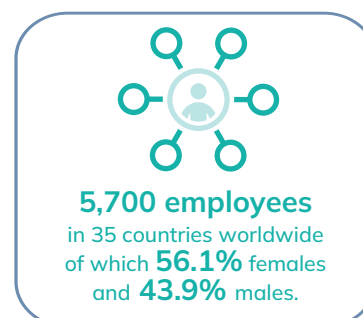
These forums were the genesis of our passion for '**Employee Evangelism & Ownership**', and '**Creating Owners, Improving Lives**'.

We engage our teams by enlisting their participation in workshops with management gurus and best-selling authors like Marshall Goldsmith, Ram Charan and Paco Underhill, marketing gurus like Al Ries and Jack Trout, strengths coach Marcus Buckingham and The Lean Start up by Eric Ries.



Skill and knowledge development programs are designed to deliver leadership, behavioral and technical skills making Mega's human capital ready to meet business challenges and reach organizational goals.

Executive education and leadership development at mega is a one on one approach driven by the immediate coach. Colleagues undergo various trainings in the organization as well as with external bodies and universities. Few to name are Minds We Share at Mega, SASIN Thailand, IIM-Ahmedabad India, Institute Of Directors (IOD), Thailand, Mahidol University Thailand and more. The executive education and leadership development interventions aims at developing future leaders by bring them knowledge, skills and experience to lead influentially and enhance business results.





Employee Satisfaction survey year 2022

895 employees (approximately 16% worldwide) participated in the survey and Mega Lifesciences scored an average of 4.12 out of 5. The target is to maintain the same in year 2023. The survey and results were published/displayed on notice boards.



Employee remuneration and benefits

- Allowances
- Bonuses
- Incentives
- Share based payments
- Provident Fund
- Social Security
- Employee education
- Awards based on years of service
- Benevolent funds
- Protective equipment
- Overtime payments
- Support for employee and family bereavement
- Diet planning and healthy living
- Accident Insurance

Employee Rights

The Company respects Human rights and provides healthy and hygienic working conditions. Mega Lifesciences respects and observes the labour laws of the country of its operations and files the reports as required by law within due dates. The Company's Business Ethics and Code of Conduct and non-discrimination and non-harassment policy bars discrimination on any grounds. Mega Lifesciences has a clearly laid down policy for Health Safety and Environment and measures the data as per current standards.

Employees in Mega Lifesciences have the right to collective bargaining for their rights and Mega Lifesciences has a clear policy of disclosure of policies on corporate website for public display.

Amounts in million Thai Baht

| Compensation | Consolidated | | Standalone | |
|--------------|--------------|-----------|------------|-----------|
| | Year 2022 | Year 2021 | Year 2022 | Year 2021 |
| Management | 338.71 | 298.39 | 143.11 | 110.05 |
| Employees | 2,065.04 | 1,961.09 | 594.6 | 579.11 |

Compensation includes salaries, allowances, incentives, provident fund/ superannuation fund and retirement fund

Total Number of Employees

| Employee Category | Total Nos | Less than 30 (< 30) | Between 30 - 50 | Greater than 50 (> 50) | Female | Male |
|-----------------------------|-------------|------------------------|--------------------|---------------------------|-------------|-------------|
| Top Management (L8) | 5 | 0 | 0 | 5 | 1 | 4 |
| Senior Management (L7 & L6) | 74 | 0 | 43 | 31 | 15 | 59 |
| Middle Management (L5) | 328 | 6 | 274 | 48 | 174 | 154 |
| Employees in L4 and below | 5360 | 1706 | 3372 | 282 | 3044 | 2316 |
| Total | 5767 | 1712 | 3689 | 366 | 3234 | 2533 |

New hires

| Employee Category | Total Nos | Less than 30 (< 30) | Between 30 - 50 | Greater than 50 (> 50) | Female | Male |
|-----------------------------|------------|------------------------|--------------------|---------------------------|------------|------------|
| Top Management (L8) | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management (L7 & L6) | 4 | 0 | 4 | 0 | 2 | 2 |
| Middle Management (L5) | 32 | 1 | 31 | 0 | 22 | 10 |
| Employees in L4 and below | 805 | 472 | 328 | 5 | 406 | 399 |
| Total | 841 | 473 | 363 | 5 | 430 | 411 |

Employee Turnover

| Employee Category | Total Nos | Less than 30 (< 30) | Between 30 - 50 | Greater than 50 (> 50) | Female | Male |
|-----------------------------|-------------|------------------------|--------------------|---------------------------|------------|------------|
| Top Management (L8) | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management (L7 & L6) | 4 | 0 | 1 | 3 | 0 | 4 |
| Middle Management (L5) | 44 | 2 | 37 | 5 | 25 | 19 |
| Employees in L4 and below | 1257 | 603 | 625 | 29 | 655 | 602 |
| Total | 1305 | 605 | 663 | 37 | 680 | 625 |



Safety data for Mega Lifesciences Public Company Limited – Standalone

- Total working hours of company employees in year 2022 – 2,382,847 hours
- Total working hours of hired contractors in year 2022 – 126,752 hours
- Recordable work related injuries (number) – 8
- Rate of recordable work-related injuries of employees (TRIR) (per person per 1,000,000 hours) : 3
- Rate of recordable work-related injuries of contractors (TRIR) (per person per 1,000,000 hours) : 8
- Total number of workdays lost : 40 days for employees and 3 days for contractors
- Employee Absentee rate (days) : 4,095 (0.02)

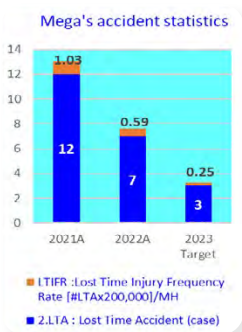
Training for sustainability

IMPROVED FOCUS ON SAFETY TRAINING

- Lost Time Injury Frequency Rate (LTIFR) has reduced from 1.03 to 0.59 (-43%)
- Total lost days and ISR has reduced 40%
- 2023 Target to reduce accident 50%



Introduction and basic safety.



Safety for contractors



Basic firefighting



Target : Reduce LTA, LTIFR 50% from 0.59 to 0.23

Strategy : Intergrade OHS to daily work all function

Develop people capability all level, Able to Identify hazard, Risk evaluation and eliminate unsafe condition/Unsafe behavior

Targets

- OHS compliance
- Develop OHS skill
- Develop process review and governance
- Focus areas improvement to reduce risk.

Mega We Care for Employees

Mega Thailand

Dr. Sant gave a keynote speech at the Elite+ magazine's 8th anniversary event during April 2022. The topic was focused on "Good Health by Yourself - a journey to sustainable health and peace" at Health town. During the event, Elite+ Magazine presented an award to Dr. Sant for his contributions to the society. The award was presented by Mr. Shigeru Aoyagi, Director of UNESCO (Asia and Pacific Regional Bureau for Education) who later gave the honorary speech. Mega Wecare kitchen brought the plant-based bakery for 150 guests, including expats, ambassadors, journalists & senior corporate executives to experience the delicious food.

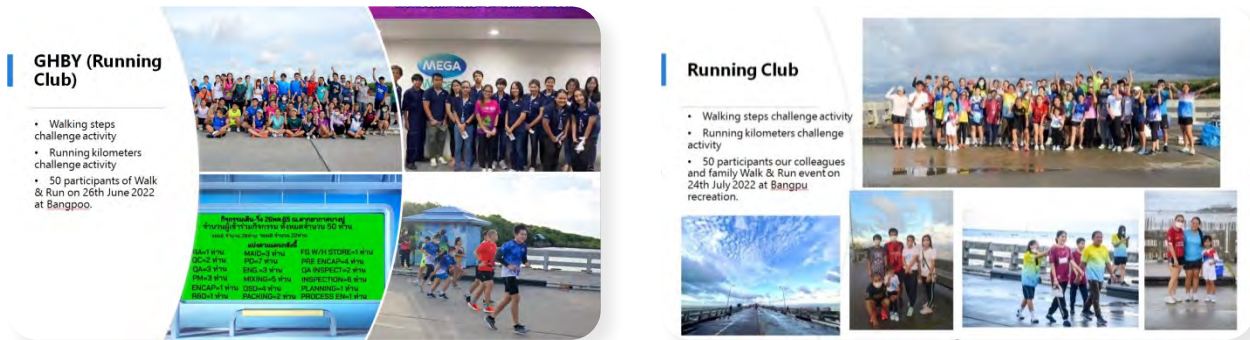


Mega Academy in collaboration with Wellness Wecare Center (WWC) facilitated "Mindfulness Coach Program" at WWC, Thailand. Dr. Sant, master coach & facilitator, conducted this wonderful & amazing two & half days' workshop. The objective was to drive a "Culture of Mindfulness" & help participants be aware of the importance of mindfulness in daily life to reduce stress & anxiety.





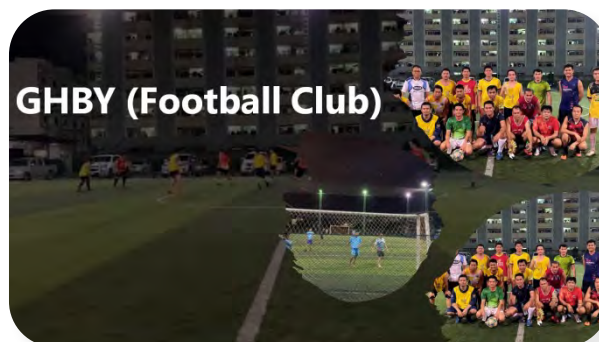
Mega Thailand, Bangpu running club returned to walk-run outdoor activity after two years of pandemic restriction. During June & July 2022, Mega Thailand, Bangpu organized a Walk & Run event. Around 85 employees & their family members participated in the event. This was a good opportunity to strengthen family bonding as well as raise awareness to lead a healthy & active lifestyle.



Mega Thailand, Factory has Badminton club that helps employees to stay physically fit & remain active while playing fun matches at the badminton courts. During 2022, friendly matches were played among colleagues on 11 different occasions. Employees had fun & displayed healthy sportsmanship spirit during Mega matches. In addition, badminton tournament was organized 14 times during 2022. An average of 22 colleagues participated in these tournaments. Further, during Nov. 2022, Badminton championship was organized with 35 teams & 120 participants.



Mega Thailand, Factory has football club as a part of Exercise is Thy Medicine (EIM). The objective is to encourage colleagues to participate thereby facilitating employee engagement through healthy interventions.



Mega Thai started the 2022 BMI racing competition for those employees with high BMI levels. The objective was to motivate colleagues to take ownership of their own health and compete with themselves & others in order for them to stay healthy as long as they live. A total of 140 colleagues participated in the BMI racing competition.



GHBY (Kick off BMI Challenge)



During May 2022, a team from Wellness Wecare Center Muak Lek, Saraburi organized Good Health by Yourself - "Healthy Weight Loss & Plant-Based inspiration" activity for Mega employees, who love to live a healthy lifestyle and want to lose weight in the right way. There was a lecture on the topic "Healthy Weight Loss" by Dr. Warisara Rutaravanich, a preventive and anti-aging medicine specialist. Further, there were cooking demonstrations including smoothie bowls, exercises, and yoga training by the Wellness Wecare team. Through this initiative, Mega facilitated an awareness session on "self-care" for colleagues in order to help them stay healthy as long as they live.



During April 2022, Mega Thailand organized Health Talk related to various Dietary approaches focusing on losing weight. As a part of knowledge sharing, basic information on how to eat healthy food & lose weight was highlighted during the online event.





Mega Thailand, Bangna driving a culture of mindfulness among colleagues. During the session, the 7-step process of mini-meditation video by Dr. Sant was shown to the participants. Colleagues were encouraged to follow the instructions of Dr. Sant while performing mini-meditation. Mindfulness is the basic human ability to be fully present, aware of where we are and what we're doing, and not overly reactive or overwhelmed by what's going on around us. While mindfulness is something we all naturally possess, it's more readily available to us when we practice on a daily basis. Whenever we bring awareness to what we're directly experiencing via your senses, or to your state of mind via your thoughts and emotions, we're being mindful.



Mega Thailand organized weight loss & Plant-based Inspiration program for all Mega colleagues. The objective was to motivate employees to take charge of their own health & encourage them to lose weight. In order to achieve this goal, Mega collaborated with weight loss specialists and nutritionists to demonstrate how to cook healthy Plant-based food. In addition to this, yoga is practiced on a regular basis under the guidance of expert coach.



Mega Thai in collaboration with Wellness Wecare Center (WWC) initiated the GHBY online consultation for Mega colleagues. The idea was to encourage colleagues, having health issues, to seek expert medical advice from Subject Matter Expert (SME) via MS Teams. In addition to this, Mega Thailand, Factory facilitated ergonomics exercise training under the guidance of medical coach.



During Jul. & Aug. 2022, Wellness Wecare Center (WWC) organized Good Health by Yourself Camp (GHBY) for Mega colleagues. The objective was to drive a culture of health-focused environment that motivates & encourages employees to stay healthy as long as they live. The health retreat encouraged colleagues to stay healthy by sensitizing them on consuming healthy food & by avoiding unhealthy lifestyles in order to reduce risk of contracting critical illnesses. This health goal can be achieved by applying the correct healthcare principles for self & loved ones. Like the saying, "Charity begins at home", we must start practicing healthy habits first & facilitate others on their health journey.



Mega Thailand, factory management always arranges to serve healthy food to colleagues during meetings, trainings & lunch hours. As a part of GHBY initiative of Food is Thy Medicine (FIM), employees enjoy health & nutritious food during office hours and are encouraged to continue the health drive in personal lives as well.

Healthy Food Lunch



Mega Thailand, Factory organized cancer treatment camp for Mega colleagues suffering from this illness at Wellness Wecare Center (WWC). Under the guidance of expert medical coaches colleagues were advised on healthy food intake, appropriate exercises and precautionary measures to be taken for speedy recovery.



Mega Myanmar

Chinlone & Caneball are the traditional sports of Myanmar. The game consists of six members playing as one team with each player maintaining their hands, arms, upper body and head coordination. The objective of these games is to have a balanced state of mind.



Mega Cambodia

Mega Cambodia organizes regular annual health check-ups for colleagues once a year. Based on the results of the health check-up, colleagues seek appropriate advice from medical experts. Such interventions help colleagues to be aware of their health status & take necessary actions to maintain/improve their health.



Mega Cambodia colleagues regularly meet for health activities like cycling, badminton & football during weekends & public holidays. Such interventions instill a spirit of sportsmanship among colleagues & facilitate them to stay fit & be healthy as long as they live.



Mega Vietnam

Flexsa marathon is a running contest wherein participants run at their own convenience-anywhere/anytime. Such interventions encourage participants to stay fit & healthy. The result of Flexsa marathon is updated real-time on the website & top 500 runners will be felicitated with a medal. Colleagues can motivate other runners in their wellness journey. On social media, the Flexsa marathon challenge has more than 40,000 organic views. There were 4,483 participants, who ran a total of 206,882 km during the contest.



Mega Philippines

Mega Philippines employees were invited to participate in the blood donation campaign facilitated by the Red Cross society. Based on screening if colleagues were qualified to donate blood & then they will be considered bonafide blood donors. Through this activity, Mega was able to identify 30 eligible donors.



Mega India

Mega India organized Annual Sports month during Feb. & Dec. 2022. Employees participated with lots of energy & enthusiasm while competing to win & showcasing great sportsmanship. Various games were played involving carom, cricket, badminton, table tennis and chess.



Mega India conducted Health check-up for its employees in order to raise the awareness level of its staff on various health parameters like BMI, Blood Glucose, etc. Mega India had collaborated with certified registered paramedical agencies & facilitated an annual health check-up with expert medical advice being shared to employees based on their health reports.



Mega Tanzania

Mega Tanzania colleagues regularly engage in GHBY activities like beach sport, running and beach football in order to maintain active lifestyle and staying healthy.



Mega Zambia

Mega Zambia conducted health activities during the annual meeting 2022. The idea was to encourage colleagues to be aware of fun ways to stay fit & healthy.



Mega We care for Communities

Mega Lifesciences cares for the communities among which it operates. Mega Lifesciences extends its We care philosophy to the communities. Mega Lifesciences has set up a Wellness We Care foundation to undertake community support and enablement exercises. The Wellness We Care Foundation has taken lead in several community development projects to promote **Human Wellness**

Wellness We Care, Thailand

The Company has set up a Wellness We Care Center in Muak Lek, Thailand for disease reversal and good health through improved Lifestyle.

Every hour 43 Thai people die from non-communicable diseases (NCDs), causing an estimate of 380,000 deaths or 76% of all deaths each year. The rise in NCDs does not only increase financial, physical and mental costs in families, but it also extends beyond the people who are directly affected. Costly chronic diseases also lead to a decline in the working-age population of the labor force, which reduces productivity and results in the decrease of GDP per capita growth. According to the World Health Organization (WHO), NCDs pose a real and significant threat to Thailand, with a huge economic burden costing Thai society an estimated THB 280 billion in 2013. In 2009, the economic cost of NCDs was an estimated THB 198,512 million, or 2.2% of GDP, due to premature deaths and loss of productivity among the country's work force. With serious ailments, many physical and emotional losses may come before the loss of life itself. One of the major behavioral risk factors of NCDs is an unhealthy diet. People are adopting a more sedentary lifestyle which contribute to a steady increase in long-term health problems and double the risk of cardiovascular diseases, diabetes, and obesity. Mega Lifesciences goal is to help people stay healthy as long as they live. We believe in building holistic health in communities we live and work in, as healthy population means happiness and prosperity to Individual, family, society and nation.

Aligned to this goal Mega has built The Wellness We Care Center, located at Amphur Muak Lek, Saraburi, to promote to common people and health care providers around the work, scientifically proven method of preventing and reversing chronic diseases through food and lifestyle changes. The foremost objective of Wellness We Care is to disseminate scientific knowledge and skills to people,

which will help them to take charge of their own health. By teaching people about lifestyle changes, the center helps them develop the skills necessary for prevention and reversal of chronic and lifestyle diseases. Our holistic health center offers guests access to the various wellness center services such as the Praana Kitchen, where they can learn to cook plant-based whole food meals, and the vegetable garden. The center is also equipped with a well-stocked library and video room, where visitors can learn and enhance their knowledge about health and holistic living.

Onsite Training

| Year | No.of training sessions | No.of hours | No.of participants |
|--------------|-------------------------|--------------|--------------------|
| 2019 | 34 | 1,008 | 520 |
| 2020 | 26 | 888 | 495 |
| 2021 | 20 | 552 | 396 |
| 2022 | 26 | 584 | 605 |
| Total | 106 | 3,032 | 2,016 |

Online Health Educational VDOs

Year 2021

- WWC had produced all 38 health educational VDOs and published on YouTube. Among 38 clips, there are 4 Covid-19 related VDOs
- Facebook Live broadcasted 5 times with 5 clips posted after Live session. Among 5 times Live session, there was 1 time COVID-19 related session.
- 11,410 FB Followers
- 141K YouTube subscribers

Year 2022

Online Health Education Content

- VDOs content: 83 VDOs were produced and published through WWC's social media, including YouTube, Facebook, Line OA, and IG.
- Articles : 358 short and long articles have been published through our social media, including YouTube, Facebook, Line OA, and IG.
- 183,823 YouTube followers
- 12,620 FB followers
- 6,553 Line friends
- 175k followers



Dr. Sant Chaiyodsilp, Chief Wellness Officer, Wellness We Care Center received a plaque for recognizing QUALITY PERSONS OF THE YEAR 2021 from Privy Councilor Kasem Chankaew, which was organized by Foundation of Science and Technology Council of Thailand (FSTT) at the Grand Ballroom, Miracle Grand Convention Hotel on December 9, 2021.



Foundation of Science and Technology Council of Thailand (FSTT) by appointing a selection committee to screen and select people with outstanding scientific contributions to society to honor them as quality person of the year, 1 person in each field, total 5 areas : Science, Technology, Public Health, Social, Child and Youth. Dr. Sant Chaiyodsilp has been honored as a Quality Person of The Year 2021 in Public Health, by specifying the work in both the medical field by specifying the work including The medical field, Textbook writing, Research, The contributions to society and public health, including The establishment and Chairman of The Resuscitation Council of Thailand, Co-founder and Director of the Pediatric Cardiac Surgery Foundation of Thailand, Establishing a Wellness We Care Center to teach people how to prevent and reverse disease by themselves and educating the public on self-care through blogging and YouTube video clips with more than 2 million readers per year.

Dr. Sant gave an opinion with FSTT on the occasion of receiving this honor that “Medical Field also has the opportunity to help people take great leaps in taking care of their health. If we accept and strive to bring information technology into serious use”.

Mega Lifesciences believes in elevating public health and has invested significant amounts in this Human Wellness initiative.

| | Year 2019 | Year 2020 | Year 2021 | Year 2022 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Amount Invested (Thai Baht) | 17.25 | 16.57 | 18.70 | 25.52 |

Benefits to the community

- 6 RDBY Camps were organized in 2022 (Reverse Disease by Yourself Camp) to teach and practice skills to improve NCD patients' health.
- 25 patients with diseases joined the Rehabilitation Program (RP). Patients' problem lists varied, including NCDs, post-stroke, ischemic heart disease, post-hip surgery, etc.

38 local employees in this operation earned salaries and benefits averaging Thai Baht 20,000 per month.

Employing Deep-Tech to Improve Health care for Communities Worldwide

WeCare Digital Health Platforms

Mega Lifesciences' Initiative impacting Society and Environment

Mega Lifesciences has committed USD 10 million for this project over the next 8-10 years for betterment of healthcare for communities through deep-tech and other technological applications.

Over 1,200 patients and healthcare professionals onboard and this number will only multiply and grow exponentially.

The WeCare Digital Health Platform of Mega Lifesciences has been conceived with a mandate to create meaningful impact in healthcare information and care delivery. Our digital products are clinical in nature, endorsed and vetted by specialists. To this end, we work directly with health consumers and providers; doctors, coaches, nurses and pharmacies.

Organisations are microcosms of the society and the environment where they come from and for us, any meaningful growth cannot be without that holistic thought as one of our guiding principles.

Overview

Our digital offerings ; WeCare Diabetes post soft launch, WeCare Mother n Child in Beta, WeCare TeleHealth (internal use) , WeCare Wellness in pilot phase have all been selected in conditions where the user requires the most engagement with the care provider. All these conditions

necessitate multiple consultations, numerous yet timely alerts, early addressal of impending complications and improving quality of life. Bringing our digital solutions into these conditions thus helps create the maximum impact vis a vis time, effort, finances saved.

Mega, as a strategy works in countries and markets which are developing in nature, with large disease burden and limited care facilities. Healthcare systems, additionally, tend to be concentrated in few cities in each country with specialty care virtually non existent outside those. Our Digital Health offerings, once embedded, have a huge potential to democratise quality care across these populations. As with other Mega initiatives, the effort to understand the population and then localise offerings for them is the way we plan ahead.

A short note on technology-These are connected software applications, made available native on all platforms and hosted on the Cloud, thus limiting the carbon footprint to a bare minimum. For comprehensiveness, we integrate with necessary hardware eg. Home based clinical devices and wearables. Our dependency on tech support is also limited as all aspects are managed centrally. Minimal local support staff manages the operations.

Specifics and examples

At this point we have the maximum experience from our We Care Diabetes platform. We have more than 1,200 patients connected to doctors and coaches on our platform in Myanmar. Taking a single doctors example, 35% of his patients on the platform are from outside Yangon. Distances range from 50 to 320 miles, all the way to Rakhine and Shan state - urban, semi urban to rural areas. The advice and care oversight they have now obviates the need to be in the vicinity of high end care facilities, and in real time. Please go through some of the patient testimonials attached alongwith*

For the upcoming offering, the WeCare Mother and Child platform has had good reviews in all our initial discussions.

Projections

The impact in the community and the healthcare benefits we aim to bring is on similar lines across our WeCare Digital platforms. Again, this is being rolled out into our other markets in a systematic manner post due diligence of need and localised requirements.

Based on the above, we plan to scale to 4 markets in 2023, 8 by 2024 and 12 by 2025. Projected number of users are to reach 50,000+ by 2025. By Year 24-25, we will also add significantly more self-managed tools based on our data learnings and continuing market research.



Society and Environment

Mega Lifesciences has always been conscious of the impact that we make on the society and environment. Consciously, all our activities, at concept stage itself incorporates best practices. However, we have an opportunity to go beyond mandate in many cases. This is one such where we can marry the societal need with prudent use of technology, mindful of local contexts and

create lasting and sustainable impact in one of the most draining of human challenges- healthcare. In this initiative, keeping our physical footprint small, making access of care and information where the user is and enabling providers to reach out digitally – we have already started this meaningful impact. This is the beginning- we aim to update you with increasingly better numbers and stories of our users in the coming years.

Testimony (1)

ကျွန်တော့်နာမည်ကတော့သူခ (အမည်လွှဲ) ပါ။အသက် 37 နှစ်ပါ

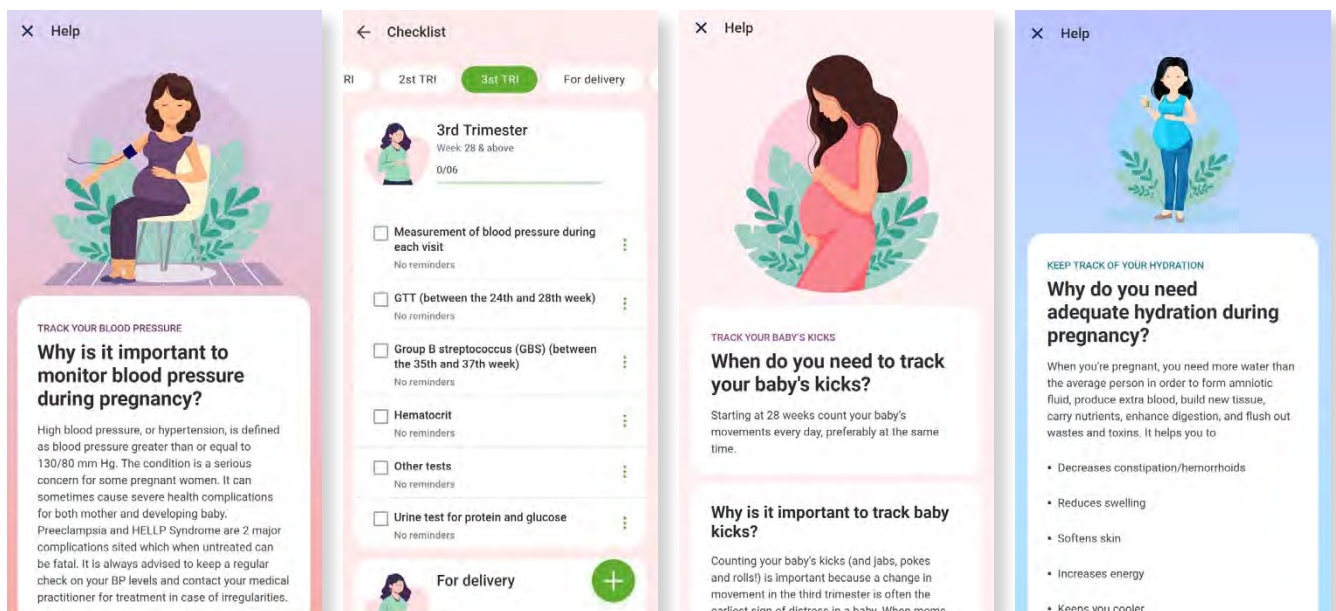
ကျွန်တော် 2021 Covid ဖြစ်ပြီးနောက် medical checkup လုပ်ခဲ့ရာမှဆီးချိုရှိတာသိခဲ့ရပါတယ်။ကျွန်တော့်ရဲ့သုံးလပျမ်းမျှဆီးချို HbA1c က 13% ထိရှိနေခဲ့တာက ငြာင့်ဆီးချိုအထူးကုဆရာဝန်က ငြိမ်သက်စွာ ပြောခဲ့ပါတယ်။ဆရာဝန်က ငြိမ်သက်စွာ အပ်တဲသောက်ဆေးတွေပေးခဲ့ပြီးဆီးချိုရှိသူ တွေအတွက်အဆင်ပြေတဲ့ WeCare Diabetes app ကိုအသုံးပြုခိုင်းခဲ့ပါတယ်။ဆီးချိုရှိမှန်းသိသိချင်းမှဆီးချိုအကဲဖြတ်သေချာချာ မသိခဲ့ပါဘူး။ App ထဲမှာနေစဉ်လက်ထိပ်ဖောက်စစ်တဲ့ဆီးချိုအဖွင့်တွေကိုယ်လက်လှုပ်ရှားမှုမှတ်တမ်းတွေစားသောက်မှုပုံစံတွေမှတ်သား ရပါတယ်။ App ထဲမှာပါတဲ့ chat box ကနေတစ်ဆင့် WeCare Health Coach ထံမသိတာမရှင်းတာတွေကိုမေးမေးနဲ့ဆွေးနွေးလို့ရခဲ့ပါ တယ်။ဆရာဝန်ပေးလိုက်တဲ့သောက်ဆေးတွေနဲ့ပတ်သက်လို့မရှင်းတာတွေကိုလည်းပြောပြပေးပါတယ်။ဆောင်ရန်၊ရှောင်ရန်များလည်းသိ ရပါတယ်။ကျွန်တော်ဆိုဆီးချိုရှိမှန်းသိသိချင်း..... အစားအသောက်တွေလည်းဝေဖန်စဉ်းစားခဲ့တယ်။ကိုယ်လက်လှုပ်ရှားမှုခန်းတွေအလွန်အကျွံလုပ်ခဲ့ပါ တယ်။အဲ့ဒီအခါဆီးချိုကျတာတက်တာတွေလည်းခံခဲ့ရပါတယ်။ WeCare ကကျန်းမာရေးနည်းပညာမှကျွန်တော့်ရဲ့ BMI, အသက်နှုန်းချို အခြေအနေအရတစ်နေ့တာစားသုံးတဲ့ကယ်လိုရီပမာဏကိုတွက်ချက်ပေးထားပါတယ်။ဘာတွေရွေးချယ်စားသုံးက ငြာင့်အစားအစာဥပမာ များအပြင်အစားအစာနဲ့ဆေးဝါးဟန်ချက်ညီအောင်အချိန်မှန်မှန်စားသုံးက ငြာင့်စတာတွေရွေးပုံပြောပြပေးပါတယ်။နေ့စဉ်စားဖွဲ့တာတွေ ကို app ထဲက Diet Plan နဲ့ရာမှာပုံလေးတွေတင်ဖို့ဖြစ်ပါတယ်။ Health Coachကမပြောတဲ့အခါကျွန်တော်စားနပ်ရိက္ခာတွေမှန်ကန်လားမှားယွင်းနလားကိုချက်ချင်းအကြံပြုပေးပါတယ်။ကိုယ်လက်လှုပ်ရှားမှုခန်းကိုလည်းပြုလုပ်သင့်တဲ့အမျိုးအစားနဲ့က ငြာင့်ချိန်ကိုစနစ်တကျရှင်းပြပေး ပါတယ်။ဆီးချိုစစ်ဖို့မမေ့တဲ့နေ့တွေမှာလည်း app ကနေ reminder လေးရတယ်။ App ထဲကကျွန်တော့်ရဲ့ဆီးချိုမှတ်တမ်းတွေကို အပတ်စဉ်၊လစဉ်ဂရပ်ပုံနဲ့မပြောတဲ့အတွက်တကယ်ကိုစနစ်တကျရှိလှပါတယ်။ ၃ လပြည့်လို့ရက်ချိန်းပြန်ပြောတဲ့အခါကျွန်တော့်ရဲ့ HbA1c ဟာ 6.5% သာရှိပါတော့တယ်။ဆရာဝန်ညွှန်ကြားတဲ့သောက်ဆေးတွေကိုတိတိကျကျလိုက်နာသောက်သုံးတဲ့အပြင် WeCare app လေးရဲ့ ကျန်းမာရေးဗဟုသုတပေးမှုနဲ့ health coach တွေရဲ့အကူအညီတွေလည်းအများကြီးပါခဲ့ပါတယ်။ဒီလိုနဲ့ကျွန်တော့်ဆီးချိုဟာ control ရ ခဲ့ပြီနောက်ထပ် ၃ လအကြာ follow up တွေမှာ HbA1c ရာခိုင်နှုန်း 6.3 % , 6 % ထိလျှော့ချနိုင်ခဲ့ပါတယ်။ယခုဆိုရင် WeCare app လေး သုံးလာတာ ၁နှစ်ပြည့်ပါပြီ။ကျွန်တော့်ရဲ့ Diabetes Journey ကိုအခုလိုပရိသတ်များပါးနဲ့ဆက်ခွင့်ရတာဝမ်းသာမဆုံးပါပဲ။

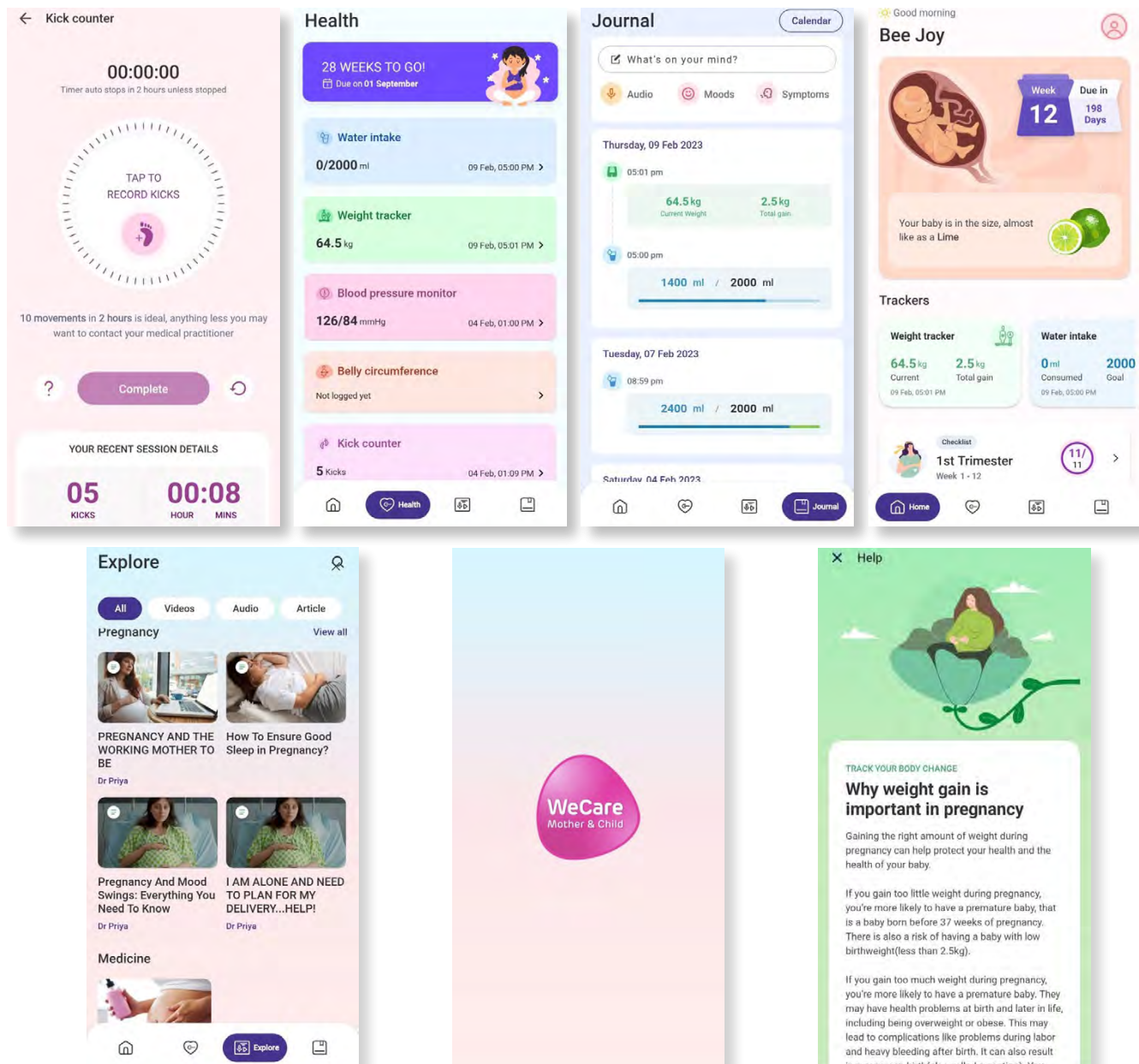
I'm Ko Thukha (renamed) and 37 years old. I found out that I have diabetes through a post-covid checkup in 2021. My HbA1c was 13% when I first saw an endocrinologist. Doctor prescribed me the required medications and suggested to signup and use WeCare Diabetes application on my phone, which is convenient and useful for people with diabetes. Since I was newly diagnosed with DM, I didn't notice about the nature of disease at all. In the app, daily glucose results, physical activity, diet plan and many others can be noted. Through the build-in chat box in the app, I was able to ask and discuss what was not clear with WeCare health coach. They explain about dos and don'ts of my oral medications and coached to have a healthy lifestyle. When I was totally new to diabetes, I cut out all carbohydrates and did lots of strenuous activity, which were completely wrong. Instead of being well-controlled, I experienced frequent episodes of hypo/hyperglycemia. WeCare health coaches calculated daily required calories based on my current BMI, age and diabetes. They explained about healthy category of foods, what foods to avoid and the importance of regular timing for meals and medications. I uploaded my diet plan photos in the app and obtained advice from coach. Regarding exercises, they suggested the most suitable physical activity and duration. What's more, the app sends me a reminder on days I forgot to log my activities. I could also review my weekly and monthly diabetes records with graphs from the app, which is really organized. On my follow-up visit after 3 months, my HbA1c was only 6.5%. In addition to strictly following the medication prescribed by the doctor, WeCare app provided health information and obtained a lot of help from health coaches. Thus, my diabetes was well-controlled, and after 3 months of follow-up, I was able to reduce the HbA1c percentage to 6.3% and 6%. Now it's been 1 year since I used the WeCare app. I feel so grateful to be able to continue my Diabetes Journey so lightly.

Patient testimonial (2)

အန်တီနာမည်ကတော့သင်းသင်းပါ။အသက် ၄၅ နှစ်ရှိပါပြီ။ဆီးချိုရှိတာကတော့ ၄ နှစ်လောက်ရှိပါပြီ။ဆီးချိုအထူးကုဆရာဝန်ကြီးနဲ့လည်းပြောပါတယ်။အရင်ကတော့ဆီးချိုမနက်စစ်ပြီးတိုင်းစာရက်လေးနဲ့မှတ်ထားတယ်။ဒါပေမယ့်ဆရာဝန်ပြခန်းတိုင်းစာရက်ပျောက်သွားလို့ အမြဲစိတ်ညစ်ရတယ်။ခုတော့ဆရာဝန်ကြီးပြောတယ် WeCare Diabetes App လေးသွင်းထားတာအဆင်ပြေသွားပါပြီ။ app လေးထဲကဆီးချိုဖြည့်တယ်နေရာမှာမနက်တိုင်းဖြည့်ပါတယ်။၃ လတစ်ခါစစ်ရတယ်။HbA1c ပြည့်ထားပါတယ်။ဆီးချိုတက်နေလား/ ကျနေလားပါသိရတော့ပိုအဆင်ပြေပါတယ်။အဖြေပြန်ကြည့်ပြီးဆီးချိုထိန်းနိုင်မထိန်းနိုင်သိရတော့အစားအသောက်လည်းဆင်ခြင်လို့ ရတယ်။အဖြေဖြည့်ဖို့ မေ့သွားတယ်အခါကျရင်လည်း app reminder လေးပို့ ပေးတယ်။ဆရာဝန်ကြီးနဲ့ပြတယ်အခါကျရင်ဖုန်းပါသွားရုံနဲ့ကိုယ့်ဆီးချိုအဖြေကိုပြနိုင်တော့အရမ်းအကျိုးရှိပါတယ်။အဲ့ဒါအပြင်အဲဒီ app လေးထဲမှာမသိတာရှိရင် We Care Health Coach ကိုမေးလို့ ရတယ်။အပြင်ဆီးချိုရောဂါနဲ့ဆိုင်တယ်ကျန်းမာရေးပညာပေးဆောင်းပါးနဲ့ video တွေပါကြည့်လို့ ရတော့သဘောကျမိပါတယ်။အခုဆိုရင်အန်တီဆီးချိုတာ control ရနေပါပြီ။ WeCare Diabetes app လေးကြောင့်ခုလို self manage လုပ်နိုင်တာမို့လို့ ဒီ app လေးကိုအမြဲသုံးသွားမှာပါ။

My name is Thin Thin and I am 45 years old. I have been diagnosed with Diabetes for almost 4 years and meeting an Endocrinologist regularly. I used to write down my fasting blood sugar level in the paper. But everytime I was about to go for my regular doctor meeting, I lost my paper. Now I am using WeCare Diabetes app as the doctor recommended. I fill in the FBS box whenever I prick my fingertip. It is convenient to know whether my blood sugar level is normal or not. I checked my results, noticed my blood sugar level and managed my diet. When I forgot to fill in my results, the application sent me a reminder which was helpful. I can show my blood sugar level results to my doctor just by bringing my phone to the clinic visit. Moreover, I can ask Health Coach in the message box of the app and also can read diabetes related articles and watch videos. Now I am in good control of diabetes. Because of WeCare Diabetes app, I can self-manage. That's why I am gonna use this WeCare Diabetes app always.





Wellness We Care Foundation – Vietnam – Total investment of Thai Baht 5.0 million across various activities

After receiving donations from employees together with company's contribution, we have raised a total amount of 750,000,000 VND. (Thai Baht 1.1 million)

On July 15, 2021, the entire amount and 506 health care vitamin products were given directly to the Vietnam Fatherland Front Committee in Ho Chi Minh City by Mr. Jiji George – Managing Director.



Mega Lifesciences Vietnam sponsored medicines and Kendall SCD™ 700 Sequential Compression System to the field hospital in district 7. Health kits included our products : Vitacap, Mega wecare Nat C, We Vitz.



Mega Lifesciences Vietnam provided 2700 protection and health care products for Ho Chi Minh City Health Department.

Mega Lifesciences Vietnam offered 700 protection and health care products for TBA (Thailand Business Association) (Vietnam).

Mega Lifesciences and the Future Builder project have collaborated to provide education and food support for disadvantaged children who were orphaned by the pandemic. Include : 66,000,000 VND approximately Thai baht 97,000 and 20 tablets.

Outcome of this exercise :

- 20 children have received tablets for online learning amid COVID-19 outbreak
- 6 children who lost their parents by COVID-19 are supported with school fees and food supplies.
- 3 kids at Que Huong Orphanage receive tuition fee support in 2021



Ferrovit Iron Woman Award

For Any woman living in Vietnam above 12 years old and wishing to share their inspiring story about the iron spirit which helps them overcome life's struggles.

Cost of the event USD 14,833 (Thai Baht 495,000)

SOCIAL OUTCOME With IRON WOMAN AWARD, we encourage Vietnamese women to continue following their dreams which bring good impact to the society. We would like to create this Award as an annual event in which every Iron Women can be found and celebrated with their contribution to the world.

For more details, visit our fanpage & website <http://www.facebook.com/Ferrovit.vn> <http://www.Ferrovit.vn>

ENAT woman campaign against violence in Vietnam encouraging every woman to be courageous and fight violence and stereotypes.

The event has been conducted since 2019 (3 years) with a total outreach to approximately 4 million people each year.



Mega Thailand

Vitamin D has several benefits to bone, teeth and muscle including immunity enhancement. As per credible reports, 45.2% of Thais have vitamin D deficiency. In order to help the community, Mega Thai took the initiative to boost vitamin D intake for patients in hospitals. During September 2022, Mega Thailand distributed NAT D 5,000 IU (Vitamin D3) to several hospitals at Damnoen Saduak Hospital, Photharam Hospital and Pathumthani Provincial Public Health Office.



Mega Thailand, Factory colleagues initiated Reforestation drive as a part of CSR/CSV activity. Reforestation is the process of regenerating or replanting forest areas that have been destroyed or damaged for the benefits of mankind. Reforestation is a very important procedure in order to save our planet. This is needed as huge forests are being destroyed or damaged due to various reasons on a daily basis. Removal of the green cover from the surface of the earth has become common due to various reasons such as forest fires, agricultural needs, human needs, logging, and mining. Many organizations are working towards the protection and restoration of forests by various methods such as imparting education to people regarding the importance of forests, reforestation, and expansion of the protected areas. Governments in different countries are also trying to introduce strict policies regarding the protection and restoration of forests. A collective global effort is required in order to achieve a sustainable and balanced ecosystem.





Mega Thailand conducted two blood donation camps at factory premises. A total of 66 colleagues donated 26,100 cc of blood. 4 colleagues pledged to donate eyes & another 4 employees committed to donate organs after they leave for heavenly abode.



Mega Myanmar

As a part of social commitment, Mega Myanmar distributed hand sanitizers to ICU wards of key hospitals in Myanmar.



The annual Kahtain Robe Offering Ceremony was held at the Yangon Head Office. The event was attended by HO staff and management team in remembrance of an important Buddhist custom. Five Sangas who had been invited were offered Kahtain Robes and a midday meal and two monasteries known as Yadanar-Bone-Yeik-Nyein and Ar-Thaw-Ka-ThidaGu received Kahtain Donations (1,571,000/-MMK & Kahtain Offertories).



Mega Lifesciences provided all employees with a Thadingyut present of 10 pyi of paw-hsan-hmwe rice and 2 viss of peanut oil. In totality, 1688 Mega Myanmar employees received the gift during October 2022. Everyone who received the gift expressed their gratitude to Mega for showing such generosity during a time of rising inflation.



Mega Vietnam

Mega Vietnam distributed gifts to children at Anh Dao Shelter (Ninh Xuan Commune, Ninh Hoa District, Khanh Hoa Province) during an outing trip. In order to provide better opportunity for the kids to study and have basic necessities, Mega donated 30,000,000 VND (cash) to the shelter home. The charity included 30 packages of diaper, 250 notebooks, and school supplies (erasers, pencils, pens & crayons), comics, toys, clothes, milk, candies. Besides this, 100 mid-autumn gifts including lanterns and moon cakes were distributed to the children.



The total amount of employees' contribution & the amount collected in the auction during the Mid-Autumn Festival was 10,000,000 VND.





Mega Malaysia

During June 2022, Mega BioLife collaborated with Watsons for the annual Watson's Get Active Fest held in Sunway Lagoon Theme Park. More than 5,000 Malaysians participated in the event. Given the strategic location of our booth, several visitors stopped by our booth and we had the opportunity to engage with delegates via sampling of Nat B Fizzy and encouraging them to play mini games. Many visitors shared positive feedback on the refreshing taste of Nat B Fizzy - making it an ideal companion as an after-sports booster drink.



Mega Cambodia

Mega Cambodia always takes initiative to give back to the society. As a part of CSR, Mega colleagues visited primary school for the under privileged located at the around Phnom Penh. Mega Cambodia supported the kids in the school by donating books, bags, pens, pencils along with other basic necessities. This benevolent gesture was very well received and appreciated by the school management.



Mega Cambodia has always contributed to the society with its CSR activities. Mega colleagues planted trees in a pagoda where it caters to around 70 students.



Mega Kenya

At Angel children's home in Waithaka, Kawangware, Kenya, there are 29 kids aged 1 yr 9 months to 13 years. This home has been a refuge for abandoned and orphaned babies since 2009. The founder of this place is Wamaitha Mwangi who is on a mission to provide basic human needs for the kids until they are traced back to their families or adopted. The kids cherished Mega's presence by receiving essentials from Mega Kenya to support & help with basic needs.



Awards and Recognitions



Mega was included in the Forbes® Best under a Billion – A list of 200 small-medium sized companies with revenues less than a Billion Dollars across Asia SECOND YEAR in a row.

Mega Lifesciences is preparing for ISO 17025 for excellence and competence of testing and calibration laboratories in year 2023.

Mega Lifesciences was included in the THSI listing by the Stock Exchange of Thailand for reporting on sustainable business practices.



| COMPANY | INDUSTRY | COUNTRY/REPOSITORY | SALF | NET INCOME | MARKET VALUE |
|--------------------------|-----------------|--------------------|------|------------|--------------|
| Lupin | Electronics | South Korea | 79 | \$ | 32 |
| Mark Dynamics Indonesia | Manufacturing | Indonesia | 39 | 90 | 256 |
| Maxtel | Software | India | 332 | 20 | 799 |
| Medana | Healthcare | South Korea | 87 | 10 | 104 |
| Medikaloka (Farmasi) [1] | Healthcare | Indonesia | 304 | 38 | 1,001 |
| Medica International | Healthcare | Taiwan | 405 | 132 | 528 |
| Mega Lifesciences | Pharmaceuticals | Thailand | 402 | 69 | 1,062 |



Best Companies to work for In Asia by HR Asia

Included in the ESG100 Listed companies published by Thaiptat Institute of Thailand.



Certificate of Honor received from Ministry of Natural Resources and Environment of Thailand for voluntary greenhouse gas reduction program for installation of rooftop solar electricity generation plant and reduction of greenhouse gas by 690 tonnes equivalent per year.



Corporate Memberships

Thailand Memberships

1. Health Food and Supplements Association (HFSA) – Mega Lifesciences was a Founder member.
2. Thai Pharmaceutical Manufacturers Association (TPMA)
3. Thai Self Medication Industry Association (TSMIA)
4. The Federation of Thai Industries (FTI)
5. TIPA - THAI INDUSTRIAL PHARMACIST ASSOCIATION
6. ISPE - The International Society for Pharmaceutical Engineering

GRI CONTENT INDEX

| GRI Standard | Disclosure | 2022 Annual Report Page Number | 2022 Annual Report Section Reference |
|--------------------------------------|--|--------------------------------|--|
| GRI 102 : GENERAL DISCLOSURES | | | |
| Organizational profile | | | |
| 102-1 | Name of the organization | 192 | Corporate Information |
| 102-2 | Activities, brands, products, and services | 38-39 | Nature of Business and Industry |
| 102-3 | Location of headquarters | 192 | Corporate Information |
| 102-4 | Location of operations | 192, 65-71 | Registered Office Address of Subsidiary and Associated Companies |
| 102-5 | Ownership and legal form | 192 | Corporate Information |
| 102-6 | Markets served | 14 | Global Reach |
| 102-7 | Scale of the organization | 16-17 | Financial Highlights |
| | | 38-39 | Nature of Business and Industry |
| | | 65-71 | Name and Category of Subsidiaries and Associated Companies in which the Company holds more than 10% of shares sold by them |
| 102-8 | Information on employees and other workers | 127-138 | Sustainability Report : Employee Information |
| 102-9 | Supply chain | 118 | Quality Human Rights and Safety Audit of 50 Suppliers |
| 102-10 | Significant changes to the organization and its supply chain | | No significant changes |
| 102-11 | Precautionary Principle or approach | 78-103 | Risk Management |
| 102-12 | External initiatives | 139-151 | Sustainability Report |
| 102-13 | Membership of associations | 152 | Sustainability Report |
| Strategy | | | |
| 102-14 | Statement from senior decision-maker | 20-24 | Message from the Chairman, CEO |
| | | 4-26 | Directors' Report |
| 102-15 | Key impacts, risks, and opportunities | 78-103 | Audit Committee Report |



| GRI Standard | Disclosure | 2022 Annual Report Page Number | 2022 Annual Report Section Reference |
|-------------------------------|--|--------------------------------|---|
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behavior | 196 | Corporate Governance |
| | | 216 | Code of Conduct |
| 102-17 | Mechanisms for advice and concerns about ethics | 201 | Corporate Governance Report : Whistleblowing Policy |
| Governance | | | |
| 102-18 | Governance structure | 221 | Organization chart |
| | | 72 | Group Structure |
| 102-22 | Composition of the highest governance body and its committees | 221 | Organization Structure |
| 102-23 | Chair of the highest governance body | 203, 221 | Organization Structure and Board Structure |
| 102-24 | Nominating and selecting the highest governance body | 203 | Board Structure |
| 102-25 | Conflicts of interest | 199 | Corporate Governance Report : Conflict of Interest |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | 202-211 | Committees and Roles and Responsibility |
| 102-28 | Evaluating the highest governance body's performance | 210 | CEO Evaluation |
| 102-30 | Effectiveness of risk management processes | 78-103 | Organization Structure |
| 102-31 | Review of economic, environmental, and social topics | 104-152 | Sustainability Report |
| 102-32 | Highest governance body's role in sustainability reporting | 104 | Message from the Board of Directors on Sustainability Report |
| 102-33 | Communicating critical concerns | 109-110 | Sustainability Report |
| 102-35 | Remuneration policies | 212-213 | Corporate Governance Report : Directors and Management Remuneration |
| | | 127-138 | Sustainability Report - Employees |
| 102-36 | Process for determining remuneration | 127-138 | Sustainability Report - Employees |
| 102-37 | Stakeholders' involvement in remuneration | 196 | Right of Shareholders |
| Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups | 111-112 | Sustainability Report : Stakeholder Engagements |
| 102-41 | Collective bargaining agreements | | Not applicable |

| GRI Standard | Disclosure | 2022 Annual Report Page Number | 2022 Annual Report Section Reference |
|---------------------------------------|--|--------------------------------|---|
| 102-42 | Identifying and selecting stakeholders | 111-112 | Sustainability Report : Stakeholder Engagements |
| 102-43 | Approach to stakeholder engagement | 111-112 | Sustainability Report : Stakeholder Engagements |
| 102-44 | Key topics and concerns raised | 111-112 | Sustainability Report : Stakeholder Engagements |
| Reporting practice | | | |
| 102-45 | Entities included in the consolidated financial statements | | Sustainability Report : The scope of the report Environment - Thailand Governance - Global Social - Global |
| 102-46 | Defining report content and topic boundaries | | |
| 102-47 | List of material topics | 109-110 | Sustainability Report : The Materiality Assessment |
| 102-48 | Restatements of information | | None |
| 102-49 | Changes in reporting | | None |
| 102-50 | Reporting period | | 01-01-2022-31-12-2022 |
| 102-51 | Date of most recent report | | 31-12-2021 |
| 102-52 | Reporting cycle | | Yearly |
| 102-53 | Contact point for questions regarding the report | 192 | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | | Sustainability Report : Overview of Sustainability Report |
| 102-55 | GRI content index | 113-157 | GRI content index |
| GRI 103 : MANAGEMENT APPROACH | | | |
| 103-1 | Explanation of the material topic and its boundary | 109-110 | Sustainability Report : The boundary and limitations of the Report |
| 103-2 | The management approach and its components | | Sustainability Report : Sustainable Management Performance for Economic, Environment and Social |
| 103-3 | Evaluation of the management approach | 75-98 | Sustainability Report : Sustainable Management Performance for Economic, Environment and Social |
| GRI 201 : ECONOMIC PERFORMANCE | | | |
| 201-1 | Direct economic value generated and distributed | 112-113 | Sustainability Report : Direct Economic Value Generated and Distributed |
| GRI 205 : ANTI-CORRUPTION | | | |
| 205-2 | Communication and training about anti-corruption policies and procedures | | Corporate Governance Report : Policy on preventing Corruption and bribery |
| 205-3 | Confirmed incidents of corruption and actions taken | | Corporate Governance Report : Whistleblowing Policy |



| GRI Standard | Disclosure | 2022 Annual Report Page Number | 2022 Annual Report Section Reference |
|--|--|---|---|
| GRI 304 : BIODIVERSITY | | | |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | 119-123 | Sustainability Report |
| GRI 305 : EMISSIONS | | | |
| 305 | Emissions | 119-123 | Sustainability Report : Green House Gases Emissions |
| GRI 306 : EFFLUENTS AND WASTE | | | |
| 306 | Effluents and Waste | 119-113 | Sustainability Report |
| GRI 401 : EMPLOYMENT | | | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 125 | Sustainability Report |
| 401-3 | Parental leave | 118 | Sustainability Report : Employee Information |
| GRI 403 : OCCUPATIONAL HEALTH AND SAFETY | | | |
| 403-1 | Occupational health and safety management system | 130 | Sustainability Report |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 130 | Sustainability Report |
| 403-5 | Worker training on occupational health and safety | 130 | Sustainability Report |
| GRI 404 : TRAINING AND EDUCATION | | | |
| 404-1 | Average hours of training per year per employee | 12.28 hours | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 214 | |
| GRI 405 : DIVERSITY AND EQUAL OPPORTUNITY | | | |
| 405-1 | Diversity of governance bodies and employees | 127-135, 202 | Sustainability Report - Employees |
| GRI 406 : NON-DISCRIMINATION | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | None | |
| GRI 408 : CHILD LABOR | | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | None as per our Risk based Checklist answered by more than 50 suppliers in 2022 | |

| GRI Standard | Disclosure | 2022 Annual Report Page Number | 2022 Annual Report Section Reference |
|--|--|--|--------------------------------------|
| GRI 412 : HUMAN RIGHTS ASSESSMENT | | | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | All significant contractors are fully complied with the local labor laws. | |
| GRI 418 : CUSTOMER PRIVACY | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | None | |
| GRI 405 : DIVERSITY AND EQUAL OPPORTUNITY | | | |
| 405-1 | Diversity of governance bodies and employees | 127-138, 202 | Sustainability Report - Employees |
| GRI 406 : NON-DISCRIMINATION | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | None | |
| GRI 408 : CHILD LABOR | | | |
| 408-1 | Operations and suppliers at significant risk for incidents of child labor | None as per our Risk based Checklist answered by more than 100 suppliers in 2021 | |
| GRI 412 : HUMAN RIGHTS ASSESSMENT | | | |
| 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | All significant contractors are fully complied with the local labor laws. | |
| GRI 418 : CUSTOMER PRIVACY | | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | None | |
| GRI 102 : GENERAL DISCLOSURES | | | |
| 102-1 | Name of the Organization | 192 | |



Management Discussion and Analysis (MD&A)

Business Overview

Mega Lifesciences PCL (MEGA) is a leading participant in the health and wellness industry in developing countries. Our core business may be categorized into below segments :

Mega Lifesciences PCL



1. MEGA WE CARE™ BRANDED PRODUCTS BUSINESS :

We develop, manufacture, market and sell our own brand of market leading nutraceutical products, prescription pharmaceutical products and OTC products which are mostly sold in developing countries with market leading presence in Southeast Asia and growing reach in Sub-Saharan Africa. Our branded products include products where we own perpetual license to third party trademarks.



2. MAXXCARE™ DISTRIBUTION BUSINESS :

We market, sell and distribute various branded prescription pharmaceutical products, OTC and consumer products. We operate our Maxxcare™ distribution business in three countries, namely, Myanmar, Vietnam and Cambodia. Our clients for this business segment include leading domestic and international pharmaceutical and consumer goods companies. This segment also includes business arising from markets other than aforementioned countries where MEGA has distribution rights for third party products.



ANALYSIS OFFINANCIAL STATUS AND PERFORMANCE FY22



CONSOLIDATED INCOME STATEMENT SUMMARY

Overall Operating Revenue

THB **15,686** mn FY22
Overall operating revenue for FY22 up by 11.0% YoY.

THB **3,884** mn 4Q22
Overall operating revenue for 4Q22 up by 18.7% YoY.

Gross Profit

THB **7,040** mn FY22
Gross profit for FY22 at 44.9% of operating revenue, improved from 41.8% for FY21

THB **1,791** mn 4Q22
Gross profit for 4Q22 at 46.1% of operating revenue, improved from 43.3% for 4Q21

SG&A Expenses

THB **4,359** mn FY22
SG&A expenses remained steady for FY22 at 27.8% of operating revenue.

THB **1,192** mn 4Q22
SG&A expenses for 4Q22 at 30.7% of operating revenue.

Reported Net Profit

THB **2,240** mn FY22
Reported net profit for FY22 up by 15.4% YoY.

THB **400** mn 4Q22
Reported net profit for 4Q22 down by 19.2% YoY mainly due to forex loss arising from Thai Baht appreciation.

Adjusted Net Profit¹

THB **2,290** mn FY22
Adjusted net profit for FY22 up by 21.7% YoY.

THB **516** mn 4Q22
Adjusted net profit for 4Q22 up by 6.5% YoY.

Operating Cash Flow

THB **1,997** mn FY22

Healthy operating cash flow for FY22 representing 89.1% of reported net profits.

Overall Dividend

THB **1.60** per share FY22

Board of Directors proposed for shareholders' approval a final dividend of 85 satang per share taking the total dividends for FY22 to THB 1.60 per share, growth of 15.9% YoY. Overall dividend represents 62.3% of reported net profits.

¹ Adjusted net profits are net profit adjusted for losses from newly started businesses including startups, net foreign exchange gains or losses and non-recurring material income or expenses to reflect normal business performance. For details, please see summarized income statement on Page 162 of this report.



HIGHLIGHT

Overall operating revenue for FY22 was

THB **15,686** mn

higher by 11.0% YoY and THB 3,884 mn for 4Q22, higher by 18.7% YoY.

- Mega We Care™ revenue was THB 8,053 mn for FY22 (up by 16.6% YoY) and THB 2,061 mn for 4Q22 (up by 23.5% YoY), growth driven by Southeast Asia and Africa with strong consumer demand and depreciation of Thai Baht.
- Maxxcare™ revenue was THB 7,320 mn for FY22 (up by 6.0% YoY) and THB 1,752 mn for 4Q22 (up by 15.2% YoY). Normalizing for the dual currency rate in Myanmar², the Maxxcare™ revenue for FY22 was up by 1.1% and for 4Q22 was up by 4.5%. Despite the challenges in Myanmar, distribution business remained relatively stable, partially helped by Thai Baht depreciation.

Overall gross margin for FY22 improved to

44.9%

compared to 41.8% for FY21 and remained steady as compared to 9M22 of 44.5%.

- Improvement in FY22 gross margin was mainly a result of growth in Mega We Care revenue causing favourable revenue mix and better segmental gross margins.
- Mega We Care™ business gross margins remained healthy at 67.0%. The gross margins of Mega We Care™ business are influenced by revenue growth, product mix, country mix, depreciation of Thai Baht and level of output amongst other factors.
- Maxxcare™ business gross margin normalized for FY22 was 18.1% similar to 17.5% for FY21 and gross margin normalized for 4Q22 was 22.6%. However, we reported higher gross margins in FY22 of 20.8% and for 4Q22 of 23.6% mainly attributable to a) dual currency rate in Myanmar² b) Temporary delay caused in remitting money back from Myanmar on a timely basis³, both not materially impacting profitability
- Maxxcare™ business net margins (EBITDA/gross profits) for FY22 has remained steady at 45.9% for FY22 after normalizing as mentioned above.



² Dual currency rate in Myanmar impact is due to difference between bank rate of exchange by Central bank of Myanmar adopted for financial reporting per International Financial Reporting Standards vs Actual transacted market rates, resulting in inflated sales, gross margins and SG&A, not materially impacting the overall profitability.

³ The Forex losses arising from delay in remitting funds from Myanmar, when recovered from principals, based on best estimates, have the impact of inflating gross margins while the corresponding loss gets accounted under forex losses as per International Financial Reporting Standards, thereby reflecting higher gross margins, even though there is no impact on overall profitability

Selling and administrative expenses (SG&A) have remained stable at

THB 4,359 mn

for FY22, representing 27.8% of operating revenue and THB 1,192 mn for 4Q22 representing 30.7% of operating revenue compared to 26.7% for FY21 and 27.5% for 4Q21.

Reported net profit for FY22 came in at

THB 2,240 mn

reflecting a growth of 15.4% YoY and THB 400 mn for 4Q22 reflecting a decrease of 19.2% YoY. Growth in FY22 was mainly a result of growth in Mega We Care revenue and better gross margins and for 4Q22 the net profits decreased mainly due to forex loss arising from Thai Baht appreciation.

Adjusted net profit for FY22 came in at

THB 2,290 mn

reflecting a growth of 21.7% YoY and THB 516 mn for 4Q22 reflecting a growth of 6.5% YoY. Growth in FY22 and 4Q22 was mainly a result of growth in Mega We Care revenue and better gross margins.

Future Outlook

MEGA remains focused on further cementing its leadership position in Southeast Asia and deepening presence in the Sub-Saharan African countries, driven by market leading brands, healthy pipeline of new products, underlying potential in these regions, strategic tie-ups, partnerships, joint ventures and acquisitions. MEGA has the strategies in place to double its 2019 business by 2025. However, due to the nature of the developing and underdeveloped markets we do business in, growth may not be a straight line up but with occasional impacts that may be caused by economic, political and other factors.





SUMMARIZED INCOME STATEMENT

INCOME STATEMENT



| Figures in THB mn | 4Q21 | 3Q22 | 4Q22 | YoY Gr. | FY21 | FY22 | YoY Gr. |
|---|--------------|--------------|--------------|----------------|----------------|----------------|--------------|
| Operating revenue | 3,272.1 | 4,052.2 | 3,884.5 | 18.7% | 14,135.7 | 15,686.2 | 11.0% |
| Gross profits | 1,415.7 | 1,863.8 | 1,791.3 | 26.5% | 5,910.8 | 7,039.6 | 19.1% |
| Gross margin (%) | 43.3% | 46.0% | 46.1% | | 41.8% | 44.9% | |
| Selling and Admin. exp (SGA) | 900.6 | 1,094.3 | 1,191.6 | 32.3% | 3,769.4 | 4,358.7 | 15.6% |
| SGA (% to operating revenue) | 27.5% | 27.0% | 30.7% | | 26.7% | 27.8% | |
| Reported net profit | 494.7 | 658.2 | 399.7 | (19.2%) | 1,940.9 | 2,240.0 | 15.4% |
| Net losses from new businesses | 15.7 | 21.2 | 8.9 | (43.4%) | 59.7 | 52.3 | (12.4%) |
| Net foreign exchange loss/(gain) ^{2&3} | (25.9) | (76.8) | 107.4 | 514.6% | (118.5) | (2.5) | (97.9%) |
| Net profit (Adjusted) | 484.6 | 602.7 | 516.0 | 6.5% | 1,882.1 | 2,289.9 | 21.7% |

Growth in Mega We Care revenue and better gross margins contributed to net profits growth.

^{2&3} In FY 2022 Normalized, based on best estimates, for Dual currency rate effect in Myanmar and The Forex losses arising from delay in remitting funds from Myanmar

1. Overall Revenue

Overall operating revenue for FY22 was

THB **15,686** mn

higher by 11.0% YoY,

driven by growth in Mega We Care™ business. Mega we Care™ revenue was THB 8,053 mn (up by 16.6% YoY)

Maxxcare™ revenue was THB 7,320 mn for FY22 (up by 6.0% YoY). Normalizing for the dual currency rate in Myanmar², the Maxxcare™ revenue for FY22 was up by 1.1%. Despite the challenges in Myanmar, distribution business remained relatively stable, partially helped by Thai Baht depreciation.

Overall operating revenue for 4Q22 was THB 3,884 mn, higher by 18.7% driven by growth in Mega We Care™ business. Mega We Care™ revenue was THB 2,061 mn (up by 23.5% YoY). Maxxcare™ revenue was THB 1,752 mn for 4Q22 (up by 15.2% YoY). Normalizing for the dual currency rate in Myanmar², the Maxxcare™ revenue for 4Q22 was up by 4.5%. Despite the challenges in Myanmar, distribution business remained relatively stable, partially helped by Thai Baht depreciation.

Southeast Asia⁴ and Indochina⁵ contributed 87.3% and 79.2% of overall operating revenues for FY22.

⁴ Thailand, Myanmar, Vietnam, Cambodia, Malaysia, Philippines, Indonesia and Singapore.

⁵ Thailand, Myanmar, Vietnam and Cambodia

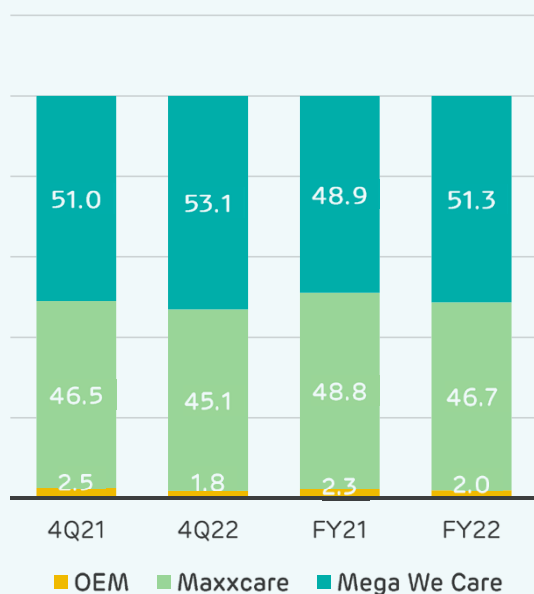
The following table represents the revenue generated under each operating segments.

Revenue* by Business Segment

| Figures in THBmn | 4Q21 | 3Q22 | 4Q22 | YoY Gr. | FY21 | FY22 | YoY Gr. |
|------------------|----------------|----------------|----------------|--------------|-----------------|-----------------|--------------|
| Mega We Care™ | 1,669.5 | 2,033.9 | 2,061.5 | 23.5% | 6,909.0 | 8,052.8 | 16.6% |
| Maxxcare™ | 1,521.2 | 1,928.0 | 1,751.8 | 15.2% | 6,906.2 | 7,319.5 | 6.0% |
| OEM | 81.4 | 90.3 | 71.2 | (12.5%) | 320.5 | 314.0 | (2.0%) |
| Total | 3,272.1 | 4,052.2 | 3,884.5 | 18.7% | 14,135.7 | 15,686.2 | 11.0% |

*Revenue is net of inter-segment charges & eliminations relating to consolidation

Revenue mix by segments (%)



Proportion of Mega We Care™ business revenue to total operating revenue was at 51.3% for FY22 and 53.1% for 4Q22

Maxxcare™ business revenue to total operating revenue was 46.7% for FY22 and 45.1% of total operating revenue for 4Q22.

Mega We Care™ revenue contribution to overall revenue improved for FY22 and 4Q22.





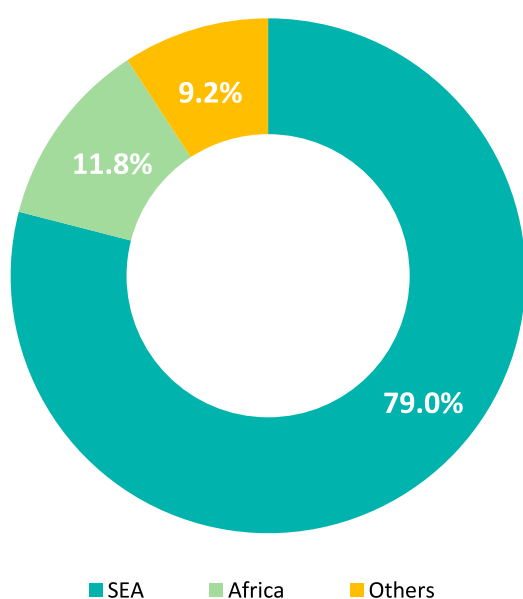
Mega We Care™ Branded Products Revenue

Revenue from sale of products under Mega We Care™ branded products business was THB 8,053 mn in FY22, an increase of THB 1,144 mn or 16.6% YoY, the revenue in 4Q22 came in at THB 2,061 mn reflecting a growth of 23.5% YoY. Growth in FY22 was mainly contributed by Southeast Asia and Africa (growing at 19.3% YoY and 12.3% YoY respectively), with strong consumer demand and partially growth driven by depreciation of Thai Baht.

Mega We Care™ Branded Products Revenue by Geography

| Figures in THBmn | 4Q21 | 3Q22 | 4Q22 | YoY Gr. | FY21 | FY22 | YoY Gr. |
|------------------|----------------|----------------|----------------|--------------|----------------|----------------|--------------|
| Southeast Asia | 1,236.4 | 1,595.4 | 1,631.5 | 32.0% | 5,333.1 | 6,364.5 | 19.3% |
| Africa | 235.9 | 255.9 | 258.2 | 9.4% | 845.2 | 948.9 | 12.3% |
| Others | 197.1 | 182.7 | 171.8 | (12.9%) | 730.7 | 739.4 | 1.2% |
| Total | 1,669.5 | 2,033.9 | 2,061.5 | 23.5% | 6,909.0 | 8,052.8 | 16.6% |

Mega We Care™ Branded Products Revenue by Geography (FY22)



Southeast Asia contributed

79.0%

while Indochina contributed 63.4% of Mega We Care™ branded products business revenue.

Africa, the second largest region contributed

11.8%

of the Mega We Care™ branded products business revenue.

Maxxcare™ Distribution Revenue

Maxxcare™ Distribution Business Revenue was

THB **7,320** mn

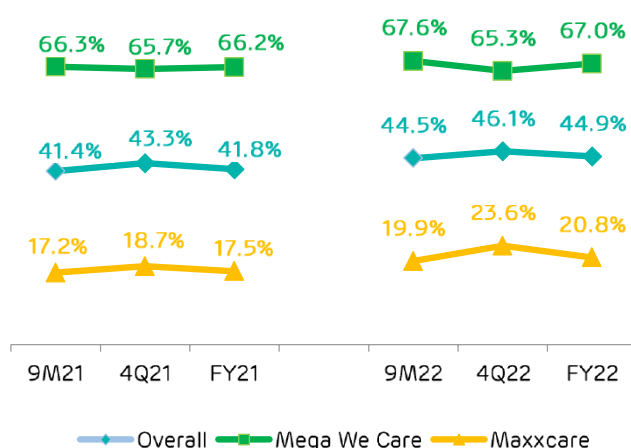
for FY22, an increases of THB 413 mn or 6.0% YoY.

Maxxcare™ revenue was THB 7,320 mn for FY22 (up by 6.0% YoY) and THB 1,752 mn for 4Q22 (up by 15.2% YoY) Normalizing for the dual currency rate in Myanmar², the Maxxcare™ revenue for FY22 was up by 1.1%. and for 4Q22 was up by 4.5%. Despite the challenges in Myanmar, distribution business remained relatively stable, partially helped by Thai Baht depreciation.



2. Gross Profit

Segmental gross profit (%) to segmental operating revenue



Overall gross margin for FY22 was

44.9%

compared to 41.8% for FY21 and 46.1% for 4Q22 compared to 43.3% for 4Q21. Improvement in FY22 gross margin was mainly a result of growth in Mega We Care™ revenue causing favorable revenue mix and better segmental gross margins. Mega We Care™ gross margins were healthier at 67.0% for FY22.

Maxxcare™ business gross margin normalized for FY22 was 18.1% similar to 17.5% for FY21. However, we reported higher gross margins for FY22 of 20.8% mainly attributable to a) dual currency rate in Myanmar² b) Temporary delay caused in remitting money back from Myanmar on a timely basis³, both not materially impacting profitability





Mega We Care™ Branded Products Business Gross Profit



Mega We Care™ business gross margins remained healthy at

67.0%

for FY22 and 65.3% for 4Q22 compared to 66.2% for FY21 and 65.7% for 4Q21.

The gross margins are influenced by revenue growth, product mix, country mix, depreciation of Thai Baht and level of output amongst other factors.

Maxxcare™ Distribution Business Gross Profit

Maxxcare™ business gross margin was

20.8%

for FY22 compared to 17.5% for FY21 and 23.6% for 4Q22 compared to 18.7% for 4Q21.

- Maxxcare™ business gross margin normalized for FY22 was 18.1% similar to 17.5% for FY21 and gross margin normalized for 4Q22 was at 22.6%. However, we reported higher gross margins for FY22 of 20.8% and for 4Q22 of 23.6% mainly attributable to a) dual currency rate in Myanmar b) Temporary delay caused in remitting money back from Myanmar on a timely basis³, both not materially impacting profitability
- Maxxcare™ business net margins (EBITDA/gross profits) for FY22 has remained steady at 45.9% for FY22 after normalizing as mentioned above

OEM Business

OEM business contributed

2.0%

to overall operating revenue for FY22.

OEM revenue came in at THB 314 mn for FY22 (down 2.0% YoY) and THB 71 mn for 4Q22 (down 12.5% YoY). Gross margins came in at 38.1% for FY22 compared to 40.7% for FY21 and 46.2% for 4Q22 compared to 41.7% for 4Q21. Gross margins are influenced by customer mix amongst other factors.

3. Consolidated Selling and Administration Expenses (SG&A)

Selling and administrative expenses (SG&A) was

THB **4,359** mn

for FY22, remained steady at 27.8% of operating revenue and THB 1,192 mn for 4Q22 representing 30.7% of operating revenue compared to 26.7% for FY21 and 27.5% for 4Q21.

4. Consolidated Net Profit

Reported net profit for FY22 came in at

THB **2,240** mn

reflecting a growth of 15.4% YoY and THB 400 mn for 4Q22 reflecting a decrease of 19.2% YoY. Growth in FY22 was mainly a result of growth in Mega We Care™ revenue and better gross margins and for 4Q22 the net profits decreased mainly due to forex loss arising from Thai Baht appreciation.

Adjusted net profit for FY22 came in at

THB **2,290** mn

reflecting a growth of 21.7% YoY and THB 516 mn for 4Q22 reflecting a growth of 6.5% YoY. Growth in FY22 was mainly a result of growth in Mega We Care revenue and better gross margins.





5. Cash Flow

Operating Activities

Operating cash inflow of THB 1,997mn for FY22. Operating cash inflow represents 89.1% of net profits.

Core working capital

| | Dec'21 | Sep'22 | Dec'22 |
|--------------------------|------------|------------|------------|
| Average receivable days | 64 | 72 | 65 |
| Average inventory days | 160 | 170 | 165 |
| Average payable days | (100) | (115) | (111) |
| Cash cycle (days) | 124 | 128 | 119 |

Cash cycle days in Dec'22 improved to 119 days compared to 128 days in Sep'22 and 124 days in Dec'21.

Investing Activities

In FY22, THB 320mn was invested in tangible assets⁶ mainly driven by spending of THB 243mn towards Thailand manufacturing plant.

Capex plan: Besides regular improvement and maintenance capex which are incurred every year, an amount of THB 349mn is expected to be spent during 2023-24 towards below projects:

Thailand: THB 142mn towards consolidation of manufacturing operations and capacity expansion and THB 46mn towards ESG.

Indonesia: THB 161mn towards adding new dosage form, warehouse and plant up-gradation in newly acquired Indonesian manufacturing plant.

Financing Activities

In FY22, net cash outflow from financing activities was THB 1,433mn, mainly arising from dividend payout of THB 1,406mn.

⁶ Capital advances are not considered as cash outflow towards acquisition of tangible assets in this report.



6. Balance Sheet

Current Assets

Cash and bank balance (including cash and cash equivalents and term deposits with bank) was THB 2,789 mn as at 31 December 2022, improved by Baht 258 million as compared to 31 December 2021 mainly due to healthy operating cash flow.

Trade receivables were THB 3,107 mn as at 31 December 2022, an increase of THB 550 mn compared to THB 2,557 mn as at 31 December 2021. Inventories were THB 4,109 mn as at 31 December 2022, an increase of THB 286 mn compared to THB 3,823 mn as at 31 December 2021. Both, trade receivable and inventories increase is mainly arising on account of growth in business.

As at 31 December 2022, Current ratio has remained stable at 1.9 times. The cash cycle days as at 31 December 2022 improved to 119 days compared to 124 days as at 31 December 2021.



Non-current Assets

Non-current assets were

THB **4,056** mn

as at 31 December 2022, an increase of THB 86 mn or 2.2% from 31 December 2021 mainly on account of additions to tangible assets for Thailand manufacturing operations.

Non-current Liabilities

Non-current liabilities were

THB **332** mn

as at 31 December 2022, a decrease of THB 62 mn or 15.7% from 31 December 2021 mainly on account of change in employees benefits obligation liability based on latest actuarial estimates.

As at 31 December 2022, net-debt to equity was (0.30) times, while debt to equity was 0.67 times and interest bearing debt to equity at 0.03 times.

Current Liabilities

Current liabilities were

THB **5,538** mn

as at 31 December 2022, an increase of THB 685mn or 14.1% compared to 31 December 2021. The increase in current liabilities is mainly on account of increase in Trade payable and accrued expenses due to growth in business.

Trade payables were THB 2,793 mn as at 31 December 2022, an increase of THB 267 mn or 10.6% from 31 December 2021 levels, increase mainly on account of growth in business.

Shareholders' Equity

Shareholders' equity was

THB **8,777** mn

as at 31 December 2022, an increase of THB 752 mn compared to 31 December 2021, mainly driven by FY22 net profits net of dividend payouts.



CONSOLIDATED BALANCE SHEET

| Figures in THB mn | 31-Dec-22 | | 31-Dec-21 | | Change | |
|--|-----------------|----------------|-----------------|---------------|----------------|----------------|
| | Amount | % | Amount | % | Amount | % |
| Current Assets | | | | | | |
| Cash and bank balances ⁷ | 2,788.9 | 19.0% | 2,531.4 | 19.1% | 257.5 | 10.2% |
| Trade accounts receivable | 3,107.2 | 21.2% | 2,557.3 | 19.3% | 550.0 | 21.5% |
| Inventories | 4,108.5 | 28.1% | 3,822.9 | 28.8% | 285.6 | 7.5% |
| Other current assets | 585.4 | 4.0% | 389.4 | 2.9% | 196.0 | 50.3% |
| Total Current Assets | 10,590.0 | 72.3% | 9,300.9 | 70.1% | 1,289.1 | 13.9% |
| Non-Current Assets | | | | | | |
| Property, plant and equipment ⁸ | 1,936.2 | 13.2% | 1,873.5 | 14.1% | 62.7 | 3.3% |
| Intangible assets ⁹ | 1,329.2 | 9.1% | 1,353.1 | 10.2% | (23.9) | (1.8%) |
| Deferred tax asset | 250.3 | 1.7% | 210.4 | 1.6% | 39.9 | 19.0% |
| Right-of-use assets | 249.3 | 1.7% | 265.4 | 2.0% | (16.2) | (6.1%) |
| Other non-current assets | 291.5 | 2.0% | 268.3 | 2.0% | 23.1 | 8.6% |
| Total Non-Current Assets | 4,056.4 | 27.7% | 3,970.8 | 29.9% | 85.6 | 2.2% |
| Total Assets | 14,646.4 | 100.00% | 13,271.7 | 100.0% | 1,374.7 | 10.4% |
| Current Liabilities | | | | | | |
| Bank overdrafts & short-term Loans | 229.2 | 1.6% | 168.2 | 1.3% | 61.0 | 36.3% |
| Trade accounts payable | 2,793.4 | 19.1% | 2,526.6 | 19.0% | 266.8 | 10.6% |
| Other payables | 1,286.5 | 8.8% | 1,109.1 | 8.4% | 177.4 | 16.0% |
| Current portion of lease liabilities | 83.0 | 0.6% | 56.2 | 0.4% | 26.8 | 47.6% |
| Income tax payable | 204.2 | 1.4% | 185.9 | 1.4% | 18.3 | 9.9% |
| Accrued expenses | 941.8 | 6.4% | 807.4 | 6.1% | 134.4 | 16.6% |
| Total Current Liabilities | 5,538.0 | 37.8% | 4,853.4 | 36.6% | 684.7 | 14.1% |
| Non-Current Liabilities | | | | | | |
| Lease liabilities | 108.7 | 0.7% | 131.9 | 1.0% | (23.2) | (17.6%) |
| Deferred tax liability | - | 0.0% | - | 0.0% | - | 0.0% |
| Employees benefits obligation | 222.9 | 1.5% | 261.3 | 2.0% | (38.3) | (14.7%) |
| Other non-current liabilities | - | 0.0% | - | 0.0% | - | 0.0% |
| Total Non-Current Liabilities | 331.7 | 2.3% | 393.2 | 3.0% | (61.6) | (15.7%) |
| Total Liabilities | 5,869.7 | 40.1% | 5,246.6 | 39.5% | 623.1 | 11.9% |
| Equity | | | | | | |
| Issued and paid-up share capital | 435.9 | 3.0% | 435.9 | 3.3% | - | 0.0% |
| Premium on ordinary shares | 2,304.5 | 15.7% | 2,304.5 | 17.4% | 0.0 | 0.0% |
| Retained earnings : | | | | | | |
| Appropriated | 76.1 | 0.5% | 76.1 | 0.6% | 0.0 | 0.0% |
| Unappropriated | 6,595.1 | 45.0% | 5,692.2 | 42.9% | 902.9 | 15.9% |
| Other components of equity | (635.0) | (4.3%) | (506.0) | (3.8%) | (129.0) | 25.5% |
| Owners Equity | 8,776.7 | 59.9% | 8,002.8 | 60.3% | 773.8 | 9.7% |
| Non-controlling interests | 0.1 | 0.0% | 22.3 | 0.2% | (22.2) | (99.7%) |
| Total Equity | 8,776.7 | 59.9% | 8,025.1 | 60.5% | 751.6 | 9.4% |
| Total Liabilities and Equity | 14,646.4 | 100.0% | 13,271.7 | 100.0% | 1,374.7 | 10.4% |

⁷ Cash and bank balances as at balance sheet dates include non-restricted term deposits with banks

⁸ Includes asset classified as investment property of THB 34.9 mn as at Dec'22 and THB 36.2 mn as at Dec'21.

⁹ Includes goodwill of THB 465.9 mn as at Dec'22 and THB 476.2 mn as at Dec'21.

CONSOLIDATED INCOME STATEMENT

| Figures in THB mn | 4Q21 | 3Q22 | 4Q22 | YoY Gr. | FY21 | FY22 | YoY Gr. |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|--------------|
| Operating Revenue | 3,272.1 | 4,052.2 | 3,884.5 | 18.7% | 14,135.7 | 15,686.2 | 11.0% |
| Other income | 12.7 | 27.0 | 17.3 | 36.0% | 46.7 | 80.5 | 72.3% |
| Total Income | 3,284.8 | 4,079.1 | 3,901.8 | 18.8% | 14,182.4 | 15,766.7 | 11.2% |
| Cost of goods sold | 1,856.4 | 2,188.3 | 2,093.2 | 12.8% | 8,224.9 | 8,646.6 | 5.1% |
| Gross profits | 1,415.7 | 1,863.8 | 1,791.3 | 26.5% | 5,910.8 | 7,039.6 | 19.1% |
| Gross margin (%) | 43.3% | 46.0% | 46.1% | | 41.8% | 44.9% | |
| Selling expense | 636.6 | 658.1 | 758.7 | 19.2% | 2,318.8 | 2,647.0 | 14.2% |
| Administrative expense | 264.0 | 436.2 | 432.9 | 64.0% | 1,450.6 | 1,711.6 | 18.0% |
| Selling & Administrative exp (SGA) | 900.6 | 1,094.3 | 1,191.6 | 32.3% | 3,769.4 | 4,358.7 | 15.6% |
| SGA (% to operating revenue) | 27.5% | 27.0% | 30.7% | | 26.7% | 27.8% | |
| Net foreign exchange loss/(gain) | (25.9) | 10.5 | 140.6 | (643.1%) | (118.5) | 138.2 | (216.6%) |
| Depreciation & Amortization | 69.5 | 69.5 | 68.0 | (2.1%) | 274.4 | 272.0 | (0.9%) |
| Finance cost | 5.5 | 7.5 | 8.8 | 60.1% | 28.3 | 28.7 | 1.6% |
| Share of profit/(loss) from JV | (0.5) | 0.1 | 0.1 | (128.9%) | (1.5) | 0.2 | (111.7%) |
| Profit before tax | 547.7 | 778.5 | 467.6 | (14.6%) | 2,276.9 | 2,594.7 | 14.0% |
| Tax expense | 53.0 | 120.3 | 67.9 | 28.0% | 336.0 | 354.6 | 5.5% |
| Reported net profit | 494.7 | 658.2 | 399.7 | (19.2%) | 1,940.9 | 2,240.0 | 15.4% |
| Basic earning per share | 0.57 | 0.75 | 0.46 | (19.2%) | 2.23 | 2.57 | 15.4% |
| Net losses from new businesses | 15.7 | 21.2 | 8.9 | (43.4%) | 59.7 | 52.3 | (12.4%) |
| Net foreign exchange loss/(gain) ^{2&3} | (25.9) | (76.8) | 107.4 | (514.6%) | (118.5) | (2.5) | (97.9%) |
| Net profit (Adjusted) | 484.6 | 602.7 | 516.0 | 6.5% | 1,882.1 | 2,289.9 | 21.7% |
| Net profit margin to operating revenue | 14.8% | 14.9% | 13.3% | | 13.3% | 14.6% | |
| Basic earning per share | 0.56 | 0.69 | 0.59 | 6.5% | 2.16 | 2.63 | 21.7% |

^{2&3} In FY 2022 normalized, based on best estimates, for dual currency rate effect in Myanmar and The Forex losses arising from delay in remitting funds from Myanmar

Disclaimer

The information contained in our analysis is intended solely for your personal reference only. In addition, any forward-looking statements reflect our current views with respect to future events and financial performance.

These views are based on assumptions subject to various risks and uncertainties. No assurance is given that future events will occur or that our assumptions are correct. Actual results may differ materially from those projected.



FINANCIAL STATUS AND PERFORMANCE

Financial statements

Audited reports

The following discussion and analysis should be read in conjunction with the audited financial statements and the accompanying notes for the years ended December 31, 2020, 2021 and 2022, and other financial information and operating data included elsewhere in this document. Our financial statements are prepared and presented in accordance with Thai Financial Reporting Standards ("TFRS").

Except as otherwise indicated, all financial information herein is presented in Thai Baht based on the TFRS. Certain figures (including the percentage amounts) have been subject to rounding adjustment.

(1) Independent Auditor who audits and/or reviews the Company's financial statements

| Financial Statements | Company | Auditor |
|---|---|--|
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2020 | Mega Lifesciences Public Company Limited and its subsidiaries | Ms. Orawan Chunchakritpaisan, a certified public accountant, registration no. 6105 KPMG Phoomchai Audit Ltd. ("KPMG") |
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2021 | Mega Lifesciences Public Company Limited and its subsidiaries | Ms. Orawan Chunchakritpaisan, a certified public accountant, registration no. 6105 KPMG Phoomchai Audit Ltd. ("KPMG") |
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2022 | Mega Lifesciences Public Company Limited and its subsidiaries | Ms. Sureerat Thongarungsang, a certified public accountant, registration no. 4409 KPMG Phoomchai Audit Ltd. ("KPMG") |

(2) Independent Auditor's report

| Financial Statements | Opinion |
|--|--|
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2020 and 2019 | An unqualified opinion is given in the Independent Auditor's report that the consolidated and separate financial statements, presented fairly, in all material respects, the financial position, the financial performance and cash flows for the year ended December 31, 2020, in accordance with TFRS. |
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2021 and 2020 | An unqualified opinion is given in the Independent Auditor's report that the consolidated and separate financial statements, presented fairly, in all material respects, the financial position, the financial performance and cash flows for the year ended December 31, 2021, in accordance with TFRS. |
| The Company's audited consolidated and separate financial statements for the year ended December 31, 2022 and 2021 | An unqualified opinion is given in the Independent Auditor's report that the consolidated and separate financial statements, presented fairly, in all material respects, the financial position, the financial performance and cash flows for the year ended December 31, 2022, in accordance with TFRS. |

Historical Consolidated Financial and Other Information

Consolidated Statements of Financial Position Information

| | As of December 31 ⁴ , | | | | | |
|--|----------------------------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Current assets | | | | | | |
| Cash and bank balances ² | 1,217.5 | 10.5% | 2,531.4 | 19.1% | 2,788.9 | 19.0% |
| Trade accounts receivable | 2,506.8 | 21.7% | 2,557.3 | 19.3% | 3,107.2 | 21.2% |
| Other receivables | 177.1 | 1.5% | 250.8 | 1.9% | 274.9 | 1.9% |
| Inventories | 3,489.05 | 30.2% | 3,822.89 | 28.8% | 4,108.52 | 28.1% |
| Advances to suppliers and distributors | 192.8 | 1.7% | 134.1 | 1.0% | 305.8 | 2.1% |
| Other current assets | 3.6 | 0.0% | 4.5 | 0.0% | 4.6 | 0.0% |
| Total current assets | 7,586.9 | 65.6% | 9,300.9 | 70.1% | 10,590.0 | 72.3% |
| Non-current assets | | | | | | |
| Investment in associate and joint venture | 194.5 | 1.7% | 214.8 | 1.6% | 222.9 | 1.5% |
| Property, plant and equipment ⁵ | 1,985.2 | 17.2% | 1,873.5 | 14.1% | 1,936.2 | 13.2% |
| Right-of-use assets | 262.8 | 2.3% | 265.4 | 2.0% | 249.3 | 1.7% |
| Intangible assets ³ | 1,312.3 | 11.4% | 1,353.1 | 10.2% | 1,329.2 | 9.1% |
| Deferred tax assets | 175.0 | 1.5% | 210.4 | 1.6% | 250.3 | 1.7% |
| Other non-current assets | 40.0 | 0.3% | 53.5 | 0.4% | 68.6 | 0.5% |
| Total non-current assets | 3,969.9 | 34.4% | 3,970.8 | 29.9% | 4,056.4 | 27.7% |
| Total assets | 11,556.8 | 100.0% | 13,271.7 | 100.0% | 14,646.4 | 100.0% |

Remarks : ¹ Percentage of total assets.

² Cash and bank balances include non-restricted term deposits with banks.

³ Includes goodwill

⁴ Certain previous year account balances have been re-classified to align with the current period classification.

⁵ Includes assets classified as investment property.



Consolidated Statement of Financial Position information

| | As of December 31 ⁴ , | | | | | |
|--|----------------------------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Current liabilities | | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 499.5 | 4.3% | 168.2 | 1.3% | 229.2 | 1.6% |
| Trade accounts payable | 2,047.8 | 17.7% | 2,526.6 | 19.0% | 2,793.4 | 19.1% |
| Other payables | 745.9 | 6.5% | 1,006.1 | 7.6% | 1,178.2 | 8.0% |
| Current portion of lease liabilities | 36.7 | 0.3% | 56.2 | 0.4% | 83.0 | 0.6% |
| Income tax payable | 160.7 | 1.4% | 185.9 | 1.4% | 204.2 | 1.4% |
| Accrued expenses | 659.6 | 5.7% | 807.4 | 6.1% | 941.8 | 6.4% |
| Provision for sales returns | 78.6 | 0.7% | 103.0 | 0.8% | 108.3 | 0.7% |
| Total current liabilities | 4,228.8 | 36.6% | 4,853.4 | 36.6% | 5,538.0 | 37.8% |
| Non-current liabilities | | | | | | |
| Long-term portion of lease liabilities | 111.3 | 1.0% | 131.9 | 1.0% | 108.7 | 0.7% |
| Deferred tax liabilities | 1.0 | 0.0% | - | 0.0% | - | 0.0% |
| Non-current provisions for employee benefits | 236.5 | 2.0% | 261.3 | 2.0% | 222.9 | 1.5% |
| Other non-current liabilities | 0.3 | 0.0% | - | 0.0% | - | 0.0% |
| Total non-current liabilities | 349.1 | 3.0% | 393.2 | 3.0% | 331.7 | 2.3% |
| Total liabilities | 4,577.9 | 39.6% | 5,246.6 | 39.5% | 5,869.7 | 40.1% |
| Share capital | | | | | | |
| Authorised share capital | 437.0 | 3.8% | 437.0 | 3.3% | 437.0 | 3.0% |
| Issued and paid-up share capital | 435.9 | 3.8% | 435.9 | 3.3% | 435.9 | 3.0% |
| Retained earnings | | | | | | |
| Premium on ordinary shares | 2,304.5 | 19.9% | 2,304.5 | 17.4% | 2,304.5 | 15.7% |
| Warrants | 2.0 | 0.0% | 2.0 | 0.0% | 2.0 | 0.0% |
| Appropriated | | | | | | |
| Legal reserve | 49.1 | 0.4% | 49.1 | 0.4% | 49.1 | 0.3% |
| Corporate social responsibility reserve | 25.0 | 0.2% | 25.0 | 0.2% | 25.0 | 0.2% |
| Unappropriated | 4,677.5 | 40.5% | 5,692.2 | 42.9% | 6,595.1 | 45.0% |
| Other components of equity | (536.4) | (4.6%) | (506.0) | (3.8%) | (635.0) | -4.3% |
| Equity attributable to owners of the Company | 6,957.6 | 60.2% | 8,002.8 | 60.3% | 8,776.7 | 59.9% |
| Non-controlling interests | 21.3 | 0.2% | 22.3 | 0.2% | 0.1 | 0.0% |
| Total shareholders' equity | 6,978.9 | 60.4% | 8,025.1 | 60.5% | 8,776.7 | 59.9% |
| Total liabilities and shareholders' equity | 11,556.8 | 100.0% | 13,271.7 | 100.0% | 14,646.4 | 100.0% |

Remarks : ¹ Percentage of total assets.

² Cash and bank balances include non-restricted term deposits with banks.

³ Includes goodwill

⁴ Certain previous year account balances have been re-classified to align with the current period classification.

⁵ Includes assets classified as investment property.

Consolidated Income Statement

| | Year ended December 31 ² , | | | | | |
|--|---------------------------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Revenue from sale of goods and rendering of services | 12,589.4 | 100.0% | 14,135.7 | 100.0% | 15,686.2 | 100.0% |
| Cost of sales of goods and rendering of services | (7,603.1) | (60.4%) | (8,224.9) | (58.2%) | (8,646.6) | (55.1%) |
| Gross profit | 4,986.3 | 39.6% | 5,910.8 | 41.8% | 7,039.6 | 44.9% |
| Other income | 35.5 | 0.3% | 46.7 | 0.3% | 80.5 | 0.5% |
| Profit before selling and administrative expenses | 5,021.8 | 39.9% | 5,957.5 | 42.1% | 7,120.1 | 45.4% |
| Selling expenses | (2,077.7) | (16.5%) | (2,318.8) | (16.4%) | (2,647.0) | (16.9%) |
| Administrative expenses | (1,221.6) | (9.7%) | (1,450.6) | (10.3%) | (1,711.6) | (10.9%) |
| Profit before net foreign exchange loss | 1,722.5 | 13.7% | 2,188.2 | 15.5% | 2,761.4 | 17.6% |
| Net foreign exchange gain (loss) | 18.1 | 0.1% | 118.5 | 0.8% | (138.2) | (0.9%) |
| Profit before interest and tax | 1,740.6 | 13.8% | 2,306.7 | 16.3% | 2,623.2 | 16.7% |
| Finance costs | (72.3) | (0.6%) | (28.3) | (0.2%) | (28.7) | (0.2%) |
| Share of loss from investment in joint venture | (45.5) | (0.4%) | (1.5) | (0.0%) | 0.2 | 0.0% |
| Profit before income tax expenses | 1,622.8 | 12.9% | 2,276.9 | 16.1% | 2,594.7 | 16.5% |
| Income tax expenses | (234.3) | (1.9%) | (336.0) | (2.4%) | (354.6) | (2.3%) |
| Net profit for the year | 1,388.4 | 11.0% | 1,940.9 | 13.7% | 2,240.0 | 14.3% |
| Net profit attributable to : | | | | | | |
| Owners of the Company | 1,392.7 | 11.1% | 1,946.8 | 13.8% | 2,241.5 | 14.3% |
| Non-controlling interests | (4.2) | (0.0%) | (6.0) | (0.1%) | (1.5) | (0.0%) |
| Net profit for the year | 1,388.4 | 11.0% | 1,940.9 | 13.7% | 2,240.0 | 14.3% |
| Net foreign exchange (gain)/loss ⁴ | (18.1) | (0.1%) | (118.5) | (0.8%) | (2.5) | 0.0% |
| Net losses from new businesses | 91.2 | 0.7% | 59.7 | 0.4% | 52.3 | 0.3% |
| Additional charge for long term employee benefit | | | | | | |
| Net profit (Adjusted)³ | 1,461.5 | 11.6% | 1,882.1 | 13.3% | 2,289.9 | 14.6% |

Remark : ¹ Percentage of total revenue from sales of goods and rendering services.

² Certain previous year account balances have been re-classified to align with the current period classification.

³ Net profit (Adjusted) are net profits adjusted for losses from newly started businesses including start-ups (includes charge of Baht 40.9 million due to termination of Mega MSN JV accounted in 2020), net foreign exchange gains or losses and non-recurring material income or expenses to reflect normal business performance.

⁴ For FY 2022 Normalized, based on best estimates, for Dual currency rate effect in Myanmar and The Forex losses arising from delay in remitting funds from Myanmar



Consolidated Statement of Cash Flows Information

| | Year ended December 31, ^{1,2} | | |
|---|--|----------------|----------------|
| | 2020 | 2021 | 2022 |
| Cash flows from operating activities | | | |
| Profit for the year | 1,388.4 | 1,940.9 | 2,240.0 |
| Adjustments for | | | |
| Depreciation | 250.0 | 267.9 | 265.5 |
| Amortisation of intangible assets | 6.3 | 6.6 | 6.6 |
| Provision on impairment losses on other intangible assets | - | 28.0 | 4.2 |
| Provision for impairment on property, plant and equipment | - | - | 4.4 |
| Losses on Inventory devaluation | 3.5 | 36.4 | 42.7 |
| Provision for Sales return | 16.8 | 22.4 | 7.8 |
| Investment income | (11.9) | (10.0) | (39.8) |
| Finance costs | 72.3 | 28.3 | 28.7 |
| Expected credit loss for accounts Receivable | 2.2 | 3.1 | 5.8 |
| Unrealized (gain) loss on exchange rate | 15.3 | (34.0) | 34.2 |
| (Gain) loss on disposal of property, plant and equipment | 0.5 | (3.5) | (2.1) |
| Share of loss of investment in joint venture | 45.5 | 1.5 | (0.2) |
| Non-current provisions for employee benefits | 28.7 | 29.4 | 33.1 |
| Income tax expense | 234.3 | 336.0 | 354.6 |
| Total after adjustments | 2,051.9 | 2,652.9 | 2,985.6 |
| Changes in operating assets and liabilities | | | |
| Trade accounts receivable | 68.5 | 18.0 | (631.5) |
| Other receivables | (3.5) | (65.4) | (47.3) |
| Inventories | (603.8) | (330.2) | (399.9) |
| Advances to suppliers and distributors | (31.2) | 56.6 | (176.7) |
| Restricted deposits at financial institutions | (0.3) | (0.4) | (0.5) |
| Other non-current assets | (1.1) | (1.9) | (30.6) |
| Trade accounts payable | 48.4 | 375.7 | 364.7 |
| Other payables | 250.4 | 262.8 | 186.4 |
| Accrued expenses | 84.4 | 136.8 | 142.8 |
| Financial instruments | 0.0 | - | - |
| Other non-current liabilities | 0.3 | (0.4) | - |
| Non-current provisions for employee benefits paid | (7.2) | (7.9) | (6.4) |
| Utilisation of corporate social responsibility reserve | - | (7.1) | (0.5) |
| Income taxes paid | (227.4) | (362.8) | (389.5) |
| Net cash from (used in) operating activities | 1,629.4 | 2,726.8 | 1,996.6 |

¹ Movement (investments/redemption) in non-restricted term deposits with banks have not been considered as investing activity

² Certain previous year account balances have been re-classified to align with the current period classification.

Statements of cash flows (continued)

| | Year ended December 31 ^{1,2} | | |
|---|---------------------------------------|------------------|------------------|
| | 2020 | 2021 | 2022 |
| Cash flows from investing activities¹ | | | |
| Interest received | 10.2 | 11.2 | 40.1 |
| Purchase of property, plant and equipment | (234.4) | (151.4) | (304.6) |
| Proceed from sale of intangible assets | 0.0 | 0.9 | - |
| Acquisition of business Combination | (410.6) | - | (9.3) |
| Purchase of intangible assets | (20.6) | (8.4) | (8.1) |
| Proceed from sale of equipment | 4.0 | 5.5 | 2.9 |
| Proceed from return of capital of joint venture | 0.1 | - | - |
| Proceed from sales of investment in associate | 4.5 | - | - |
| Cash received on employee benefits liability assumed from a related party | 0.5 | - | - |
| Net cash from (used in) investing activities | (646.3) | (142.1) | (279.1) |
| Cash flows from financing activities | | | |
| Interest paid | (64.6) | (27.9) | (29.9) |
| Dividends paid | (670.2) | (922.9) | (1,405.6) |
| Payment of lease liabilities | (55.5) | (53.5) | (58.1) |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | (432.0) | (309.5) | 65.2 |
| Payment on acquisition of a subsidiary | - | - | (4.9) |
| Net cash from (used in) financing activities | (1,222.4) | (1,313.9) | (1,433.3) |
| Net increase (decrease) in cash and cash equivalents¹ | (239.3) | 1,270.8 | 284.3 |
| Cash and bank balance as at January 1 | 1,455.1 | 1,217.6 | 2,531.4 |
| Effect of exchange rate changes on balances held in foreign currency | 1.8 | 43.0 | (26.8) |
| Cash and bank balance as at December 31 | 1,217.6 | 2,531.4 | 2,788.9 |

¹ Movement (investments/redemption) in non-restricted term deposits with banks have not been considered as investing activity

² Certain previous year account balances have been re-classified to align with the current period classification.



List of material financial ratios

| | Unit | Year ended December 31, | | |
|---|-------|-------------------------|-------|-------|
| | | 2020 | 2021 | 2022 |
| Liquidity ratios | | | | |
| Liquidity ratio | Times | 1.8 | 1.9 | 1.9 |
| Quick ratio | Times | 0.9 | 1.0 | 1.1 |
| Current cash debt coverage ratio | Times | 0.4 | 0.6 | 0.4 |
| Cash cycle | Days | 126 | 124 | 119 |
| Profitability ratios | | | | |
| Gross profit margin | % | 39.6 | 41.8 | 44.9 |
| Operating profit margin | % | 13.4 | 15.1 | 17.1 |
| Operating cash flow to operating profit ratio | % | 96.6 | 127.3 | 74.5 |
| Net profit margin | % | 11.0 | 13.7 | 14.2 |
| Net profit margin (Adjusted) | % | 11.6 | 13.3 | 14.6 |
| Return on equity | % | 21.1 | 25.9 | 26.7 |
| Efficiency ratios | | | | |
| Return on assets | % | 12.6 | 15.6 | 16.0 |
| Return on fixed assets | % | 73.3 | 100.6 | 117.6 |
| Asset turnover ratio | Times | 1.1 | 1.1 | 1.1 |
| Financial policy ratios | | | | |
| Interest-bearing debt to equity ² | Times | 0.1 | 0.0 | 0.0 |
| Debt-to-Equity ratio | Times | 0.7 | 0.7 | 0.7 |
| Interest coverage ratio | Times | 22.5 | 96.4 | 69.5 |
| Debt service coverage ratio ¹ | Times | 25.2 | 97.6 | 66.9 |
| Dividend payout ratio | % | 56.5 | 62.0 | 62.3 |

Remarks :

¹ The debt service coverage ratio is arrived as : Cash inflow from operating activities/Cash outflow for term loan and interest repayments.² lease liabilities are not considered as part of debt for this ratio.

Description and analysis of financial status and performance

Overview of the past results of operations

Mega Lifesciences Public Company Limited market, sell and distribute pharmaceutical and consumer products. In addition, we also manufacture nutraceutical products, prescription pharmaceutical products and OTC products under our own brand. These products are distributed through our own distribution network or through other distributors.

At present, our business may be categorized into 3 segments, namely :

1. **Our Maxxcare™ distribution business** : We market, sell and distribute various branded prescription pharmaceutical products, OTC and consumer products.

Our services include warehouse management, collections (including assuming the liability for bad debts), and value-added services, such as marketing services for some major principals.

We operate our Maxxcare™ distribution business in three countries, namely, Myanmar, Vietnam, and Cambodia. Our main customers (principals) are domestic and international pharmaceutical companies and leading consumer goods companies.

In addition, we also distribute our Mega We Care™ branded products in the markets in which we operate.

2. **Our Mega We Care™ branded products business¹** : We develop, manufacture, market and sell our Mega We Care™ branded nutraceutical products, prescription pharmaceutical products and OTC products. As on December 31, 2022, our branded products were being sold in 35 countries around the world, many of which are under-developed and developing countries.
3. **Our OEM business** : In addition to manufacturing our own branded products, our manufacturing facilities in Thailand and Australia perform OEM for third party customers.

¹ The segment also includes products where we own perpetual license to third party trademarks and new projects which are in their nascent stage.

For the years ended December 31, 2020, 2021 and 2022, our total revenue amounted to Baht 12,643.1 million, Baht 14,300.9 million and Baht 15,766.7 million, respectively. This represented an increase of Baht 1,465.8 million or 10.2% in 2022, and Baht 1,657.8 million or 13.1% in 2022. The growth of such revenues was mainly attributable to :

1. Revenues from sales of products under our Mega We Care™ branded products business amounted to Baht 5,847.6 million, Baht 6,909.0 million and Baht 8,052.8 million for the years ended December 31, 2020, 2021 and 2022, respectively. This represented an increase of Baht 1,061.5 million or 18.2% in 2021 and an increase of Baht 1,143.7 million or 16.6% in 2022. Growth driven by Southeast Asia and Africa with strong consumer demand and depreciation of Thai Baht. Adjusted for change in business model, the revenue growth was 15.0% in 2021².
2. Revenues from our Maxxcare™ distribution business amounted to Baht 6,502.4 million, Baht 6,906.2 million and Baht 7,319.5 million for the years ended December 31, 2020, 2021 and 2022, respectively. This represented an increase of Baht 403.8 million or 6.2% in 2021 and an increase of Baht 413.3 million or 6.0% in 2022. Normalizing for the dual currency rate effect in Myanmar³, the Maxxcare™ revenue for FY22 was up by 1.1%. Despite the challenges in Myanmar, distribution business remained relatively stable, partially helped by Thai Baht depreciation.
3. Revenues from our OEM business which is 2.0% of total revenue from sales of goods and rendering of service in 2022 amounted to Baht 239.5 million, Baht 320.5 million and Baht 314.0 million for the years ended December 31, 2020, 2021 and 2022, respectively, representing an increase of Baht 81.0 million or 33.8% in 2021 and a decrease of Baht 6.5 million or 2.0% in 2022. The revenue is coming from Thailand and Australia operations. Revenue in 2022 almost remained flat after a growth in year 2021.



Adjusted net profits for the years ended December 31, 2020, 2021 and 2022 were recorded at Baht 1,461.5 million, Baht 1,882.1 million and Baht 2,289.9 million, respectively, representing an increase of Baht 420.5 million or 28.8% in 2021 and an increase of Baht 407.8 million or 21.7% in 2022. Growth in 2022 net profit was mainly a result of growth in Mega We Care revenue and better gross margins.

Net profits for the years ended December 31, 2020, 2021 and 2022 were recorded at Baht 1,388.4 million, Baht 1,940.9 million and Baht 2,240.0 million, respectively, representing an increase of Baht 552.4 million or 39.8% in 2021 and an increase of Baht 299.2 million or 15.4% in 2022. Growth in 2022 net profit was mainly a result of growth in Mega We Care revenue and better gross margins.

- 2 Change in business model in Philippines : During 2021, Mega started importing and selling products through its subsidiary in Philippines which was sold through distributor in year 2020 and before. The change has resulted in increase in turnover and corresponding increase in selling and administration expenses. As a result of this change, our overall reported sales, gross profits and SG&A expenses are higher by Baht 185 million with no impact on earnings before interest, tax, depreciation and amortization (EBITDA) and net profits. Please refer to this paragraph for any reference made to "change in business model" under the section of financial status and performance of this document.
- 3 Dual currency rate effect in Myanmar impact, based on best estimates, is due to difference between bank rate of exchange by Central bank of Myanmar adopted for financial reporting per International Financial Reporting Standards vs Actual transacted market rates, resulting in inflated sales, gross margins and SG&A, not materially impacting the overall profitability.

Analysis of the operating results

Analysis of the operating results for the years ended December 31, 2020, 2021 and 2022

Revenue from sales of goods and rendering of services

We recognize our revenue and related cost of sales when we have delivered and sold the goods to customers including hospitals, drug dispensers and retailers. Our revenue from sales of goods and rendering of services represents total segment revenue after net of inter segment charges.

Our total revenues from sales of goods and rendering of services from each business segment are indicated in the table below.

| Business segment | Year ended December 31, | | | | | |
|---|-------------------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Total Revenue | % of total ¹ | Total Revenue | % of total ¹ | Total Revenue | % of total ¹ |
| (in million THB, except percentages) | | | | | | |
| Our Mega We Care™ branded products business | 5,847.6 | 46.2% | 6,909.0 | 48.3% | 8,052.8 | 51.0% |
| Our Maxxcare™ distribution business | 6,502.4 | 51.5% | 6,906.2 | 48.3% | 7,319.5 | 46.5% |
| Our OEM business | 239.5 | 1.9% | 320.5 | 2.2% | 314.0 | 2.0% |
| Other revenues ² | 53.7 | 0.4% | 165.2 | 1.2% | 80.5 | 0.5% |
| Total | 12,643.1 | 100.0% | 14,300.9 | 100.0% | 15,766.7 | 100.0% |

Remark : ¹ Percentage of total revenues.

² Other revenue includes net foreign exchange gain if any for the year; investment income and miscellaneous income.

Total revenue for the years ended December 31, 2020, 2021 and 2022 accounted for Baht 12,643.1 million, Baht 14,300.9 million and Baht 15,766.7 million, respectively, representing an increase of Baht 1,657.9 million or 13.1% in 2021, and an increase of Baht 1,465.8 million or 10.2% in 2022.

The following table breaks down the amount and percentage of our group operating revenues derived from key geographic regions for the periods indicated :

| Business segment | Year ended December 31, 2020 | | Year ended December 31, 2021 | | Year ended December 31, 2022 | |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|-------------------------|
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| Maxxcare™ distribution_business² | | | | | | |
| Southeast Asia ⁴ | 6,502.4 | 100.0 | 6,906.2 | 100.0 | 7,319.5 | 100 |
| Africa ⁴ | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Total | 6,502.4 | 100.0 | 6,906.2 | 100.0 | 7,319.5 | 100.0 |
| Mega We Care™ branded products business³ | | | | | | |
| Southeast Asia | 4,528.4 | 77.4 | 5,333.1 | 77.2 | 6,364.5 | 79.0 |
| Africa | 670.5 | 11.5 | 845.2 | 12.2 | 948.9 | 11.8 |
| Others | 648.7 | 11.1 | 730.7 | 10.6 | 739.4 | 9.2 |
| Total | 5,847.6 | 100.0 | 6,909.0 | 100.0 | 8,052.8 | 100 |
| OEM business | | | | | | |
| Southeast Asia | 15.2 | 6.4 | 14.6 | 4.6 | 8.9 | 2.8 |
| Africa | - | - | - | - | - | - |
| Others | 224.3 | 93.6 | 305.8 | 95.4 | 305.1 | 97.2 |
| Total | 239.5 | 100.0 | 320.5 | 100.0 | 314.0 | 100.0 |
| Total revenue | 12,589.4 | 100.0 | 14,135.7 | 100.0 | 15,686.2 | 100.0 |

Remarks : ¹ Expressed as a percentage of total revenues of each business segment.

² Revenue from Maxxcare™ distribution business are sales revenues of products being sold for third party principals for which we retain a pre-agreed margin with the remainder paid to the principal for whom we are acting as a distributor. Revenue also includes fees for distribution of our Mega We Care™ branded products.

³ The revenue from Mega We Care™ branded products business is net-off the distribution fee to Maxxcare™ distribution business for distributing our Mega We Care branded products.

⁴ Southeast Asia includes Thailand, Myanmar, Vietnam, Cambodia, Malaysia, Philippines, Indonesia and Singapore. Africa includes countries in Sub-Saharan region and doesn't include South Africa.



Mega We Care™ Branded Products Revenue

Revenues from our Mega We Care™ branded products business were mainly derived from revenues from sales of goods and rendering of services in Southeast Asia accounting for 77.4%, 77.2% and 79.0% of total revenues from Mega We Care™ branded products business for the years ended December 31, 2020, 2021 and 2022 respectively. As we operate distribution business in Myanmar, Vietnam and Cambodia, segment revenues from our Maxxcare™ distribution business were completely derived from Southeast Asia. Revenues from our OEM business was mainly derived from outside Southeast Asia and accounted for 93.6%, 95.4% and 97.2% of total revenue from our OEM business for the years ended December 31, 2020, 2021 and 2022, respectively.

As on December 31, 2022, our branded products were being sold in 35 countries around the world, many of which are developing and under-developed countries, with market leading presence in Southeast Asia and growing reach in Sub-Saharan Africa. Revenues from sales of products under our Mega We Care™ branded products business amounted to Baht 5,847.6 million, Baht 6,909.0 million and Baht 8,052.8 million for the years ended December 31, 2020, 2021 and 2022, respectively. This represented an increase of Baht 1,061.5 million or 18.2% in 2021, and an increase of Baht 1,143.7 million or 16.6% in 2022. Most of geographical regions reported growth in 2022. Adjusted for change in business model, the revenue growth was 15.0% in 2022.

For the years ended December 31, 2020, 2021 and 2022, the revenues from sales of our Mega We Care™ branded products business from Thailand, Vietnam, Myanmar, Malaysia and Nigeria constituted Baht 4,223.5 million, Baht 4,851.2 million and Baht 5,863.3 million representing 72.2%, 70.2% and 72.8% of revenues from sales of our Mega We Care™ after net of inter segment charges, respectively. The low per capita consumption and penetration levels for our products in our markets as compared to developed markets, and our market leading brands coupled with science based sales and marketing approach, complimented well by new launches and entering new geographies, enables us to expect sustainable growth in future.

Revenue from our Maxxcare™ distribution business

We operate our Maxxcare™ distribution business in three countries, namely, Myanmar, Vietnam, and Cambodia. Our

main customers (principals) are domestic and international pharmaceutical companies and leading consumer goods companies. We categorize our Maxxcare™ distribution business by the type of products we distribute, such as : (i) pharmaceutical products, and (ii) Consumer products. Consistent with the practice in the pharmaceutical industry, the principals of our distribution business sell their products to us and we subsequently resell these products to our customers, such as independent or chain pharmacies, hospitals and other retailers. The revenue reported under Maxxcare™ distribution business includes revenue arising from third party principals and intersegment charge resulting from distribution of Mega We Care™ branded products business.

Revenues from our Maxxcare™ distribution business amounted to Baht 6,502.4 million, Baht 6,906.2 million and Baht 7,319.5 million for the years ended December 31, 2020, 2021 and 2022, respectively. This represented an increase of Baht 403.8 million or 6.2% in 2021, and an increase of Baht 413.3 million or 6.0% in 2022.

Revenue from OEM business

Revenues from our OEM business represented 2.0% of our total revenue from sales of goods and rendering of services in 2022, amounted to Baht 239.5 million, Baht 320.5 million and Baht 314.0 million for the years ended December 31, 2020, 2021 and 2022, respectively, representing increase of Baht 81.0 million or 33.8% in 2021 and a decrease of Baht 6.5 million or 2.0% in 2022. The increase in revenue is coming from both Australia and Thailand operations.

Our OEM business allows us to utilize the idle capacity of our manufacturing facilities in serving demand of our long term customers. Generally, we arrange the procurement of most of the raw materials, then manufacture and sell the finished OEM products to our OEM principals. Certain principals may supply us with the packaging and label materials. The recognized revenues from our OEM business therefore represent the value of products manufactured and sold to our OEM principals. In addition, our product development team develops the formulations of OEM products.

Our revenues from OEM business were mainly derived from principals in Australia and overseas, which collectively contributed to 93.6%, 95.4% and 97.2% of our total OEM revenues for the years ended December 31, 2020, 2021 and 2022 respectively.

Cost of goods sold

Our costs of goods sold in each business segment are set out in the table below.

| Business segment | Year ended December 31, | | | | | |
|---------------------------------------|-------------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Amount | % of total ¹ | Amount | % of total ¹ | Amount | % of total ¹ |
| (in millions THB, except percentages) | | | | | | |
| Our Mega We Care™ branded products | 2,129.2 | 28.0% | 2,337.6 | 28.4% | 2,655.3 | 30.7% |
| Our Maxxcare™ distribution business | 5,290.4 | 69.6% | 5,697.3 | 69.3% | 5,797.0 | 67.0% |
| OEM | 183.6 | 2.4% | 189.9 | 2.3% | 194.3 | 2.2% |
| Total | 7,603.1 | 100.0% | 8,224.9 | 100.0% | 8,646.6 | 100.0% |

Remark : ¹ Percentage of total cost of goods sold.

Total cost of goods sold for the years ended December 31, 2020, 2021 and 2022 were Baht 7,603.1 million, Baht 8,224.9 million and Baht 8,646.6 million, respectively. Cost of goods sold as a percentage to revenue was 60.4% in 2020, 58.2% in 2021 and 55.1% in 2022.

Cost of goods sold under Mega We Care™ branded products business

For the years ended December 31, 2020, 2021 and 2022, the costs of goods sold under our Mega We Care™ branded products business were Baht 2,129.2 million, Baht 2,337.6 million and Baht 2,655.3 million, respectively. Cost of goods sold under Mega We Care™ as a percentage to revenue was 36.4% in 2020, 33.8% in 2021 and 33.0% in 2022. The variance in the cost of goods sold as a percentage to revenue on year-on-year basis is mainly a result of product mix and country mix amongst other factors.

We also outsource manufacturing to third parties for certain Mega We Care™ branded products, for such products, we record the cost of outsourcing of finished goods as the cost of goods sold.

Cost of goods sold under Maxxcare™ distribution business

For the years ended December 31, 2020, 2021 and 2022, the costs of goods sold under our Maxxcare™ distribution business were Baht 5,290.4 million, Baht 5,697.3 million and Baht 5,797.0 million, respectively. Cost of goods sold under Maxxcare™ as a percentage to revenue was 81.4% in 2020, 82.5% in 2021 and 79.2% in 2022. The variance in cost of goods sold as a percentage to revenue is mainly a

result of change in service mix and principal mix amongst other factors.

Our Maxxcare™ distribution business provides distribution services for both third party products and our own Mega We Care™ branded products. However, the cost of goods sold under Maxxcare™ distribution business only includes the amount of goods purchased from our third party principals. The cost of our Mega We Care™ branded products that we distribute does not constitute part of costs of goods sold of our Maxxcare™ distribution business, because we recognize revenue for the value of Mega We Care™ products sold as distribution fee (currently recognized as inter segment charges forming part of Maxxcare™ revenue). It should be noted that the cost of goods sold from Maxxcare™ distribution business shown above does not take into account the costs for transportation, freight and labour associated with the distribution of products.

Cost of goods sold in OEM business

For the years ended December 31, 2020, 2021 and 2022, the costs of goods sold in our OEM business were Baht 183.6 million, Baht 189.9 million and Baht 194.3 million, respectively. Cost of goods sold under OEM as a percentage to revenue was 76.6% in 2020, 59.3% in 2021 and 61.9% in 2022. The variance in cost of goods sold as a percentage to revenue is mainly a result of growth in revenue and customer mix amongst other factors.



Gross profits and gross profit margins

Our total gross profits for the years ended December 31, 2020, 2021 and 2022 were Baht 4,986.3 million, Baht 5,910.8 million and 7,039.6 million, respectively, representing an increase of Baht 924.5 million or 18.5% in 2021 and increase of Baht 1,128.8 million or 19.1% in 2022. Gross profit as a percentage to revenue was 39.6% in 2020, 41.8% in 2021 and 44.9% in 2022.

Overall gross margin in 2022 was 44.9% compared to 41.8% in 2021. Improvement in FY22 gross margin was mainly a result of growth in Mega We Care™ products revenue causing favourable revenue mix and better segmental gross margins.

The table below sets forth our gross profits and gross profit margins of each business segment.

| Business segment | Year ended December 31, | | | | | |
|---------------------------------------|-------------------------|------------------------------|----------------|------------------------------|----------------|------------------------------|
| | 2020 | | 2021 | | 2022 | |
| | Amount | % of gross profit to revenue | Amount | % of gross profit to revenue | Amount | % of gross profit to revenue |
| (in millions THB, except percentages) | | | | | | |
| Our Mega We Care™ branded products | 3,718.4 | 63.6% | 4,571.4 | 66.2% | 5,397.5 | 67.0% |
| Our Maxxcare™ distribution business | 1,212.0 | 18.6% | 1,208.9 | 17.5% | 1,522.5 | 20.8% |
| OEM | 55.9 | 23.4% | 130.5 | 40.7% | 119.7 | 38.1% |
| Total | 4,986.3 | 39.6% | 5,910.8 | 41.8% | 7,039.6 | 44.9% |

For the years ended December 31, 2020, 2021 and 2022, the gross profit margins were in the range of 63% to 67% for our Mega We Care™ branded products business, 17% to 21% for our Maxxcare™ distribution business, and 23% to

41% for OEM business. The gross profits from our branded products business were the largest contributor to our total gross profits, representing 74.6%, 77.3% and 76.7% of total gross profits for the years ended December 31, 2020, 2021 and 2022, respectively.

For the years ended December 31, 2020, 2021 and 2022, our gross profit margins for Mega We Care™ branded products business have improved. Better gross margins are influenced by revenue growth, product mix, country mix, depreciation of Thai Baht and level of output amongst other factors.

The gross profit margins in Maxxcare™ distribution was 20.8% in 2022 (normalized 18.1%) and 17.5% in 2021. We reported higher gross margins in 2022 of 20.8% mainly attributable to a) dual currency rate effect in Myanmar¹

b) Temporary delay caused in remitting money back from Myanmar on a timely basis², both not materially impacting profitability. Maxxcare™ business net margins (EBITDA/ gross profits) for 2022 has remained steady at 45.9% for after normalizing as mentioned above.

It should be noted that the total gross profits from distribution business mentioned above did not include the costs for transportation, freight, and labour associated with the Maxxcare™ distribution of products, these costs are included in the selling expenses.

Gross profit margin for OEM business has decreased in 2022, mainly due to change in customer mix.

1 Dual currency rate effect in Myanmar impact, based on best estimates, is due to difference between bank rate of exchange by Central bank of Myanmar adopted for financial reporting per International Financial Reporting Standards vs Actual transacted market rates, resulting in inflated sales, gross margins and SG&A, not materially impacting the overall profitability.

2 The Forex losses arising from delay in remitting funds from Myanmar, when recovered from principals, based on best estimates, have the impact of inflating gross margins while the corresponding loss gets accounted under forex losses as per International Financial Reporting Standards, thereby reflecting higher gross margins, even though there is no impact on overall profitability

Other income

For the years ended December 31, 2020, 2021 and 2022, our revenue derived from other income accounted for Baht 53.7 million, Baht 165.2 million and Baht 80.5 million, respectively, reflecting a decrease of Baht 84.8 million in 2022, mainly due decrease of Net foreign exchange gain Baht by 118.4 million in 2022 from 2021 offset by increase in investment income by 29.8 million in 2022 from 2021.

Key components of our other income are : (i) net foreign exchange gain if any for the year; (ii) export incentives; (iii) investment income; (iv) revenue from sales of product dossier; (v) gain from sale of assets. Export incentives income is the incentive provided by the Ministry of Commerce in Thailand through tax credits given to the exporters on promoted products that we export to our overseas customers.

Selling expenses

For the years ended December 31, 2020, 2021 and 2022, the selling expenses accounted for Baht 2,077.7 million, Baht 2,318.8 million and Baht 2,647.0 million, representing an increase of Baht 241.0 million or 11.6% in 2021 and an increase of Baht 328.3 million or 14.2% in 2022.

Key selling expenses of our group are advertising expenses and personnel expenses which accounted for 47.8% and 38.0%, respectively, of our total selling expenses for the year ended December 31, 2022. Other selling expenses accounted to 14.1% of our total selling expenses for the year ended December 31, 2022, which mainly included : (i) Freight expense; (ii) Depreciation and amortization; (iii) travel, transportation and conveyance expenses for selling activities; (iv) distribution expenses; and (v) vehicle repairs and maintenance, and such other expenses.

The advertising expenses for the years ended December 31, 2020, 2021 and 2022 were Baht 930.1 million, Baht 1,052.2 million and Baht 1,266.0 million, respectively, representing an increase of Baht 122.1 million or 13.1% in 2021, and an increase of Baht 213.8 million or 20.3% in 2022.

The personnel expenses for the years ended December 31, 2020, 2021 and 2022 were Baht 877.0 million, Baht 951.7 million and Baht 1,006.9 million, respectively, representing an increase of Baht 74.7 million or 8.5% in 2021 and an increase Baht 55.2 million or 5.8% in 2022.

Administrative expenses

For the years ended December 31, 2020, 2021 and 2022, the administrative expenses amounted to Baht 1,221.6 million, Baht 1,450.6 million and Baht 1,711.6 million, respectively, representing an increase of Baht 228.9 million or 18.7% in 2021 and an increase of Baht 261.1 million or 18.0% in 2022.

Key administrative expenses of our group are personnel expenses, professional fees and Travelling expenses which accounted for 50.5%, 6.2% and 7.5% of our total administrative expenses for the year ended December 31, 2022, respectively. Other administrative expenses accounted for 35.7% of our total administrative expenses for the year ended December 31, 2022, which included: (i) insurance premiums on fixed assets for manufacturing, product liabilities and health and life insurance for our employees; (ii) printing stationary; (iii) depreciation and amortization; (iv) Drug development expense; (v) meeting and conference expense; (vi) repair and maintenance; (vii) office and administrative expense; (viii) bank charges; (ix) registration expense; and (x) rental expenses; (xi) support service charges, etc.

The personnel expenses for the years ended December 31, 2020, 2021 and 2022 were Baht 668.4 million, Baht 768.5 million and Baht 865.1 million, respectively, representing an increase of Baht 100.1 million or 15.0% in 2021 and an increase of Baht 96.6 million or 12.6% in 2022.

Finance costs

Finance costs mainly consist of interest expenses from bank loans and overdrafts in the form of Working Capital requirements, Trust Receipts, Packing Credit, Export Bill financing, Promissory Notes and Other Short-Term Credit facilities and lease liabilities. We currently have working capital lines and credit facilities with several local and international commercial banks. As of December 31, 2022, the credit facilities were mainly denominated in Thai Baht, United States Dollars (USD), Myanmar Kyat, Vietnamese dong and Australian dollars (AUD).



For the years ended December 31, 2020, 2021 and 2022, we incurred finance costs of Baht 72.3 million, Baht 28.3 million and Baht 28.7 million, respectively, representing an decrease of Baht 44.0 million in 2021 and an increase of Baht 0.4 million in 2022.

Corporate income taxes

The Corporate income tax expenses for the fiscal years ended December 31, 2020, 2021 and 2022 were Baht 234.3 million, Baht 336.0 million and Baht 354.6 million, respectively. These taxes represented effective corporate tax rates of 14.4%, 14.8% and 13.7% respectively.

The effective tax rates are lower than Thai corporation tax rate of 20% because of profits from various jurisdictions which are subject to different tax rates and certain exemptions as mentioned below :

1. The Company has been granted privileges by the Board of Investment under the provisions of the Industrial Investment Promotion Act of B.E. 2520 relating to manufacturing of medicines starting from 1 May 2018. The privileges granted include exemption from payment of import duty on machinery approved by the Board and exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations
2. The Company has been granted privileges by Revenue Department under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674) B.E. 2561 relating to its status as International Business Center. The privileges granted include an exemption from payment of income tax for certain

transactions for a period of fourteen years and six months commencing from 1 June 2019. As a promoted company, the Company must comply with certain conditions applicable to International Business Company.

3. Different treatment for accounting and taxation purposes of certain items of income/expense, in particular, dividend income, allowance for decline in value and temporary difference arising from revenue and cost of sale of export of finished goods from Thailand to other countries for which tax becomes payable upon export of the goods but for which revenue and cost of sale are recognised in the statement of comprehensive income subsequently at the moment the goods are sold to third parties outside the Group.

Net profits

Adjusted net profits for the years ended December 31, 2020, 2021 and 2022 were recorded at Baht 1,461.5 million, Baht 1,882.1 million and Baht 2,289.9 million, respectively, representing an increase of Baht 420.5 million or 28.8% in 2021 and an increase of Baht 407.8 million or 21.7% in 2022. Growth in 2022 net profit was mainly a result of growth in Mega We Care revenue and better gross margins.

Net profits for the years ended December 31, 2020, 2021 and 2022 were recorded at Baht 1,388.4 million, Baht 1,940.9 million and Baht 2,240.0 million, respectively, representing an increase of Baht 552.4 million or 39.8% in 2021 and an increase of Baht 299.2 million or 15.4% in 2022. Growth in 2022 net profit was mainly a result of growth in Mega We Care revenue and better gross margins.

12.2.3 Analysis of the financial position

Assets

| | As of December 31 ⁴ , | | |
|--|----------------------------------|----------------|-----------------|
| | 2020 | 2021 | 2022 |
| Current assets | | | |
| Cash and bank balance ² | 1,217.5 | 2,531.4 | 2,788.9 |
| Trade accounts receivable | 2,506.8 | 2,557.3 | 3,107.2 |
| Other receivables | 177.1 | 250.8 | 274.9 |
| Inventories | 3,489.1 | 3,822.9 | 4,108.5 |
| Advances to suppliers and distributors | 192.8 | 134.1 | 305.8 |
| Other current assets | 3.6 | 4.5 | 4.6 |
| Total current assets | 7,586.9 | 9,300.9 | 10,590.0 |

| | As of December 31 ⁴ , | | |
|--|----------------------------------|-----------------|-----------------|
| | 2020 | 2021 | 2022 |
| Non-current assets | | | |
| Investment in associate and joint venture | 194.5 | 214.8 | 222.9 |
| Property, plant and equipment ¹ | 1,985.2 | 1,873.5 | 1,936.2 |
| Right-of-use-assets | 262.8 | 265.4 | 249.3 |
| Intangible assets ³ | 1,312.3 | 1,353.1 | 1,329.2 |
| Deferred tax assets | 175.0 | 210.4 | 250.3 |
| Other non-current assets | 40.0 | 53.5 | 68.6 |
| Total non-current assets | 3,969.9 | 3,970.8 | 4,056.4 |
| Total assets | 11,556.8 | 13,271.7 | 14,646.4 |

Remark : ¹ Includes investment property.

² Cash and bank balances include non-restricted term deposits with banks.

³ Includes goodwill.

⁴ Certain previous year account balances have been re-classified to align with the current period classification.

Our total assets as of December 31, 2020, 2021 and 2022, were Baht 11,556.8 million, Baht 13,271.7 million and Baht 14,646.4 million, respectively, mainly consisting of cash and bank balances, trade accounts receivable, inventories, property, plant and equipment and intangible assets.

As of December 31, 2022, total assets increased from December 31, 2021 by Baht 1,374.7 million or by 10.4%. Increase in total assets was mainly a result of increase in trade receivable by Baht 550.0 million due to increase in sales, free cash by Baht 257.5 million increased due to higher cash generated from operations and increase in inventory by Baht 285.6 million, driven by business requirements with inventory days increasing to 165 days in December 2022 from 160 days in December 2021.

Current assets

Trade accounts receivable

Our trade accounts receivable comprises trade accounts receivable from distributors, local importers and customers such as hospitals, retail pharmacies, stockists and others.

Our net trade accounts receivable as of December 31, 2020, 2021 and 2022, were Baht 2,506.8 million, Baht 2,557.3 million and Baht 3,107.2 million, respectively.

The following table sets forth an ageing profile of our trade accounts receivable.

| | As of December 31, | | |
|--|--------------------|----------------|----------------|
| | 2020 | 2021 | 2022 |
| Within credit term | 2,012.4 | 1,954.0 | 2,523.3 |
| Overdue | | | |
| Less than 3 months | 390.0 | 433.0 | 408.4 |
| 3-6 months | 61.7 | 132.7 | 70.1 |
| 6-12 months | 41.8 | 16.3 | 87.7 |
| Over 12 months | 33.3 | 57.0 | 64.3 |
| Total trade accounts receivable | 2,539.2 | 2,593.0 | 3,153.8 |
| Less : Allowance for doubtful account | (32.4) | (35.7) | (46.6) |
| Net trade accounts receivable | 2,506.8 | 2,557.3 | 3,107.2 |



We commence counting the age of trade accounts receivable from the day we sell products and issue an invoice to the local importers and/or distributors. However we recognize the revenue from sales when such local importers and/or distributors complete the sale of products to our end consumers. Consequently, there is a time lag between when we commence ageing for our trade accounts receivable and when we recognize revenue from sales. This results in an existence of our overdue trade accounts receivable.

We are of the view that the method that we use to age our trade accounts receivable is appropriate to our current business operations. This is because our trade accounts receivable originate from local importers and/

or distributors who are required to make payments for the products to us in accordance with the relevant credit term. Therefore, the present method of ageing our trade accounts receivable reflects the actual amount of our working capital requirements.

Nevertheless, our average receivable periods for the years ended December 31, 2020, 2021 and 2022 were 72days, 64days and 65days, respectively reflecting a steady improvement in realization over the years. In addition, most of our trade accounts receivables are from large multinational third party distributors and reputable local importers. Our provision towards bad and doubtful debts has been insignificant over years.

Inventories

The following table set forth our inventories.

| | As of December 31, | | |
|-----------------------------------|--------------------|----------------|----------------|
| | 2020 | 2021 | 2022 |
| Finished goods | 2,796.1 | 3,105.2 | 3,309.8 |
| Raw materials | 278.3 | 388.0 | 412.0 |
| Work in progress | 96.9 | 80.6 | 44.0 |
| Packing materials | 74.7 | 114.2 | 108.1 |
| Goods in transit | 253.1 | 153.2 | 252.4 |
| Total inventories | 3,499.1 | 3,841.1 | 4,126.2 |
| Less : allowance decline in value | (24.4) | (39.3) | (47.0) |
| Net inventories | 3,474.7 | 3,801.9 | 4,079.2 |

Our inventories comprise : (i) finished goods of approximately 80% to 85%; (ii) raw materials of approximately 7% to 10%; (iii) work in progress of approximately 1% to 3%; (iv) packing materials of approximately 2% to 3%; and (v) goods in transit of approximately 4% to 7% of our total net inventories.

Our net inventories as of December 31, 2020, 2021 and 2022, were Baht 3,474.7 million, Baht 3,801.9 million and Baht 4,079.2 million, respectively.

As of December 31, 2022, net inventories increased from December 31, 2021 by Baht 283.1 million. Increase in inventory was in line with business requirements with inventory days increased to 165days in December 2022 from 160days in December 2021.

Our average inventory periods for the years ended December 31, 2020, 2021 and 2022 were 150 days, 160 days, and 165 days, respectively.

Property, plant and equipment

Our major net property, plant and equipment comprise our machinery and equipment and building and building improvements, Land and assets under construction.

Our net property, plant, and equipment as of December 31, 2020, 2021 and 2022, were Baht 1,985.2 million, Baht 1,873.5 million, Baht 1,936.2 million respectively.

As of December 31, 2022, net book value of property, plant, and equipment increase from December 31, 2021 by Baht 62.7 million or by 3.3%. The increase was mainly driven by consolidation of manufacturing operations in Thailand (bringing production, product development, quality control, distribution centre and other support services at one place in Thailand).

Intangible assets

| Asset type | Particulars |
|---|---|
| Computer software | <p>Rights to use computer software in relation to our general business activities. Such computer software includes accounting software and supporting management information systems, which includes manufacturing and logistics support, and sales force management, amongst others.</p> <p>The carrying value of Computer Software as on 31 December 2022 was Baht 22.9 million</p> |
| Eugica™ brand | <p>In December, 2012, the company initiated acquisition of the Eugica brand (including Trade mark and all intellectual property rights), the company became the legal owner of this brand in July, 2013. This Trademark is considered to have an infinite life as this will continue to generate inflows with the perpetual existence of business. The carrying value of this Trade Mark as at 31 December 2022 was Baht 185.4 million.</p> |
| Trademark and Goodwill on acquisition of Bio-Life® | <p>On November 30, 2016, we acquired 100% equity of Bio-Life Marketing SDN. BHD. Pursuant to finalization of Independent appraisal report determining the fair value of the business, the purchase price allocation was completed in August 2017 resulting in adjustments to value of trademark and goodwill in financial statements which were preliminary assessed as at 31 December 2016. These Trademark and goodwill are considered to have an infinite life as they will continue to generate inflows with perpetual existence of business.</p> <p>The carrying value of trademark and goodwill as on 31 December 2022 was Baht 274.1 million and Baht 213.2 million.</p> |
| Knowhow & Licensed Trademark Acquisition from Sandoz® | <p>In December 2019, we acquired ownership rights in respect of product registrations/ marketing authorizations, know-how, license to trademark, commercial and other related rights (All these to be collectively referred as "rights") in respect of designated pharmaceutical products for Myanmar and Ethiopia from Sandoz GmbH. These rights are expected to have an infinite life as they will continue to generate inflows with perpetual existence of business.</p> <p>The carrying value of these rights as on 31 December 2022 was Baht 294.9 million.</p> |
| Trademark and Goodwill on acquisition of PT. Futamed Pharamcuticals (renamed as PT Mega Lifesciences Indonesia) | <p>MEGA entered into the conditional share purchase agreement (CSPA) for acquisition of shares in November 2019 (representing 83.33% of ownership interest) on debt free cash free basis of PT Futamed Pharmaceuticals (renamed as PT Mega Lifesciences Indonesia), a company incorporated in Indonesia, engaged in manufacturing and marketing of pharmaceutical and nutraceutical products. The acquisition completed in February 2020. In June 2022, MEGA acquired an additional 15.38% interest in PT Mega Lifesciences Indonesia, increasing its ownership interest to 100%. The carrying value of trademark and goodwill as on 31 December 2022 was Baht 65.5million and Baht 243.4million.</p> |



| Asset type | Particulars |
|-------------------------|--|
| Other intangible assets | <p>MEGA had following other intangible assets as at 31 December 2022 :</p> <ol style="list-style-type: none"> 1. Drug registration licenses having a carrying amount of Baht 5.8 million, are expected to have an infinite life as they will continue to generate inflows with perpetual existence of business. 2. Customer contracts and relationship having a carrying value of Baht 2.0 million expected to have an infinite life as they will continue to generate inflows with perpetual existence of business. 3. Software under development of Baht 12.6 million, consisting of multiple projects relating to accounting, manufacturing and sales amongst others. 4. On January, 2022, MEGA acquired 100% equity of Mega Product (Yemen) Limited, resulting in goodwill in financial statements. The Goodwill is considered to have an infinite life as it will continue to generate inflows with perpetual existence of business. The carrying value of goodwill as on 31 December 2022 was Baht 9.2 million |

The appropriateness of the capital structure

As of December 31, 2020, 2021 and 2022, our debt-to-equity ratio was 0.66 times, 0.65 times and 0.67 times respectively while our interest bearing debt to equity for respective periods stood at 0.07 times, 0.02 times and 0.03 times, reflecting tremendous head room for leverage.

Our total liabilities as of December 31, 2020, 2021 and 2022, were Baht 4,577.9 million, Baht 5,246.6 million, and Baht 5,869.7 million, respectively. Our total liabilities mainly consisted of bank overdrafts and short-term loans from financial institutions, trade accounts payable, other payables and accrued operating expenses.

As of December 31, 2022, total liabilities increased from December 31, 2021 by Baht 623.1 million or by 11.9% mainly on account of increase in trade payables, other payables and accrued operating expenses partly.

Bank overdrafts and short-term loans from financial institutions

As of December 31, 2020, 2021 and 2022, bank overdrafts and short-term loans from financial institutions were Baht 499.5 million, Baht 168.2 million and Baht 229.2 million, respectively. The increase on bank overdraft was due to due to higher cash used in investing activities and financing activities. Our bank overdrafts and short-term loans from financial institutions were mainly used for financing our working capital requirements to support business needs.

Trade accounts payable

Our trade accounts payable mainly comprises trade accounts payable to our suppliers of raw materials and outsourced products, principals of the Maxxcare™ distribution businesses, and others.

As of December 31, 2020, 2021 and 2022, our total trade accounts payable were Baht 2,047.8 million, Baht 2,526.6 million and Baht 2,793.4 million, respectively.

As of December 31, 2022, trade accounts payable increased from December 31, 2021 by Baht 266.8 million or by 10.6%.

For the years ended December 31, 2020, 2021 and 2022, the average payable periods were 96 days, 100 days, and 111 days, respectively.

Accrued expenses

Our accrued expenses mainly comprises of accrued expenses for salary and wages, advertisement and promotion expenses and other normal accruals.

As of December 31, 2020, 2021 and 2022, our total accrued expenses were Baht 659.6 million, Baht 807.4 million and Baht 941.8 million, respectively. The increase in accrued expenses in 2022 was in line with business growth.

Shareholders' Equity

As of December 31, 2020, 2021 and 2022, our shareholders' equities were Baht 6,978.9 million, Baht 8,025.1 million and Baht 8,776.7 million, respectively. Our shareholders' equity has consistently increased driven by growth in net profits over corresponding previous years.

For the years ended December 31, 2021 and 2022 we paid out dividends to our shareholders in the amount of Baht 784.6 million and Baht 1,203.2 million. For year ended December 31, 2022, the company proposes to pay a dividend of Baht 1,395.0 million.

The dividends for year ending 31 December 2021 and 2022 represented 62.0% and 62.3% of consolidated profits for respective years.

Liquidity

Our cash flows from operating activities have increased over the past years.

(1) Cash flow from operating activities

For the years ended December 31, 2020, 2021 and 2022, our net cash inflow from operating activities accounted for Baht 1,629.4 million, Baht 2,726.8 million, Baht 1,996.6 million, respectively.

For the year ended December 31, 2021, net cash generated from operating activities was Baht 2,726.8 million. The majority of this amount was derived from our net profits for the year of Baht 1,940.9 million, adjusted mainly with depreciation and amortization of Baht 274.4 million and other non-cash and working capital elements.

For the year ended December 31, 2022, net cash generated from operating activities was Baht 1,996.6 million. The majority of this amount was derived from our net profits for the year of Baht 2,240.0 million, adjusted mainly with depreciation and amortization of Baht 272.0 million and other non-cash and working capital elements.

(2) Cash flow from investing activities

For the years ended December 31, 2020, 2021 and 2022, our net cash outflow in investing activities accounted for Baht 646.3 million, Baht 142.1 million and Baht 279.1 million, respectively.

For the year ended December 31, 2021 net cash used in investing activities was Baht 142.1 million mainly driven by spending of Baht 151.4 million towards acquisition of property, plant and equipment with the major portion of spending towards consolidation of manufacturing operations in Thailand (bringing production, product development, quality control, distribution center and other support services at one place in Thailand and towards ongoing maintenance capital expenditure).

For the year ended December 31, 2022 net cash used in investing activities was Baht 279.1 million mainly driven by spending of Baht 304.6 million towards acquisition of property, plant and equipment with the major portion of spending towards consolidation of manufacturing operations in Thailand (bringing production, product development, quality control, distribution center and other support services at one place in Thailand and towards ongoing maintenance capital expenditure).

(3) Cash flow from financing activities

For the years ended December 31, 2020, 2021 and 2022, our net cash outflow from financing activities accounted for outflow of Baht 1,222.4, outflow of Baht 1,313.9 million and an outflow of Baht 1,433.3 million, respectively.

For the year ended December 31, 2021, net cash outflow from financing activities was Baht 1,313.9 million; mainly arising from payout of 2020 final dividend and interim dividend of 2021, collectively amounting to Baht 922.9 million and reduction in working capital loans of Baht 309.5 million.

For the year ended December 31, 2022, net cash outflow from financing activities was Baht 1,433.3 million; mainly arising from payout of 2021 final dividend and interim dividend of 2022, collectively amounting to Baht 1,405.6 million.

(4) Key financial ratios

As of December 31, 2020, 2021 and 2022, our current ratios were 1.8 times, 1.9 times and 1.9 times respectively.

For the years ended December 31, 2020, 2021 and 2022, we achieved returns on equity of 21.1%, 25.9% and 26.7%, respectively.

For the years ended December 31, 2020, 2021 and 2022, the returns on assets were 12.6%, 15.6%, and 16.0%, respectively.

As of December 31, 2020, 2021 and 2022, our debt-to-equity ratio was 0.66 times, 0.65 times and 0.67 times respectively while our interest bearing debt to equity for respective periods stood at 0.07 times, 0.02 times and 0.03 times, reflecting tremendous headroom for leverage.



General Information and Other Importance Information

Company

Mega Lifesciences Public Company Limited

Company Registration Number :

01075560000221



Head Office

384, Moo 4, Soi 6, Pattana 3 Road,
Bangpoo Industrial Estate, Praeksa Sub-district,
Samutprakarn District, Samutprakarn 10280

Telephone : +66 2 401 8686
Fax. : +66 2 324 0451
Website : www.megawecare.com

Branch Office/Investor Relations

909, Ample Tower, 10th Floor, Debaratna Road,
Bangna Nuea Subdistrict, Bangna District,
Bangkok 10260, Thailand

Telephone : +66 2 769 4222
Fax. : +66 2 393 7629

Independent Public Accountants

Ms. Sureerat Thongarunsang

Certified Public Accountant (Thailand) No. 4409
KPMG Phoomchai Audit Ltd.

50th - 51st Floors, Empire Tower
195 South Sathorn Road, Yannawa, Sathorn
Bangkok 10120, Thailand

Telephone : +66 2 677 2000
Fax. : +66 2 677 2233
Website : www.kpmg.co.th

Registrar

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building
93 Ratchadaphisek Road, Dindaeng, Dindaeng,
Bangkok 10400

Telephone : +66 2 009 9000
Fax. : +66 2 009 9991
Website : www.set.or.th/tsd

Listing On Stock Exchange

The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand Building
93 Ratchadaphisek Road, Dindaeng, Dindaeng,
Bangkok 10400

Telephone : +66 2 009 9000
Fax. : +66 2 009 9991
SET Contact Center : +66 2 009 9999
Website : www.set.or.th

Legal Counsel

Hunton Andrews Kurth (Thailand) Limited

34th Floor, Q House Lumpini building,
1 South Sathorn Road, Thungmahamek,
Sathorn, Bangkok 10120, Thailand

Company Contact

Company Secretary

Ms. Sujintana Boonworapat

E-mail : sujin@megawecare.com

Investor Relations

Mr. Vivek Dhawan

E-mail : vivek@megawecare.com

Mr. Thomas Abraham

E-mail : thomas@megawecare.com

Mr. Manoj Gurbuxani (Primary Contact)

E-mail : manoj@megawecare.com

Mr. Francis Rego

E-mail : francis@megawecare.com

Ms. Laila Mitnoi (IR Co-ordinator)

E-mail : laila@megawecare.com

Legal Disputes

As of December 31, 2022, we and our affiliates were not involved in any ongoing legal disputes or actions which would have a negative impact on our or our affiliates' assets in an amount exceeding 5% of total shareholder equity or which would have a material impact on our or our affiliates' business operations.

We and our affiliates have not been subject to any claim based on product liability, personal injury or wrongful death caused by our products, or product recall.



Corporate Governance

| | |
|--|-----|
| Corporate Governance Policy | 196 |
| Corporate Governance Structure and Material Facts Related to the Board of Directors, Subcommittees, Executives, Employees and Others | 221 |
| Report on Key Operating Performance Related to Corporate Governance | 233 |
| Internal Control and Related Party Transactions | 237 |





Corporate Governance Policy

Corporate Governance

Mega Lifesciences Public Company Limited ('Company') believes in and lives by the highest standards of Corporate Governance. It is our constant endeavor to not only achieve, but even surpass the Corporate Governance principles laid down by the Stock Exchange of Thailand and other related organizations.

The Company believes in doing business with highest professional standards with no compromise on ethics, transparency and accountability. The Company has a detailed policy on Corporate Governance, Business Ethics and Code of Conduct as guiding stones. These policies are compliant with the guidelines by the Stock Exchange of Thailand.

The Company's pursuits for improvements in Corporate Governance has resulted in a Four Star (****) Corporate Governance rating in 2022.

The Company believes and lives by its core values of 'Truth', 'Trust', 'Respect' and 'Freedom' in all what it does and constantly encourages all the employees and other stakeholders to live and practice these values by carefully designing its training programs, employment policies.

The Company shall continue to uphold the following Principles of good Corporate Governance :

1. Rights of shareholders and equitable treatment of shareholders

The Board of Directors and Management of the Company considers it as a highest priority to protect and uphold the shareholders rights irrespective of the size of their shareholdings and encourages them to exercise those rights as per the law or any other guidance/statute/regulation of any related statutory bodies in the nation.

The Company respects and strongly upholds the basic right of shareholders to participate in Shareholder's

Meetings, the right to appoint a proxy to participate and vote at the shareholder's meetings, the right to vote for appointment of or removal of Individual Directors, the right to vote on appointment of external/statutory auditors including fixing their remuneration and right to vote on specific business related matters of the Company. The Company also respects the shareholders' basic right to receive Dividend and the right to receiving accurate and timely information.

The company published the invitation notice in the newspapers and also sent information packs minimum 21 days in advance explaining each agenda item in sufficient details. The invitation notice in all details in Thai as well as English language was hosted on the company's official website (www.megawecare.com) minimum 30 days in advance.

The annual general meeting was conducted at a central location which is convenient for shareholders to attend and was conducted in Thai Language and a translation in English which was available on the translating devices on demand from the attending shareholders.

The vote count was done in the presence of a volunteer shareholder and a representative from Company's legal counsel Hunton Andrews Kurth (Thailand) Limited.

No new agenda was introduced during the meeting. Shareholders are entitled to one vote for one share.

The Chairman encourages minority shareholders to participate in the meeting.

The Company has made an announcement on September 30, 2022 in the Stock exchange of Thailand, allowing the minority shareholders to propose Agenda and/or nominate directors for consideration/appointment on or before January 31, 2023. The Company has also hosted guidelines for proposing such Agenda or Nominee Directors on its official website i.e. www.megawecare.com in English and Thai Language. The Company also maintains a prominent banner on its website under the 'Investors' section to make this announcement. The threshold for shareholding has been reduced from 5% to 1% of the total voting rights for nominating a Director for appointment in the AGM and

the condition for shareholding for a continuous period of 1 year has been removed.

The Company maintains website in English and Thai language and the site maintains information about the Company in reasonable details.

All the SET announcements by the Company are made in English as well as Thai language.

The Company maintains all the press releases and any media mentions about the company on its website.

Financial statements, Annual audited as well as Quarterly reviewed are listed on the Company's official website.

The Company's policy mandates sending invitation to shareholders for sending any questions at a sufficient notice prior to the Annual General Meeting. It also necessitates using the Bar coding technology of the Thailand Securities Depository (TSD) to ensure a quick and efficient registration process.

The Company does not have any agreements with its shareholders and has a transparent structure of holding subsidiaries and/or joint ventures. In addition, the Company does not have a pyramid shareholding structure within the its group of companies.

1) Appointment and Reappointment of Directors

The Directors have been appointed by shareholders in the EGM dated February 01, 2013. The Directors who have resigned thereafter have been reappointed by the Shareholders in the Annual General Meeting last held. The credentials of the Directors including educational qualifications, working experience, positions held in other organizations, number of years as Directors and legal disputes, etc have been considered while being appointed.

The Nomination Committee evaluates the performance of the Directors and the names of the first and second list of Directors to retire were selected by draws and thereafter the Company follows the same pattern every three years.

Minimum one third of the Directors retire by rotation and sign the Letter of Consent which is handed over to the Nomination Committee. The Directors'

performance appraisal is conducted by the Nomination Committee and the respective Directors are then recommended for appointment by Shareholders in the Annual General meeting.

In the event the company is unable to identify suitable candidates then the Committee may use a professional search firm or IOD Director pool as it deems appropriate.

The Company has an orientation program for new Directors joining the Board. The orientation program comprises of reading materials, videos and also communication with the Management team and Key Executives of the Company.

Independent Directors shall be those who are :

- Not employees of the company or its subsidiaries.
- Experts in the industry or any function which they review in the company.
- Having no business or dealings or relation with the company or its subsidiaries which will compromise the interests of the company or its shareholders.

The Independent Directors shall be members of Committees and shall be available for retirement by rotation. The Board may assign a time limit for the Independent Directors, however, this shall be reviewed considering the expertise and the knowledge about the company operations that the Independent Directors possess.

Qualifications of Independent Directors

They must not hold shares in the company either directly or indirectly exceeding 0.75% of the paid up capital of the company.

They must not be involved in the day to day management of the company or a related business or any of its subsidiaries or associated companies.

They must not be related directly or indirectly to any of the other Directors.

They must not have a related business pursuant to the regulations of the Securities and Exchange Commission and also must be free from any direct or indirect financial or other interest in the management and business of the company, its subsidiaries, associated companies or major shareholders.



They must not be acting as the Nominee or representative of any Director, major shareholders, relative of such shareholders of the company.

The Company encourages the policy of maximum term of nine (09) years in office. However, if the Independent Directors exceed the term then Nomination Committee shall evaluate and disclose in the Corporate Governance report which is a part of the annual report and the annual registration statement.

2) Directors' remuneration

At the annual general meeting of the shareholders of the Company held on April 05, 2022, the shareholders approved remuneration of Board of Directors as proposed by the Nomination and Remuneration Committee. The company does not pay any amounts other than amounts approved by the shareholders in the AGM to the Non-executive Directors and Independent Directors.

Executive Directors shall not receive any remuneration as Directors since they are entitled to receive salaries and other perquisites in accordance with their respective contracts.

The remuneration for Independent and Nonexecutive Directors, salaries and other perquisites for Executive Directors and key management executives have been delegated by the Board of Directors to the Nomination and Remuneration Committee which has an Independent Director as a Chairman. This Committee shall make recommendations to the Board of Directors for their approval.

The Directors' remuneration is compared with the Industry, Peers and the companies with similar market capitalization. The Company provides additional remuneration for memberships in Committees.

3) Appointing external auditor and approving the audit fee

The Audit Committee is responsible for appointment of External Auditors considering the performance and based on the discussions with the Auditors. Any recommendation to change the external auditors shall need approval from the Audit Committee. The details Auditors including the names, membership numbers

of the signing partners, remuneration for audit and other remuneration are then provided to shareholders for approval.

The external auditors had been last appointed by the shareholders in the AGM held on April 05, 2022 and details such as name of the Audit firm and the auditor's names (minimum 03 names), independence of the proposed auditors, Audit fee, Non-Audit Fee and other related significant details including opinion of the Board of Directors had been made available to the shareholders along with the invitation notice.

4) Payment of Dividend

Dividend Policy

The policy of the company is to pay as dividends not less than 25 percent of the company's annual net profit (after corporate income tax and appropriation of statutory reserves). However, the dividend payment for each year may vary depending upon the business operations of the Company, financial conditions, investment plan and the need for working capital for business operation and expansion as well as other relevant factors, as the Board of Directors and/or the shareholders of the Company deem appropriate.

Dividend during year 2022

At the meeting of the Board of Directors of the Company held on August 16, 2021, the directors approved the appropriation of interim dividends of Baht 0.52 per share, amounting to Baht 453.37 million. The dividends were paid on September 14, 2021.

At the annual general meeting of the shareholders of the Company held on April 05, 2022, the shareholders approved the appropriation of profits and payment of final dividend of Baht 0.86 per share, amounting to Baht 749.81 million. The dividends were paid to shareholders on April 22, 2022.

In compliance with Dividend Policy, total Dividend paid for year 2021 was 1.38 per share, amounting to Baht 1,203.18 Million.

At the meeting of the Board of Directors of the Company held on August 16, 2022, the directors approved the appropriation of interim dividends of Baht 0.75 per share, amounting to Baht 653.90 million. The dividends were paid on September 09, 2022.

5) Internal information and Insider trading

The Company has a written policy and code of conduct on the use of confidential and/or internal information so as to prevent any illegal use. The policy has been circulated to the employees and the Company has a practice of conducting training programs for educating the employees about these guidelines.

All Directors, Senior Management auditors and employees who have access to financial statements and other critical internal information are required to disclose their securities holdings in the Company and report any changes therein to the Company, Securities and Exchange Commission and Stock Exchange of Thailand. The aforementioned holdings including any securities holdings in the Company by the spouses and/or minor children need to be disclosed and changes therein need to be reported to the office of Securities Exchange Commission under section 59 of the Securities Exchange Act.

Each year such holdings are declared to the Company in the form as may be approved by the Board of Directors .

The regulations regarding the use of Inside information of the Company are as follows :

1. All Directors, executives and employees of the Company shall keep confidential and/or internal, all information of the Company except for the purpose of the operations of the Company's business;
2. All Directors, executives and employees of the Company shall not disclose confidential and/or internal information of the Company with the aim to seek benefit for oneself or for other persons either directly or indirectly regardless of whether or not such benefit is to be received; and
3. All Directors, executives and employees of the Company shall not sell, purchase, transfer or take the assignment of securities of the Company by using confidential and/or internal information of the Company in a manner that could possibly cause damage to the Company either directly or indirectly. This provision shall also apply to spouses and minor children of the Directors,

executives and employees of the Company. Violators of the regulations shall be considered as a serious offence.

The policy mandates that the directors and managements of the Company who know material inside information affecting changes in securities price, must be cautious in the trading of securities of the Company within one month prior and two days after the date of filing with Stock Exchange of Thailand (SET) of the quarterly and annual financial statements. Moreover, within 24 hours after such inside information has been disclosed to the public, whether intentionally or unintentionally, the Company is obligated to immediately disclose and notify such inside information to the SET. In this regard, prior to such disclosure and notification of inside information to the SET, the directors and managements of the Company must not, in any event, disclose any further inside information to any person.

6) Business Ethics and Code of Conduct for Directors, Management and Employees

The Company has a Business Ethics and code of conduct policy for Employees, Senior Management and Directors which among others focuses on equal opportunities to people from various backgrounds, doing business with ethics.

The Code has been translated in local languages in Myanmar, Cambodia and Vietnam and training has been provided any new employees joining the Company or its Subsidiaries. The company has made it compulsory to read and sign as agreed for all new employees and the Code has been hosted on our official website in English and Thai Language.

The Company has also implemented compulsory training of new as well as existing employees on Business Ethics and Code of Conduct.

7) Conflict of Interest

All senior employees and Management team members sign and send the Conflict of Interest form which details the interest in other businesses/companies. Directors also send the information about interested companies/businesses which are then reported to



the Audit Committee. The interested Directors shall not vote on any matters relating to the connected transactions should there be any conflict of Interest.

8) Marketing Ethics and Code of Conduct

The Audit Committee and the Board of Directors approved the Code of Conduct for Marketing practices including dealing with healthcare professionals. The Marketing Code of Conduct has been implemented in key locations of business and the Company continues its commitment towards integrity in its business dealings.

The Company has also implemented E-learning system and online certification programs for compulsory training of new as well as existing employees on Marketing Ethics and Code of Conduct and Anti-Bribery policy. The Company has re-trained most of the country heads in 2020, 2021 and 2022.

9) Anticorruption and Bribery

The Company would like to ensure that it reaches the highest level of governance and for this reason the Company has stipulated that it will abide by strict policies regarding corruption and bribery.

The Company has a policy and guidelines on Anticorruption and Antibribery. The Company has issued these guidelines to overseas locations and businesses and has started training of employees, officers and management.

Anticorruption educational materials and policies have been uploaded on the company's website to ensure that our policies are well communicated, and the same standard practice made available worldwide.

The Company continuously monitors the progress of training and awareness at all the company sites.

The Company monitors all risks, including the risk of corruption and bribery, and has been tasked with monitoring, evaluating and recommending actions related to the anticorruption and anti-bribery efforts of the company and reports its findings to the Audit Committee.

2. Role of stakeholders

Mega Lifesciences aims to carry out the Company's business with fairness and using ethical business practices. Employees selling goods, services or while interacting with suppliers, customers, 3rd party consultants, Government agencies will not resort to any unethical means to promote the interest of the business.

1) Dealing with Suppliers

Mega shall deal with all suppliers in a fair manner and ensure that the business is conducted at most competitive prices and mutually rewarding. It is in Mega's interest to ensure that the suppliers remain make a reasonable profit and drive innovation and sustainability in their businesses to become a long term partner. Parameters such as Price, Quality, Environmental protection, technical and regulatory expertise, reliability and integrity shall be guiding forces for enlisting a supplier. Mega Lifesciences and/or its employees shall in no way benefit from or pass any benefit to the supplier other than the written terms in the contract.

Any suppliers related to employees or shareholders shall be listed as related parties in the Financial Statements. Arm's length basis of dealings with such suppliers shall be ensured.

2) Dealing with Customers

Mega Lifesciences shall ensure that only good quality products and services shall be provided to customers and Mega shall strive to innovate through constant improvement the products and services.

The employees shall maintain good relationships with customers and make a positive difference in their lives and in the lives of their customers. Mega Lifesciences shall deal with its customers in a fair and dignified manner and encourage the customers and their customers to maintain a healthy life.

Any customers related to employees or shareholders shall be listed as related parties in the Financial Statements. Arm's length basis of dealings with such customers shall be ensured.

3) Government Agencies and compliance with laws

Mega Lifesciences expects its employees to live by the Mega way of fairness and integrity in dealings with government agencies. Our products are sold to Hospitals and other government agencies. Mega shall ensure good quality products and fair transactions. Mega or its employees will not compromise on quality or in compliance with the laws of the land in which the business is situated.

4) Dealing with Customer's customers

Mega Lifesciences expects its employees to provide the best products and make a positive difference in the lives of our consumers (ultimate customers). The employees shall promote a healthy way of life and loyal customers through a win-win system of dealing.

5) Employment Policies

Mega Lifesciences has ordinary people achieving extraordinary results. The company believes in recruiting and retaining ethically committed and good human beings who have a desire to make a difference in the company and the society. Mega Lifesciences tries its best to ensure that the right education, training and growth opportunities are provided to employees and encourage professional development. Mega Lifesciences provides a fair and transparent environment with clear performance criteria and performance evaluation processes.

Mega Lifesciences aims to provide equal employment opportunity to all within the framework of the law of land in which it is located. People of any gender, race, caste, religion or nationality shall be considered for employment and treated as equals at work. Employment policies shall reflect the fairness and equality. Any behavior in violation of this policy shall be treated as hostile and appropriate management action shall be taken. The Company respects individual differences and employees are expected to respect each other for what they are.

All the employees shall be remunerated in the form of salary, provident fund matching contribution and annual bonus based mainly on operational performance of the company and work performance of each employee. Overall compensation shall be in line with the same industry standard.

6) Health, Safety and Environment

Mega Lifesciences shall ensure that all business transactions promote sustainability of environment and environmental issues like health and safety, pollution, etc are seriously addressed in all its policies and actions.

The areas of focus are :

- Compliance with environmental laws and those relating to safety and health of employees and society
- Issues concerning product efficacy and product liabilities
- Invest in technologies which promote sustainability of environment
- Safety in handling and disposal of hazardous and toxic materials
- Optimal utilization of natural resources like water and others like electricity
- Working conditions such as lighting, layouts, health signs, etc in the factories

7) Intellectual Property

The Company promotes a culture of respect for intellectual property of the Company as well as other parties.

The Company is aware of the importance of intellectual property and strictly forbids the use of illegal software and any misuse of the intellectual property of others.

8) Whistle Blower Policy

The Company has instituted a whistle blower policy which enables employees to report to the Audit Committee any frauds, wrong doings or violation of code of ethics which may be observed. This policy also provides for non-retaliation against such employees and confidentiality of such information/observation. The employees or other affected parties may write to Audit.Committee@megawecare.com.

There have been no complaints in year 2021 and year 2022. The Audit Committee shall have the choice to investigate or designate management team or a third party may be engaged to handle the complaint.

To summarise, the Company fosters an environment of sustainability and good citizenship by :



1. Ensuring an excellent work environment for the people associated with Mega as Employees, suppliers, Customers, Shareholders, Government and Society at large.
2. Creating value for investors.
3. Protecting environment.
4. Caring for wellness of our customers and consumers by providing good quality products at affordable prices.

9) Competitors

Mega Lifesciences and its subsidiaries has acted within the framework/guidelines for dealing with competition and shall employ best practices and fairness in dealing with Competitors and has extended efforts to participate in the industry segment of operation. The Company continues to be listed and represented on trade bodies and industry bodies.

3. Disclosure and transparency

The Company believes in making timely and accurate disclosure of information related to the Company, financial as well as non-financial, as may be relevant to the shareholders in making their decisions. The information is disclosed on the Company's website and in the form of announcements from time to time on the SET portal. The Company chooses to disclose the information in the forms of Annual reports, Form 56-1, MD & A, Press releases, meetings with investors at the Company's office, analyst meetings, replies to queries by investors and Company's website.

The Company has designated the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary, Public Relations head and the Investor relations department for ensuring the timely and accurate disclosures. The Company has a communication policy which provides guidelines for such disclosures.

The Company discloses the Vision, Mission, CEO's message, financial statements, Company's values, press releases, SET/SEC announcements, press releases, Board structure and profile, management structure and profile, capital structure among other things which the Company believes can help the investors gain knowledge about the Company.

In year 2022, the Company held the following interactions with the shareholders :

| Nature of Interaction | Frequency in year 2022 |
|--|------------------------|
| Company visits (including off-site calls) | 9 |
| Scheduled Conference calls | 36 |
| Non-deal roadshows | 9 |
| SET Opportunity day | 4 |
| Factory visit | 1 |

Investors may write to the Company at investor@megawecare.com or call at +66(02) 7694230 in case they may have any queries.

The Board of Directors remains accountable for preparing the financial statements as per the Generally Accepted Accounting Principles and to ensure that the accounting and financial information presented in the Financial Statements is accurate and appropriate having regard to the nature of the business.

The Company has never been accused by SEC/SET of Thailand of breach of any disclosure rules and regulations.

Related Party Transactions

The Company upholds and values its policy for related party transactions and strictly follows the same. All related party transactions shall be conducted on Arm's Length basis. The processes for related party transaction had been audited by a 3rd party Internal Auditor and was found to be sufficiently in compliance with the Company's policy and also the regulations prescribed by the SEC/SET. The Audit Committee reviews and approves the disclosure of related party transactions on a quarterly basis. The internal control manuals provide the basis for reporting related party transactions including the need for approvals by the shareholders in the Annual General Meeting within the definition of law. The Related Party Transactions are disclosed in the Annual Report and Annual Registration Statement.

4. Roles and responsibilities of the board of directors

1) Board Structure, size and diversity

The Board of Directors comprises of 10 Directors in total including 04 Independent Directors (40%), 04 Non-Executive Directors and 02 Executive Directors which includes the CEO and the CFO.

The Chairman of the Board of Directors is an Independent Director.

01 out of 10 Directors is a lady and the Board believes in giving a fair chance for female board members as per its board diversity policy. The Nomination and Remuneration Committee decides the appointment of Directors on merit and continues to provide opportunities to new Directors irrespective of their gender, race or nationality or any other differentiation. The Nomination Committee has proposed the appointment of one more lady independent director in April 2023 AGM.

The Company firmly believes that the Board size and the Composition represents the expertise which may be required considering the size of the Company and the nature of the Company's operations. The Qualifications and the Experience of the Directors is appropriate and provides scope for fairly monitoring the Company's operations.

The role of the Board is clearly set out in the Charter of the Board of Directors. The charter is reviewed by the board on a regular basis.

Non-Executive Directors and Independent Directors shall not take a position as a Director in more than 5 publicly listed companies.

Executive Directors shall not take a position as a Director in more than 3 listed companies. The above positions do not include the positions as Directors in group companies including but not limited to Subsidiaries and Joint Ventures.

In case any of the Directors exceeds the number of positions as stated above, then the Nomination and Remuneration Committee shall review the respective Director's performance and shall state its view in the Corporate Governance report.

The Company discloses on its website and in its Annual report as well as form 56-1, the profile of the Directors, discloses the name of the Directors, educational qualifications, past experience and shareholding of the Directors and whether the Director is Executive, Non Executive or Independent Director. The profile mentions the Directorships held in other companies.

The position of the Chairman and the CEO has been separated. The Chairman is an Independent Director. The Chairman's responsibilities are as per the law

The Company's Internal Audit function is outsourced to independent companies of international repute and reports to and is accountable to the Audit Committee Chairman.

One third of the Directors retire by rotation at every Annual General Meeting as specified in the Articles of Association of the Company. A retiring Director is eligible for re-election. Voting for re-election of Directors is done on an individual basis.

The Company has appointed a Corporate Secretary to discharge the responsibilities to undertake the duties as laid down under the Securities Exchange Act, B.E. 2535.

Structure of Board of Directors and Committees :

| | Name | Board of Directors Position | Audit Committee Position | Nomination and Remuneration Committee (*) | Nomination Committee | Sustainability, Risk Management and corporate Governance Committee | Remuneration Committee |
|----|------------------------|----------------------------------|--------------------------|---|----------------------|--|------------------------|
| 1. | Mr. Meechai Viravaidya | Chair and Independent Director | | | | | |
| 2. | Mr. Alan Kam | Vice-Chair, Independent Director | Chairman | | Member | Chairman | |
| 3. | Mr. Thor Santisiri | Independent Director | Member | | Member | Member | |



| | Name | Board of Directors Position | Audit Committee Position | Nomination and Remuneration Committee (*) | Nomination Committee | Sustainability, Risk Management and corporate Governance Committee | Remuneration Committee |
|-----|---------------------------|--------------------------------|--------------------------------|--|-------------------------|---|---------------------------|
| 4. | Mr. Vijay Karwal | Independent Director | Member | Chairman | Chairman | | Chairman |
| 5. | Mr. Kirit C. Shah | Non-executive Director | | Member | | | Member |
| 6. | Mr. Ishaan Shah | Non-executive Director | | | | | |
| 7. | Ms. Sameera Shah | Non-executive Director | | | | | |
| 8. | Mr. Vivek Dhawan | Executive Director | | Member | | | Member |
| 9. | Mr. Thomas Abraham | Executive Director | | | | Member | |
| 10. | Mr. Shiraz E.Poonevala | Non-executive Director | | | | | |

* Nomination and Remuneration Committee was separated into two committee i.e. Nomination Committee and Remuneration Committee in Board meeting held on Feb 23, 2022.

Total of 10 Board of directors, 2 are Executive Directors i.e. 20% and 4 are Non-Executive Directors i.e. 40% strength and Four (04) Independent Directors i.e 40%.

Meetings attended

| | Name - Surname | Board of Directors | Audit Committee | Nom and Rem Committee (*) | Nomination Committee | Rem. Committee | Sustainability, RM & CG committee |
|----|--|-----------------------|--------------------|------------------------------|-------------------------|-------------------|---|
| 1. | Mr. Meechai Viravaidya Chairman and Independent Director | 06/07 (86%) | | | | | |
| 2. | Mr. Alan Kam Independent Director | 07/07 (100%) | 04/04 (100%) | | 03/03 (100%) | | 01/01 (100%) |
| 3. | Mr. Thor Santisiri Independent Director | 07/07 (100%) | 04/04 (100%) | | 03/03 (100%) | | 01/01 (100%) |
| 4. | Mr. Vijay Karwal Independent Director | 07/07 (100%) | 04/04 (100%) | 01/01 (100%) | 03/03 (100%) | 01/01 (100%) | |
| 5. | Mr. Kirit C. Shah Non-executive Director | 07/07 (100%) | | 01/01 (100%) | | 01/01 (100%) | |
| 6. | Mr. Ishaan Shah Non-executive Director | 06/07 (86%) | | | | | |

| | Name - Surname | Board of Directors | Audit Committee | Nom and Rem Committee (*) | Nomination Committee | Rem. Committee | Sustainability, RM & CG committee |
|-----|--|--------------------|-----------------|---------------------------|----------------------|-----------------|-----------------------------------|
| 7. | Ms. Sameera Shah Non-executive Director | 06/07 (86%) | | | | | |
| 8. | Mr. Vivek Dhawan Executive Director | 07/07 (100%) | | 01/01 (100%) | | 01/01 (100%) | |
| 9. | Mr. Thomas Abraham Executive Director | 07/07 (100%) | | | | | 01/01 (100%) |
| 10. | Mr. Shiraz E.Poonevala Non-executive Director | 07/07 (100%) | | | | | |

* Nomination and Remuneration Committee was separated into two committee i.e. Nomination Committee and Remuneration Committee in Board meeting held on Feb 23, 2022.

Nomination Criteria for Independent Directors

Independent Directors shall be those who are :

1. Not employees of the company or its subsidiaries
2. Experts in the industry or any function which they review in the company.
3. Having no business or dealings or relation with the company or its subsidiaries which will compromise the interests of the company or its shareholders
4. The Independent Directors shall be members of Committees and shall be available for retirement by rotation.
5. The Board may assign a time limit for the Independent Directors, however, this shall be reviewed considering the expertise and the knowledge about the company operations that the Independent Directors possess.
5. They must not be acting as the Nominee or representative of any Director, major shareholder/s, relative of such shareholders of the company.

Qualifications of Independent Directors

1. They must not hold shares in the company either directly or indirectly exceeding 0.75% of the paid up capital of the company.
2. They must not be involved in the day to day management of the company or a related business or any of its subsidiaries or associated companies.
3. They must not be related directly or indirectly to any of the other Directors.
4. They must not have a related business pursuant to the regulations of the Securities and Exchange

Commission and also must be free from any direct or indirect financial or other interest in the management and business of the company, its subsidiaries, associated companies or major shareholders.

2) Committees

1. Audit Committee

The Audit Committee was constituted by the Board in its meeting held on January 17, 2013 and approved by the EGM 01/2013 held on February 01, 2013. The Audit Committee comprises of three members, all of whom are Independent Directors. The Committee includes Mr. Alan Kam, Chairman and Mr. Manu Sawangjaeng and Mr. Thor Santisiri as members. The Chairman and Members have the required qualifications and experience to discharge the functions of an Audit Committee. Each person forming a part of the Committee fulfills the requirements as set out in the notifications and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Board of Governors of the Stock Exchange of Thailand, and the Stock Exchange of Thailand.

The Committee held 04 meetings during the year and several other meetings with the management team. In addition, the Audit Committee held one more meeting with the external auditors and the attendance was 100%.



In addition, the Chairman of the Committee, Mr. Alan Kam, met with the external auditors and Internal Auditors on a regular basis

The Committee has conducted self-assessment during the year based on the Principles recommended by the Stock Exchange of Thailand.

The Committee has conducted a review of the Company's Corporate Governance policy and Practice.

The Committee members meet from time to time without inviting the Management team.

The main responsibilities of the Audit Committee include:

- Appoint External Auditors based on the selection criteria decided by the Audit Committee.
- Appoint Internal Auditor and discuss as well as decide with the Internal Auditor the scope and nature of engagement adopting a risk based approach.
- Review and approve the financial statements and propose to Board of Directors.
- Review significant accounting and reporting issues including complex or unusual transactions and highly judgmental areas.
- Discuss with Mega's management and external auditor regarding to the audit results, relevant risks and management action to decrease the identified risks.
- Review the effectiveness of internal control over the financial reporting process.
- Review whether management is setting appropriate internal control practices and processes are in place.
- Review whether management has implemented recommendations on internal control from internal and external auditors.
- Review and approve the internal audit charter, annual audit plan, staffing and resources required of internal audit.
- Review the activities of the internal audit, ensuring independence from Mega's management, and that no unjustified restrictions or limitations are made.
- Review and approve the compliance charter, annual plan, staffing and resources required of compliance and control function.
- Obtain regular updates from the audit and compliance group regarding all compliance matters affecting Mega's operations.
- Review the non-compliance issues raised by regulatory agencies and the rectification of those issues. The audit committee shall report these non-compliance issues to the board of directors.
- Review the effectiveness of the system for monitoring compliance with laws and regulations (Legal Compliance and checklist) and the results of follow-up of any instances of non-compliance. The audit committee shall report these non-compliance issues to the board of directors.
- Review the adequacy of Mega's risk management process and policies.
- Review the effectiveness of the implementation of Mega's risk management systems.
- Ensure that the Code of Conduct and conflict of interest policy is in writing and arrangements are made for all management and employee to be aware of it.
- Promote the compliance with the code of conduct and conflicts of interest policy.
- To prepare and to disclose in the company's annual report, the Audit Committee report which must be signed by the Chairman of the Audit Committee.
- Perform other assignments as requested by the Board of Directors.
- Review and assess the adequacy of the audit committee charter on regular basis, requesting board of director's approval for proposed changes.
- Perform self-assessment at least annually and present results to the board of directors
- Review the internal control manuals and fraud prevention measures by the Management.
- Review the Corporate Governance policy and practice of the company.

2. Nomination and Remuneration Committee (*)

The Nomination and Remuneration Committee was constituted by the Board in its meeting held on May 22, 2013 and approved in the Shareholders' meeting held thereafter. The Committee comprises of three members.

The Committee includes Mr. Manu Sawangjaeng, Independent Director nominated as the Chairman of the Committee and Mr. Kirit C. Shah and Mr. Vivek Dhawan as members.

The Committee held 03 meetings during the year and all members were present during the meeting.

The Committee reviewed the compensation to the Management team including Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

The Committee also reviewed the compensation of the senior management team members.

The Committee members meet from time to time without inviting the Management team.

The Committee also conducted CEO's performance appraisal and CEO's succession plan.

CEO's performance evaluation was done by the Nomination and Remuneration Committee. The Committee evaluated the CEO for financial parameters like Revenue, Margins and Profit achieved. The performance was evaluated for non-financial parameters like Economic Value Added, Environmental strategy, Social impact including internal and external stakeholders and Anti-Bribery.

The main responsibilities of the Nomination and Remuneration Committee include :

- To evaluate and recommend the appropriate organization structure for the Company, qualifications of directors and the Chief Executive Officer ("CEO");
- To identify potential new directors and the CEO candidates through a transparent process and to nominate such persons to the Board of Directors and/or shareholders;
- To evaluate and recommend appropriate procedures and criteria to set fair and reasonable remuneration and other benefits, to be granted and awarded to the Company's directors and the CEO;
- To prepare and report the Nomination and Remuneration Committee's self-evaluation report to the Board of Directors. The report must be signed by the chairman of the Nomination and Remuneration Committee; and
- To perform any other activities as designated by the Board of Directors in respect of nominating the Company's directors and the CEO for the Company and considering their remuneration.

- Evaluated the Compensation policy and practice for Key executives in the Company and guidelines for compensation to employees.
- Perform self-assessment at least annually and present results to the board of directors.
- Evaluation of Directors for alignment with Company's strategy.

**Nomination and Remuneration Committee was separated into two committee i.e. Nomination Committee and Remuneration Committee in Board meeting held on Feb 23, 2022.*

3. Nomination Committee

The Nomination Committee has been established by Board of Directors of Mega Lifesciences Public Company Limited in their meeting 01/2022 held on February 23, 2022. The objective is to promote Good Corporate Governance by appointing a focused committee to establish Nomination standards for Board of Directors.

The Committee shall be appointed by the Board of Directors and shall comprise of minimum three (03) Members, all Independent Directors, including an Independent Director as Chairman of the Committee.

Roles and Responsibilities

- To determine the procedure and criteria for director nomination.
- To determine the qualifications of directors with a focus on the skills, experience, and specific capabilities which are beneficial to the Company, and consideration of such directors' dedication of time, diversity and personal endeavor to perform their duties as directors.
- To search and select qualified experts to act as directors and nominate them to the Board of Directors by seeking approval for appointment from the annual general meeting of shareholders.
- To deliberate on the succession plan for the Chief Executive Officer while reviewing the list of qualified and suitable persons.
- To select directors who are qualified as committee members for the Board of Directors' in the event of vacancies.
- To make recommendation to the Board of Directors on the organization structure annually.



- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Nomination Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Nomination Committee shall not be a sub-authorization or delegation that allows the Nomination Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.
- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors.

4. Remuneration Committee

The Remuneration Committee has been established by Board of Directors of Mega Lifesciences Public Company Limited in their meeting 01/2022 held on February 23, 2022. The objective is to promote Good Corporate Governance by appointing a focused committee to establish Remuneration standards for Board of Directors.

The Committee shall be appointed by the Board of Directors and shall comprise of minimum three (03) Members including an Independent Director as Chairman of the Committee.

Roles and Responsibilities

- To make recommendation to the Board of Directors on the essential factors of the Board of Directors' compensation annually.
- To propose compensation criteria for the Board of Directors in line with their responsibilities and the overall performance of the Company. Such criteria must be attractive and adequate to retain competent, quality, and capable directors. The Board of Directors must review the proposal before presenting to the annual general meeting of shareholders for approval, if required by law.
- To conduct performance appraisal and decide the compensation for the Chief Executive Officer.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Remuneration Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or

rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Remuneration Committee shall not be a sub-authorization or delegation that allows the Remuneration Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.

- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors

5. Sustainability Risk management and Corporate Governance Committee

The Sustainability, Risk Management and Corporate Governance Committee has been established by Board of Directors of Mega Lifesciences Public Company Limited in their meeting 01/2022 held on February 23, 2022. The objective is to promote Good Corporate Governance by appointing a focused committee to establish strategy and practice for Sustainability, Risk Management and Corporate Governance for the Board of Directors.

The Committee shall be appointed by the Board of Directors and shall comprise of minimum three (03) Members including an Independent Director as Chairman of the Committee. The members, minimum one, shall have a specialized understanding about Risk Management.

Roles and Responsibilities

- Consider and provide opinions on the Risk Management policy and framework to be presented to the Board for approval
- Acknowledge, consider and provide opinion on Risk Assessment and Risk measurement/ management including action plans to manage risks at an acceptable level
- Monitor and follow up the action plan to continuously manage risks
- Report risks to the Board of Directors on a regular basis or minimum once a year
- Hire independent parties if necessary
- Screen the risk management specialist to be appointed on Board of Directors and report to Nomination Committee

- Establish a sustainability policy framework according to the operations of the Company to ensure acceptance from the stakeholders including communities and society
- Review and adapt the scope for the preparation of sustainability reports
- Supervise compliance with the good corporate governance principles and regulations of the Securities and Exchange Commission
- Review and update the Sustainability Policy of the Company
- Appoint a Sustainability working group to proceed according to the sustainability policy of the Company
- Supervise and guide the sustainability working group regularly
- Review and comment on the Corporate Governance policy, business ethics and code of conduct the Anti-Bribery policy and related policies including but not limited to Human Rights Policy to comply with the laws and regulations of government and government agencies including Stock Exchange of Thailand and Securities and Exchange Commission of Thailand
- Oversee and ensure that the Board of Directors and Management of the Company complies with the policies
- Review and report the results of activities undertaken, results of compliance and report key issues related to corporate governance and anti-corruption
- Coordinate with the Board of Directors and Committees to ensure compliance with Corporate Governance Policy, guidelines, Anti-corruption Policy and Guidelines and Business ethics and Code of Conduct including its sub-policies.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Sustainability, Risk Management and Corporate Governance Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Sustainability, Risk Management and Corporate Governance Committee shall not be an sub-authorization or delegation that allows the

Sustainability, Risk Management and Corporate Governance Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.

- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors

6. Corporate Secretary

The Board of Directors appointed Ms. Sujintana Boonworapat as a Corporate Secretary to undertake duties as laid down in the Securities Exchange Act B.E. 2535.

The authorities, duties and responsibilities of the corporate secretary are as below :

- To prepare and keep the following documents :
 - ▷ Director register;
 - ▷ Notice to the Board's meetings, minutes of the Board's meetings and Company's annual reports;
 - ▷ Notice to meeting of shareholders and minutes of the shareholders' meetings; and
 - ▷ Company's annual reports.
- To keep the records on the conflict of interest reported by the directors and/or executives of the Company and submit the conflict of interest report form pursuant to Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date of receipt.
- To perform any other tasks as required by the Securities and Exchange Act B.E. 2535 (1992) (as amended) and the Capital Market Supervisory Board.
- To primarily advise the Board of Directors on the applicable law and regulations that the Board needs to comply with and to regularly report to the Board on any material change on such applicable laws and regulations.
- To arrange the meetings of the Board of Directors and the shareholders in accordance with the applicable laws, the Company's articles of association and relevant guidelines.
- To monitor the Company's disclosures to the Stock Exchange of Thailand and other relevant authorities in order to ensure the Company's compliance with the applicable laws and regulations.



7. Chief Executive Officer – Qualifications and assessment Criteriaa

The Company has appointed Mr. Vivek Dhawan as the Chief Executive Officer with the following key responsibilities in addition to the special responsibilities which the Board may confer as and when necessary :

- To monitor, manage, operate, and perform day-to-day business for the benefit of the Company in accordance with the policies, vision, objectives, business plan, and budget, as approved by the Board of Directors.
- To manage the business operations of the Company in compliance with the mission determined by
- the Board of Directors and in accordance with the Company's business plan, budget, and respective business strategy, as approved by the Board of Directors.
- To govern overall operations in connection with financial, marketing, human resources, and other matters, in compliance with the policies and business plan of the Company, as approved by the Board of Directors.
- To employ, appoint, transfer, or dismiss the Company's senior management.
- To determine annual overall compensation policy for the Company and its subsidiaries.
- To determine awards, salary adjustments, remuneration, and special bonuses, in addition to any annual bonus, for the senior management of the Company.
- To negotiate and enter into agreements and/or any transactions in the Company's normal course of business (such as investing in machinery and other assets according to the investment budget or other budgets approved by the Board of Directors, stocking inventory, or selling products) up to the limit of each transaction as authorized and approved by the Board of Directors.
- To consider and approve the opening of a new branch and/or representative office and the establishment of any new subsidiary company, subject to requirements of the applicable laws and regulations.
- To consider and approve the lending/borrowing between the Company and its subsidiaries in accordance with the authorization level as approved by the Board of Directors.
- To consider and approve the entering into the loan between the Company and any commercial bank in accordance with the authorization level as approved by the Board of Directors.
- To consider and approve the opening of new bank accounts with any commercial bank.
- To issue internal orders, criteria, notifications, and memoranda for the Company's operations which are in line with the Company's policies and in the Company's interests, as well as to maintain good order within the organization.
- To consider and approve the proceeding, filing and/or settling a lawsuit whether in or out of court and/or trial.
- To perform any other acts, as assigned and authorized by the Board of Directors.
- To summarize and report any material decisions made under the scope of authority of the CEO to the Board of Directors.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the CEO, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the CEO shall not be a sub-authorization or delegation that allows the CEO or any authorized person who has a conflict of interests or a conflict of any kind with the Company or its subsidiaries to approve such a transaction. In such cases, the CEO shall have no authorization to approve such transactions, and it shall be proposed that the transactions be considered and approved by the Board of Directors and/or the meeting of shareholders (as the case may be), unless such transactions are in the normal course of the Company's business and are at arm's length.
- To be responsible for Sustainability of the Company and all the practices/procedures related to ESG/ sustainability.

8. Internal Auditor

The Audit Committee appoints the Internal Auditors. Any recommendation to change the external auditors shall need approval from the Audit Committee. The Company has outsourced its function of Internal Audit and has appointed Mazars, Thailand as its Internal auditor for Thailand operations, Mazars Vietnam for Vietnam operations, BDO International Sdn.Bhd.'s Cambodia office for Cambodia operations and Grant Thornton for its operations in Myanmar. The Internal Auditor reports to the Chairman of the Audit Committee. The plan as well as the scope of the Internal Audit is proposed by the Auditors and approved by the Chairman of the Audit Committee. The Audit Committee meetings are attended by the Internal Auditor and the Internal Audit reports are reviewed by the Audit Committee members, the CFO and the Finance Director. The Chief Risk and Compliance Officer is the Secretary to the Audit Committee and is primarily responsible for follow up and coordination of the management action plans resulting from Internal Auditors recommendations.

9. Chairman

The Chairman among others has the following responsibilities :

1. Attending and presiding over the Board meetings and ensuring that the Invitation notice and sufficient related information is sent to the Board Members accurately and in time
2. Attending and conducting the Annual General Meeting and/or Extraordinary General Meeting of shareholders
3. Creating communication platforms between shareholders and Board members
4. Determining along with the Board members, the structure, size composition and diversity of the Board
5. Discharging functions as required and laid down by the Stock Exchange of Thailand and Securities Exchange Commission of Thailand
6. Appointing Committees of the Board of Directors and the Company Secretary
7. Facilitating the self-assessment of the Board of Directors
8. Ensuring that the Board, its committees and management function as per standards of Corporate Governance

9. Approving along with Board, the strategy and objectives of the Company
10. Ensuring the participation of Directors in the meetings and decision making
11. Ensuring a fair chance to all Directors to vote and inquire about the subject matter under discussion
12. Facilitating the Induction of Directors and ensuring that the Company has an induction process
13. Succession planning for the Board members and key executives

10. Compliance and Risk management

The Company has appointed a Chief Risk and Compliance Officer who heads the Compliance function and is present in the Audit Committee meetings on a regular basis. The officer updates and reports the Committee on areas related to status of compliance with regulatory and legal requirements and Corporate Governance policy and practice in the Company.

11. Decisions requiring Board Approval

The following matters require Board approval :

1. Global Budgets and Strategy
2. Capital expenditure budgets
3. Acquisition of business and or company
4. Non budgeted Capital expenditure exceeding Thai Baht 30 Million per year.
5. Directors and CEO's compensation
6. Sales of Fixed Assets with a net book value exceeding Thai Baht 30 million.
7. Write off of Fixed Assets with a net book values exceeding Thai Baht 10 million.
8. Fresh Long term loans exceeding Thai Baht 200 million and Short term loans exceeding Thai Baht 300 million
9. Investments in subsidiary company exceeding Thai Baht 30 Million.
10. Trade advances exceeding Thai Baht 30 million.
11. Such other decisions as may be required by law to be approved by the Board of Directors and not include such decisions which are required by law to be approved by the Shareholders.



3) Board Performance

The Board of Directors held 05 meetings during the year.

The CEOs office along with the Corporate Secretary sets the Agenda for the meetings. The Agenda is sent to the Board members with required attachments/enclosures minimum 07 days or 05 working days in advance unless if the meeting is called for a special purpose.

Schedule for Board meetings for the year is set before the commencement of the year and circulated for Board members' approval and planning in advance.

Attendance is recorded and detailed minutes are prepared for circulation to the Board. The Company also arranges to provide the meeting minutes for the year copied on a computer storage device on a yearly basis for Directors' ready reference.

The Company requires that the Quorum of at least 2/3 of the total number of directors for board decisions.

The Independent Directors regularly held discussions/meeting in the absence of Executive Directors and other Non-Executive Directors who are not Independent Directors.

4) Remuneration of Directors

Independent Directors and Non Executive Directors are paid remuneration on a quarterly basis. There is no other bonus or other entitlement for the Independent Directors and Non Executive Directors apart from the remuneration mentioned below.

| Name of Directors | Remuneration |
|------------------------|---|
| Mr. Mechai Viravaidya | THB 2,205,000 per annum |
| Mr. Alan Kam | THB 1,575,000 per annum |
| Mr. Manu Sawangjaeng * | THB 1,146,600 per annum |
| Mr. Vijay Karwal ** | THB 1,146,600 per annum |
| Mr. Thor Santisiri*** | THB 1,146,600 per annum |
| Mr. Kirit C Shah | THB 661,500 per annum |
| Ms. Ishaan Shah | THB 661,500 per annum |
| Ms. Sameera Shah | THB 661,500 per annum |
| Mr. Shiraz Poonawala | THB 661,500 per annum |
| Mr. Vivek Dhawan | Declined to accept remuneration as Director |
| Mr. Thomas Abraham | Declined to accept remuneration as Director |

* Mr. Manu Sawangjaeng, Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee, resigned effective on May 12, 2021

** Mr. Vijay Karwal was appointed in place of Mr. Manu Sawangjaeng as Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee effective on May 13, 2021

*** Board of Directors has proposed to change Mr Thor Santisiri's remuneration from Thai Baht 882,000 to Thai Baht 1,146,600 with effect from April 05, 2023 in accordance with his proposed additional role as Chair of Remuneration Committee.

The Directors are paid their remuneration in 4 equal installments at the end of each quarter.

Mr. Mechai Viravaidya' remuneration is paid to Mechai Pattana School founded by Mr. Mechai Viravaidya.

Remuneration paid to the Directors is approved by shareholders in the Annual General meeting.

Director's Remuneration details of Board of Directors

| | Name of Directors | As Directors | Member of Committee | As Chairperson of Board of Directors | Chairperson of Committee | As Vice-Chairperson of Board |
|-----|---|--------------|---------------------|--------------------------------------|--------------------------|------------------------------|
| 1. | Mr. Meechai Viravaidya Chairman and Independent Director | 661,500 | - | 1,543,500 | - | - |
| 2. | Mr. Alan Kam Independent Director | 661,500 | 220,500 | - | 264,600 | 428,400 |
| 3. | Mr. Thor Santisiri **** Independent Director | 661,500 | 220,500 | - | 264,600 | - |
| 4. | Mr. Vijay Karwal Independent Director | 661,500 | 220,500 | - | 264,600 | - |
| 5. | Mr. Kirit C. Shah Non-executive Director | 661,500 | - | - | - | - |
| 6. | Mr. Ishaan Shah Non-executive Director | 661,500 | - | - | - | - |
| 7. | Ms. Sameera Shah Non-executive Director | 661,500 | - | - | - | - |
| 8. | Mr. Vivek Dhawan*** Executive Director | - | - | - | - | - |
| 9. | Mr. Thomas Abraham*** Executive Director | - | - | - | - | - |
| 10. | Mr. Shiraz E.Poonevala Non-executive Director | 661,500 | - | - | - | - |

* Mr. Manu Sawangjaeng, Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee, resigned effective on May 12, 2021

** Mr. Vijay Karwal was appointed in place of Mr. Manu Sawangjaeng as Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee effective on May 13, 2021

*** Declined to accept remuneration as Directors or committee membership

**** Board of Directors has proposed to change Mr Thor Santisiri's remuneration from Thai Baht 882,000 to Thai Baht 1,146,600 with effect from April 05, 2023 in accordance with his proposed additional role as Chair of Remuneration Committee

Directors are paid a base remuneration of Thai Baht 661,500 for board membership. Further, Independent Directors who are members of any Committee are paid additional compensation of Thai Baht 220,500. In addition to the above, Independent Directors holding positions of Chairman of a Committee are paid additional remuneration considering the number of meetings and the responsibility in the Committee. Independent Directors are paid Thai Baht 264,600 for chairing a committee. Remuneration as Chair of Board is Thai Baht 1,543,500 and as vice-chair of Board is Thb 428,400.

The Company has benchmarked its Directors' remuneration against companies in the Thai Baht 10,000 Million to Thai Baht 50,000 Million market capitalization Category and against companies in the Thai Baht 5,000 Million to Thai

Baht 10,000 Million Revenue Category. The Company pays a total remuneration of Thai Baht 8.1 Million per annum to the Board of Directors, including Thai Baht 2.1 million to the Chairman of the Board of Directors and Thai Baht 1.5 Million to the Chairman of the Audit Committee and no remuneration to two Executive Directors.

The Mean and Median remuneration in the benchmarked Revenue Category is Thai Baht 7.4 and Thai Baht 6.5 Million respectively.

The Mean and Median remuneration in the benchmarked Market Capitalization Category is Thai Baht 10.1 and Thai Baht 8.0 Million respectively based on last available survey results published by IOD in 2020.

The company has mentioned the short term and long term remuneration details in the Sustainability Report.



5) Skills Matrix, Professional development of Directors and Management.

| Name | Strategy | Industry Knowledge | Accounting and Finance | Risk Management | Corporate Governance |
|---------------------------|----------|--------------------|------------------------|-----------------|----------------------|
| 1. Mr. Meechai Viravaidya | Y | | | | Y |
| 2. Mr. Alan Kam | Y | Y | Y | Y | Y |
| 3. Mr Vijay Karwal | Y | Y | Y | Y | Y |
| 4. Mr. Thor Santisiri | Y | | | | Y |
| 5. Mr. Kirit C. Shah | Y | | Y | | Y |
| 6. Mr. Ishaan Shah | Y | | | | Y |
| 7. Ms. Sameera Shah | Y | | | | Y |
| 8. Mr. Shiraz E.Poonevala | Y | | Y | | Y |
| 9. Mr. Vivek Dhawan | Y | Y | Y | Y | Y |
| 10. Mr. Thomas Abraham | Y | Y | Y | Y | Y |

The Company has a policy to encourage the Board members, Management team, Corporate Secretary and certain other senior managers to attend trainings from time to time.

All the Board members, except Mr. Vijay Karwal and Mr. Meechai Viravaidya, have attended and passed the Directors' Certification Program conducted by the Institute of Directors. Mr Vijay Karwal plans to attend a certification program.

All members of the Management team have attended and passed Directors Certification Program conducted by the Institute of Directors, Thailand. Mr. Manoj Gurbuxani passed attended the program and passed in year 2014.

The Corporate Secretary has attended and passed the Directors Certification Program and the Corporate Secretarial Certification programs, both conducted by the Institute of Directors, Thailand.

The Management has extended the training under certification program to other senior managers in the Company as well.

The Company has encouraged several key executives to attend the Directors' Certification Program.

The Chief Risk & Compliance Officer, Mr. Deepak Panjwani has attended the Chartered Directors' class held by IOD in year 2015.

6) Self-evaluation

The Board has conducted a self-evaluation based on the principles laid down by the Stock Exchange of Thailand which includes the following criteria :

1. Structure and characteristics of Board
2. Roles and Responsibilities of Board
3. Board meetings
4. Board's performance of duties
5. Board's relationship with Company's management
6. Evaluate self-assessment of board of directors, Committee, individual directors and senior management
7. Self-development

7) Succession Planning

The Company has a succession plan for the Directors and key executives and the plan has been reviewed and approved by the Board of Directors.

The succession plan for other employees is being handled by the Key executives and senior managers along with Human capital development department.

8) Vision Mission and Objectives

The Board has reviewed and approved the Vision, Mission and Long term objectives of the Company and shall remain responsible for ongoing review and monitoring.

9) Health Safety and Environment

The Company has a policy on Health, Safety and Environment practices which has been displayed on the website.

The Company has its long term and short term objectives for Environmental improvement and carbon footprint set out in the sustainability report.

10) Labor Disputes

The Company has not had any labor disputes or any non-compliance on record with labor law.

11) Corporate Governance Non-Compliances

The Company has listed its non-compliances with the Corporate Governance Code and plans to improve the compliance levels in the near future. Currently we observe the following non compliances :

1. The Company does not have a lady independent director on the Board of Directors. However, the board plans to introduce a lady independent director to promote efficiency, sustainability and diversity;
2. The Company does not require the Directors to inform the Board one day before any purchase or sale of company's shares;
3. The Company does not have a specific policy for the Directors to report their shareholding to the Board of Directors.
4. 4 out of 10 directors on the board are independent directors, that is 40% instead of a recommended proportion of 50% independent directors



Code of Conduct and complimenting policies – Integrity in dealings and secure working environment

Mega Lifesciences conducts business with high levels of integrity and aims to provide a secure workplace to its employees in and beyond its physical workplaces. Mega Lifesciences also encourages and makes it a mandatory qualification for its suppliers to respect human rights including safety of those under their employment.

Mega Lifesciences does not wish to compromise on the health, wellbeing and safety of its employees at its workplaces and beyond. The Company wishes to follow the laws of the territory in which it operates and any transnational laws which are binding upon the company by reason of its contractual relationships.

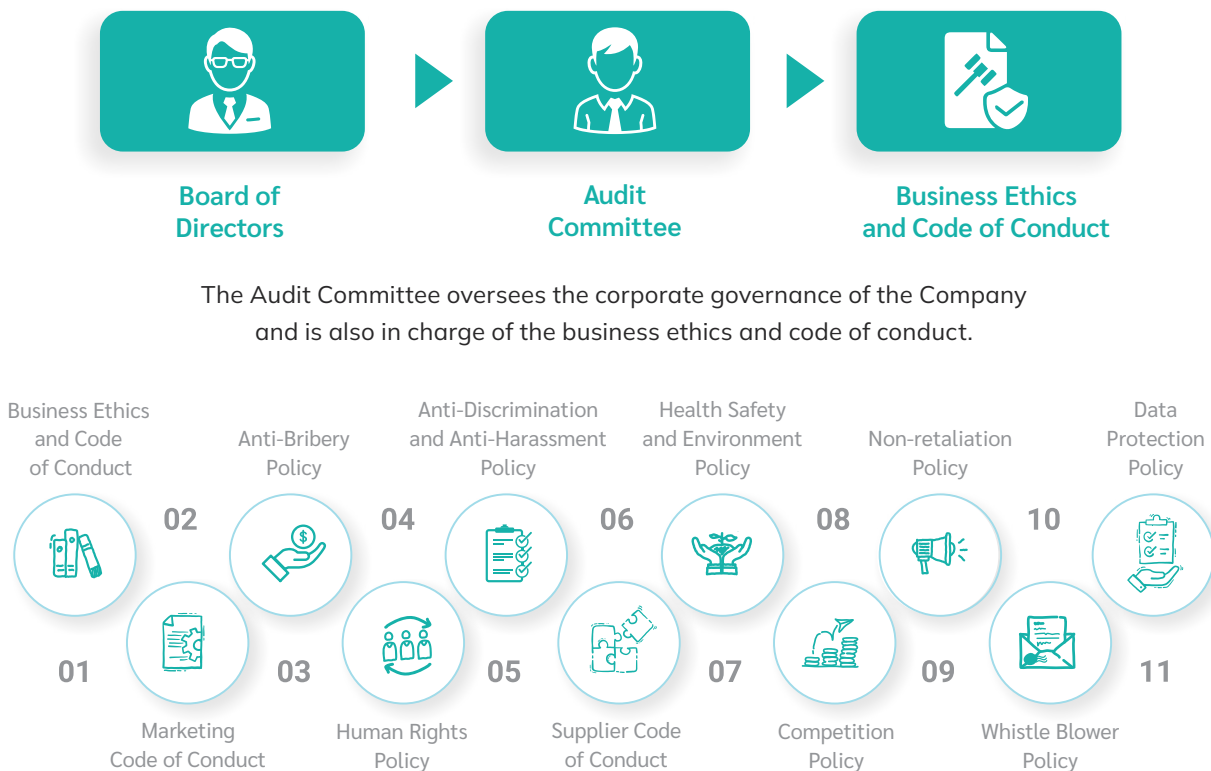
Mega Lifesciences follows a principled stance on Bribery and conduct in marketing. The Company has a detailed Anti-Bribery Policy and a Marketing Code of Conduct to ensure integrity in business dealing.

Mega Lifesciences takes pride in its values of **Truth, Trust, Respect and Freedom** at work place.

Mega Lifesciences has a suite of policies which focusses the strategy and operations of the Company on a path of integrity, compliance and strict tenets of governance.

The Code of Conduct and the complimenting policy suite serve as a moral barometer for the Company its governance, strategy and operations.

Organizational enablement



Business Ethics and Code of Conduct is a foundation document for all the policies.

Compliance with the Code is mandatory for Directors, Executives, Management and employees of the Company, Subsidiaries, Associates and Joint Ventures including those on deputation in or out of the Company and all the employees in the value chain for which the Company has laid down a Supplier's Code of Conduct.

Non-compliances with the code would lead to strict disciplinary action including termination of employment as per the laws of the Territory in which the individual is employed.

Employees of the Company or those to whom this Code is applicable are free to report a violation to audit.committee@megawecare.com and the Company shall deal with such reported violations as per the principles of our Whistleblower policy and Non-Retaliation policy.

Responsibility as Employees

Understand the framework of the Code in general and in greater details of those sections that apply to your job specifically. You should have a good understanding of the issues, the Company's stance and policies.

Responsibilities as Leaders

It is a responsibility of all Senior Managers to ensure that we bring in a culture of compliance to this code. Leaders share the responsibility to gather feedback and take remedial actions when employees bring up any concerns to ensure compliance with this code.

Business with transparency and Integrity

Dealing with Suppliers

Mega shall deal with all suppliers in a fair manner and ensure that the business is conducted at most competitive prices and mutually rewarding. It is in Mega's interest to ensure that the suppliers remain make a reasonable profit and drive innovation and sustainability in their businesses to become a long term partner. Parameters such a Price, Quality, Environmental protection, technical and regulatory expertise, reliability and integrity shall be guiding forces for enlisting a supplier. Mega Lifesciences and/or its employees shall in no way benefit from or pass any benefit to the supplier other than the written terms in the contract. Related Party transactions shall be as per the Related Party Transactions Policy and shall be reported as per applicable laws.

Dealing with Customers

Mega Lifesciences shall ensure that only good quality products and services shall be provided to customers and Mega shall strive to innovate through constant improvement the products and services.

The employees shall maintain good relationships with customers and make a positive difference in their lives and in the lives of their customers. Mega Lifesciences shall deal with its customers in a fair and dignified manner and encourage the customers and their customers to maintain a healthy life.

Related Party transactions shall be as per the Related Party Transactions Policy and shall be reported as per applicable laws.

Government Agencies and compliance with laws

Mega Lifesciences expects its employees to live by the Mega way of fairness and integrity in dealings with government agencies. Our products are sold to Hospitals and other government agencies. Mega shall ensure good quality products and fair transactions. Mega or its employees will not compromise on quality or in compliance with the laws of the land in which the business is situated.

Dealing with Customer's customers

Mega Lifesciences expects its employees to provide the best products and make a positive difference in the lives of our consumers (ultimate customers). The employees shall promote a healthy way of life and loyal customers through a win-win system of dealing.

Employment Policies

Employment terms shall be clear in writing and free from any discrimination. New recruitment procedures shall be transparent and fair.

Mega Lifesciences shall ensure that the right education, training and growth opportunities are provided to employees and encourage professional development. Mega Lifesciences provides a fair and transparent environment with clear performance criteria and performance evaluation processes.



Equal employment opportunity

Mega Lifesciences shall provide equal employment opportunity to all within the framework of the law of land in which it is located. People of any gender, race, caste, religion or nationality shall be considered for employment and treated as equals at work. Employment policies shall reflect the fairness and equality. Any behavior in violation of this policy shall be treated as hostile and appropriate management action shall be taken. Mega Lifesciences shall respect the individual differences and respect each other for what they are.

Employee's relationship with employer

Employees of Mega Lifesciences must strive to adhere to the companies policies, guidelines, objectives and values and shall make sincere efforts to drive productivity and performance. They must measure up to the Trust and Freedom entrusted by the company on them.

Employee's relationship with peer group

Employees shall share a cordial relationship with each other and encourage each other to achieve company's goals. Employees shall respect each other's differences and shall nurture a climate of trust and respect.

Employees relationship with subordinates and superiors

Employees shall provide an environment of self development and growth to their subordinates and live and practice the Mega way of life. Employees shall be honest and open with their supervisors and cooperate with their senior in implementing the company's policies.

Harassment

Mega Lifesciences strictly prohibits sexual or any other kind of harassment of employees by any person in the workplace or while conducting the Company's business.

Sustainability of health, safety and Environment

Mega Lifesciences shall ensure that all business transactions promote sustainability of environment and environmental issues like health and safety, pollution, etc are seriously addressed in all its policies and actions.

The areas of focus are:

- Compliance with environmental laws and those relating to safety and health of employees and society
- Issues concerning product efficacy and product liabilities
- Invest in technologies which promote sustainability of environment
- Safety in handling and disposal of hazardous and toxic materials
- Optimal utilization of natural resources like water and others like electricity
- Working conditions such as lighting, layouts, health signs, etc in the factories

Insider Trading

Mega Lifesciences shall prohibit employees from entertaining any insider trading practices. Those with privileged information shall have a responsibility not to divulge any information, including but not limited to, financial results, Information Technology, Business strategies, Business transactions, policy changes, etc. The company shall strictly follow the insider trading guidelines of the Stock exchange on which it's equity shares are listed.

Legal and Compliance

Mega Lifesciences shall follow and abide by all the laws of the country where it is located. The company shall ensure compliance with all commercial, tax and other laws and all the employees shall be encouraged to highlight any compliance issues to their superior.

Intellectual Property, proprietary information & Trade secrets

Mega Lifesciences and its employees shall not infringe any Intellectual Property, Patents or any other service marks or any other form of intellectual property belonging to a third party without explicit approval from such party.

Mega Lifesciences' proprietary information shall consist of its Trademarks, Service Marks, Patents, Dossiers, CDs, Contracts, Supplier data, Customer data, Trade terms, Commercial details, Business strategies, etc and such other information which gives any privilege or business advantage to Mega Lifesciences. Employees shall:

- Not Disclose such information to any 3rd party without approval from the company
- Maintain confidentiality even when they are no longer in services with Mega Lifesciences
- Not use any of this information for personal benefits

All such information and any other confidential information remains confidential until the company decides to divulge it in public.

Labour practices

Mega Lifesciences promotes healthy labour practices. The company and employees shall comply with the relevant labour laws. The company shall strongly discourage exploitation of children, child labour, physical abuse and any other form of services which may be of involuntary in nature. The company shall provide healthy working conditions as per the law and even better. The management shall take strict disciplinary action in the event of violation of this clause.

Responsibilities towards Shareholders

We at Mega Lifesciences are aware of our responsibilities to invest the money and do the business as per the stated business objectives and uphold the interest of shareholders and safeguard shareholders assets and interests. Our shareholders are important stake holders and we are accountable to them for a good conduct of business with integrity, transparency and fairness.

Human rights

Mega Lifesciences respects the Human rights and seeks to create an environment of equal opportunity to work and excel in Mega Lifesciences. The company shall strive to create relationships such suppliers and customers who promote human rights and provide equal opportunity to all employees from different sections of the society.

Information technology policy and Data Protection

All employees of Mega Lifesciences are expected to strictly follow the IT policies of the company and ensure data secrecy and privacy of personal data.

Conflict of Interest

All employees of Mega are expected to disclose to the company any situations which result or can result in a conflict of interest. The employees shall disclose to their superiors any suppliers, customers or any 3rd parties with which the company does any business transaction who are related to the employee. Mega Lifesciences strictly prohibits and discourages undisclosed conflict of Interest and expects employees to address such situation by disclosing the name of the party, nature of relationship and the details of the contract with such party.

Anti-Bribery Policy

The Policy prescribes the procedures and limits for

- Gifts
- Entertainment
- Donations
- Dealings with government officers
- Conduct with Health Care Professionals and Hospitals
- Employees with links to government
- Prohibition of political activities
- Prohibition of facilitation payments
- Accounting and reporting for gifts, etc
- Audits and whistle blowing

Marketing Code of Conduct

The code lays down guidelines including limits for

- Gifts to Healthcare professionals
- Promotional Aids
- Items of medical utility
- Samples
- Conduct and association with patient organizations
- Patient education and Support
- Medical representatives
- Promotional Materials
- Product related and off-label claims
- Symposia and Congress



Human Rights Policy

This Human Rights policy is aligned in letter and spirit with the following:

- I) Universal declaration of Human rights and United Nations Guiding Principles on Business and Human Rights (UNGP)
- II) Fundamental conventions identified by the International Labor Organization

The policy lays down the guidelines for

- i) Prohibition of Child Labor, Forced Labor and modern day slavery
- ii) Prohibition for sexual and other harassment
- iii) Right to Collective Bargaining
- iv) Environment Health and Safety at work place
- v) Community Engagement

vi) Security at work place

vii) Drug Safety

viii) Data Safety

ix) Non-Retaliation and Whistle blowing

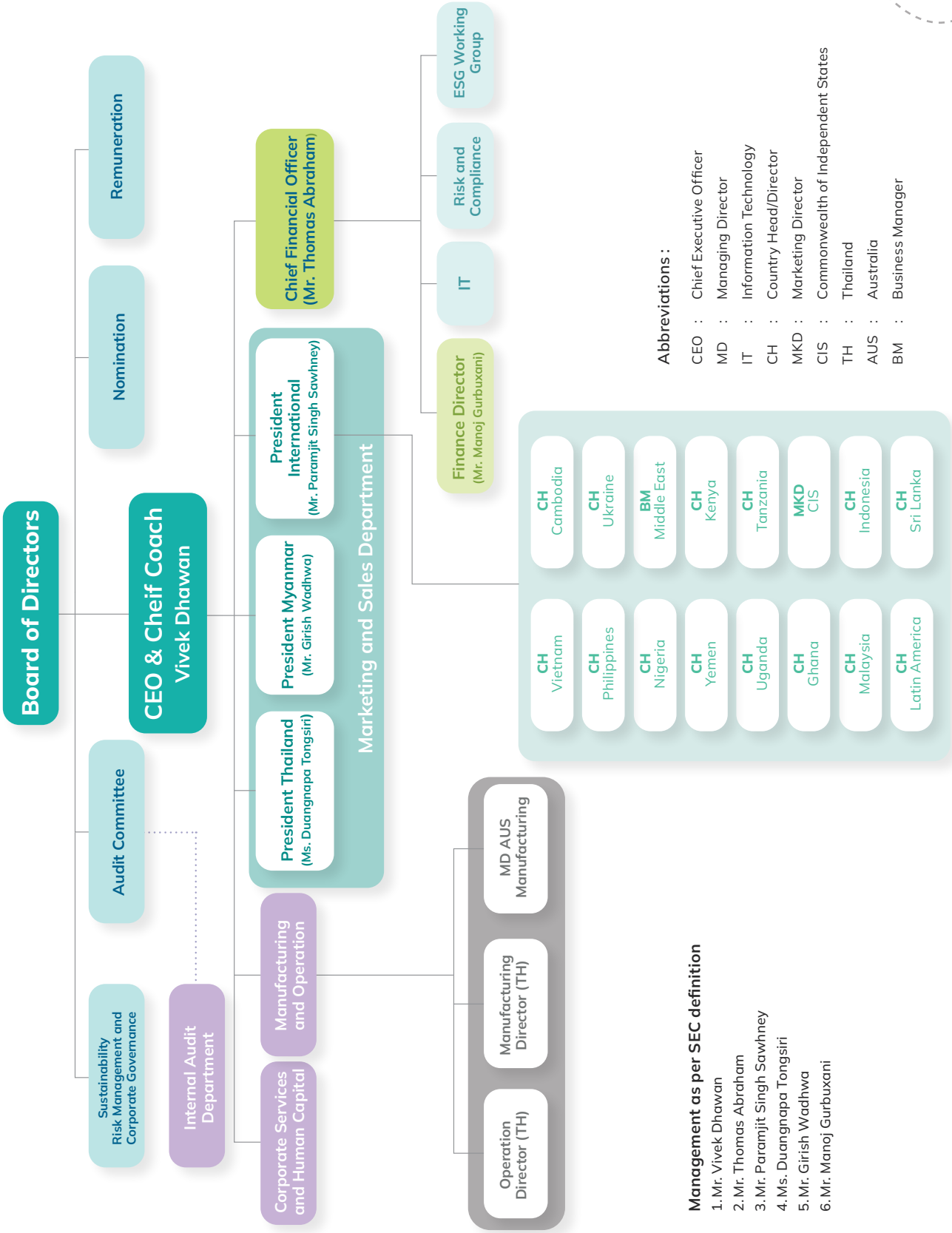
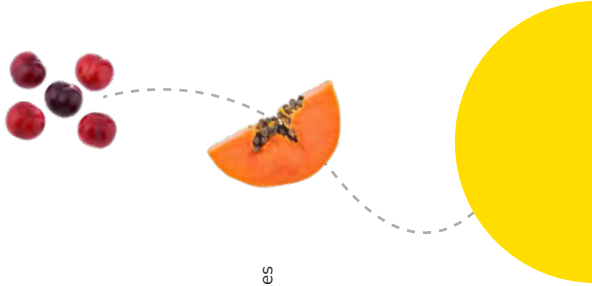
Supplier Code of Conduct

This Code ensures the implementation of Business Ethics and Code of Conduct Human rights, Sustainability Policy, Safety, Anti-Harassment and Anti-Bribery policies of Mega Lifesciences.

Competition Policy

This Policy covers the guidelines for competition including compliance with competition laws of the territory including fair pricing and trading practices.

Corporate Governance Structure





Information on the Board of Directors

Term of directorship

At every annual general meeting, one-third of the total number of the directors in office is required to vacate their office. If the number is not a multiple of three, then the number nearest to one-third are required to retire from office. A retiring director is eligible for re-appointment.

The directors to retire during the first and second years following the registration of the Company are determined by drawing lots. In subsequent years, the director who has been in office for the longest term is required to retire.

Scope of Authority, Duties and Responsibilities of Board of Directors

The Extraordinary General Meeting of Shareholders No. 1/2013 on February 1, 2013 resolved to approve the following scope of the authority, duties and responsibilities of the Board of Directors:

- to perform their duties and to monitor the Company's operations with responsibility, due care and honesty and in accordance with all applicable laws, the Company's objectives and Articles of Association, and the resolutions of any Board of Directors' Meeting and any Shareholders' Meeting, all for the interests of the Company and its shareholders;
- to determine the Company's vision, policies, strategies, business direction, business plans and budget, and to supervise and monitor management so that they can perform their functions effectively and efficiently in accordance with such policies, as well as following up with and reviewing the Company's performance regularly and continuously, so that it is in line with the business plans and budget, in order to maximize value for the Company and its shareholders;
- to evaluate regularly the management's performance, and to ensure the appropriateness of the remuneration system for executives;
- to supervise the management to ensure that the accounting system, financial reports and the audit system are accountable to the Company, as well as to ensure that the Company has an appropriate and sufficient internal control system;
- to ensure that the Company has appropriate risk management procedures and policies, to review the procedures and policies of risk management and to follow up with the performance results with respect to risk management;
- to consider and approve the acquisition or disposition of assets, investment in new businesses and any operational matters required by relevant laws, notifications, rules and regulations;
- to consider and/or comment on related-party transactions and/or entry into transactions (if the value of the transaction does not require that it be considered and approved by a shareholders' meeting) of the Company and its subsidiaries with regard to their compliance with all applicable laws, notifications, regulations and rules;
- to monitor and prevent conflicts of interests among stakeholders of the Company;
- to consider fairly all of the Company's affairs by taking into account the interests of shareholders and stakeholders. A director shall report to the Company, without delay, if he has any conflict of interest in a contract to be executed with the Company, or acquires shares or sells shares in the Company or its subsidiaries. Thus, for any transaction in which a director has a conflict of interest or a conflict of any kind with the Company or its subsidiaries, the conflicted director shall have no right to vote to approve such transaction;
- to ensure that the Company has a corporate governance policy and apply such policy efficiently;
- to ensure that appropriate information and disclosures are duly communicated to the stakeholders, including those persons who have conflicts of interest and related persons, with accuracy, completeness, appropriateness and timeliness;

- to report his or her own responsibility in the preparation of the financial statements as well as the annual report of an auditor in the Company's annual report, covering key issues under the Policy Statement on Code of Best Practice of Directors of Listed Companies of the SET;
- to delegate one or more directors or other people to perform any tasks on behalf of the Board of Directors. However, in a transaction, such a delegation shall not be an authorization or sub-authorization that allows a director or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve any such transaction;
- to appoint a person to be a director of the Company, in the case of any vacancy of a Board seat other than due to a retirement by rotation, provided that such person shall be qualified to be a director and shall not possess any characteristics that are prohibited pursuant to the Public Limited Companies Act B.E. 2535 (1992) (as amended) and the SEC Act including other rules and regulations applicable to the Company;
- to appoint a sub-committee, such as the Executive Committee or the Audit Committee, to assist in monitoring the management and the internal control system in compliance with policy;
- to approve the remuneration of directors as proposed by the Remuneration and Nomination Committee and propose to a meeting of shareholders for further approval;
- to appoint the management, as defined by the SEC and/or the Capital Market Supervisory Board and approve the remuneration of such management;
- to appoint the Company Secretary to ensure that the Board of Directors and the Company comply with all laws and relevant regulations and approve the remuneration of the Company Secretary; and
- to seek advice from independent advisors, as deemed appropriate, at the Company's expense to support the Board of Directors' decision making.



Information on Subcommittees

Audit Committee of the Company

As at December 31, 2022, our Audit Committee is comprised of three members, as detailed below:

| No. | Name | Position |
|-----|-----------------------|--|
| 1. | Mr. Alan Kam | Chairman of Audit Committee |
| 2. | Mr. Manu Sawangjeang* | Member of Audit Committee (resigned on May 12, 2021) |
| 3. | Mr. Thor Santisiri | Member of Audit Committee |
| 4. | Mr. Vijay Karwal** | Member of Audit Committee (Joined on May 13, 2021) |

* Mr. Manu Sawangjeang, Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee, resigned effective on May 12, 2021

** Mr. Vijay Karwal was appointed in place of Mr. Manu Sawangjeang as Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee effective on May 13, 2021

Mr. Alan Kam has sufficient knowledge and experience to review the reliability of the financial statements, and Mr. Deepak Panjwani acts as secretary for the Audit Committee.

(1) Term of membership

The terms for the chairman and members of the Audit Committee shall be equal to that of the members of the Board of Directors. Any retiring member of the Audit Committee may be re-elected. In the case of a vacancy in the Audit Committee due to any reason other than retirement or rotation, the Board of Directors shall elect a candidate sufficiently qualified to be appointed as a member to ensure that the quorum requirements prescribed by the Board of Directors are met. The person so appointed shall remain in office for the same period of time that the vacating member was entitled to remain in office.

(2) Scope of Authority, Duties and Responsibilities of Audit Committee

The Board of Directors Meeting No. 1/2013 on January 17, 2013 resolved to approve the scope of the authority, duties and responsibilities of our Audit Committee, which consists of the following:

- to review and ensure that the Company provides a sufficient and accurate report of its financial statements;
- to review and ensure that the Company has appropriate and efficient internal controls and internal audit systems, to consider the independence of the Internal Audit function, and to approve the appointment, transfer and termination of the head of the Internal Audit function or any other unit responsible for internal audit;
- to review and ensure that the Company complies with securities and exchange laws, including the notifications of the SEC, notifications of the Capital Market Supervisory Board, notifications of the committee of the SET, regulations of the SET as well as the laws relating to the Company's business;
- to consider, recruit and nominate an independent third-party to be the Company's auditor and to determine the auditor's fee, as well as to hold at least one meeting per year with the auditor without participation of the management ;
- to consider and ensure that the Company's connected transactions or transactions that may result in conflicts of interest are in compliance with the laws, notifications and the regulations of : (i) the SEC; (ii) the Capital Market Supervisory Board; and (iii) the SET, including other governing bodies and to ensure that such transactions are reasonable and in the best interest of the Company ;
- to prepare the Audit Committee's report which will be disclosed in the Company's annual report. The report must be signed by the chairman of the Audit Committee and shall contain at least the following details :

1. opinion on the accuracy, completeness and reliability of the Company's financial report;
2. opinion on the sufficiency of the Company's audit control system;
3. opinion on compliance with securities and exchange laws, regulations of the SET and the laws relating to the Company's business;
4. opinion on suitability of the auditor;
5. opinion on transactions which may result in conflicts of interest;
6. number of meetings held by the Audit Committee and the attendance records of each member of the Audit Committee;
7. overall comments or remarks received from the Audit Committee during the year as part of its performance under the Charter of Audit Committee;
8. other matters of which the shareholders and general investors should be informed, in accordance to their duties and responsibilities as assigned by the Board of Directors;
9. if the Audit Committee, in the course of their duties, discovers or suspects that one of the following transactions or actions which may significantly affect the Company's financial standing and operating results has occurred, the Audit Committee shall report such transactions to the Board of Directors in order to rectify such actions, or transaction within the specified period of time as the Board of Directors deem appropriate:
 - 1) transaction resulting in a conflict of interest;
 - 2) fraud or any major irregularity or defect in the Company's internal control system; and
 - 3) a violation of securities and exchange laws, regulations of the SET and the laws relating to the Company's business.

If the Board of Directors or Management fails to rectify the problem within the time as specified above, any one member of the Audit Committee may report to the SEC or the SET that a transaction or action as specified above has occurred; and

- to perform any other activities as designated by the Board of Directors with the Audit Committee's approval.

Remuneration and Nomination Committee

Until February 23, 2022, our Remuneration and Nomination Committee comprised of three members, as detailed below :

| No. | Name | Position |
|-----|-----------------------|---|
| 1. | Mr. Manu Sawangjaeng* | Chairman of Remuneration and Nomination Committee (Resigned on May 12, 2021) |
| 2. | Mr. Vivek Dhawan | Member of Remuneration and Nomination Committee |
| 3. | Mr. Kirit Shah | Member of Remuneration and Nomination Committee |
| 4. | Mr. Vijay Karwal** | Chairman of Remuneration and Nomination Committee (Joined on May 13, 2021) |

* Mr. Manu Sawangjaeng, Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee, resigned effective on May 12, 2021.

** Mr. Vijay Karwal was appointed in place of Mr. Manu Sawangjaeng as Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee effective on May 13, 2021.

(1) Term of Members of the Remuneration and Nomination Committee

The terms for the chairman and members of the Remuneration and Nomination Committee shall be equal to that of the members of the Board of Directors. Any retiring member of the Remuneration and Nomination Committee may be re-elected. In the case of a vacancy in the Remuneration and Nomination Committee due to any reason other than retirement or rotation, the Board of Directors shall elect a candidate sufficiently qualified to be appointed as a member to ensure that the quorum requirements prescribed by the Board of Directors are met. The person so appointed shall remain in office for the same period of time that the vacating member was entitled to remain in office.



(2) Scope of Authority, Duties and Responsibilities of Remuneration and Nomination Committee

The Board of Directors Meeting No. 3/2013 on May 22, 2013 resolved to approve the following scope of the authority, duties and responsibilities of our the Remuneration and Nomination Committee :

- to consider the appropriate organizational structure for the Company, qualifications of directors and qualifications of the Chief Executive Officer ("CEO");
- to identify potential new directors and CEO candidates through transparent procedures, criteria and process and to nominate such persons to the Board of Directors and/or shareholders ;
- to evaluate and recommend appropriate procedures and criteria to set fair and reasonable remuneration and other benefits to be granted and awarded to the Company's directors and the CEO, and to propose such remuneration to the Board of Directors meeting and/or shareholders meeting for approval ;
- to report the Remuneration and Nomination Committee's evaluation to the Board of Directors and to prepare such report for disclosure within the Company's annual report. The report must be signed by the Chairman of the Remuneration and Nomination Committee ; and
- to perform any other activities as designated by the Board of Directors in respect of nominating the Company's directors and the CEO for the Company and considering their remuneration.

Nomination Committee

The Board of Directors in their meeting 01/2022 held on February 23, 2022 constituted the Nomination Committee which shall comprise of minimum 3 members and all members shall be Independent Directors. The Committee has been formed effective from February 24, 2022.

The Committee shall hold minimum two (02) meetings in a year and shall submit its report to the Board of Directors on an annual basis.

The main responsibilities of the Committee are :

- To determine the procedure and criteria for director nomination.

- To determine the qualifications of directors with a focus on the skills, experience, and specific capabilities which are beneficial to the Company, and consideration of such directors' dedication of time, diversity and personal endeavor to perform their duties as directors.
- To search and select qualified experts to act as directors and nominate them to the Board of Directors by seeking approval for appointment from the annual general meeting of shareholders.
- To deliberate on the succession plan for the Chief Executive Officer while reviewing the list of qualified and suitable persons.
- To select directors who are qualified as committee members for the Board of Directors' in the event of vacancies.
- To make recommendation to the Board of Directors on the organization structure annually.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Nomination Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Nomination Committee shall not be a sub-authorization or delegation that allows the Nomination Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.
- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors

Remuneration Committee

The Board of Directors in their meeting 01/2022 held on February 23, 2022 constituted the Remuneration Committee which shall comprise of minimum 3 members and the Chairman shall be an Independent Director. The Committee has been formed effective from February 24, 2022.

The Committee shall hold minimum two (02) meetings in a year and shall submit its report to the Board of Directors on an annual basis.

The main responsibilities of the Committee are :

- To make recommendation to the Board of Directors on the essential factors of the Board of Directors' compensation annually.
- To propose compensation criteria for the Board of Directors in line with their responsibilities and the overall performance of the Company. Such criteria must be attractive and adequate to retain competent, quality, and capable directors. The Board of Directors must review the proposal before presenting to the annual general meeting of shareholders for approval, if required by law.
- To conduct performance appraisal and decide the compensation for the Chief Executive Officer.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Remuneration Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Remuneration Committee shall not be a sub-authorization or delegation that allows the Remuneration Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.
- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors

Sustainability, Risk Management and Corporate Governance Committee

The Board of Directors in their meeting 01/2022 held on February 23, 2022 constituted the Sustainability, Risk Management and Corporate governance Committee which shall comprise of minimum 3 members and the Chairman shall be an Independent Director. The Committee has been formed effective from February 24, 2022.

The Committee shall hold minimum two (02) meetings in a year and shall submit its report to the Board of Directors on an annual basis.

The main responsibilities of the Committee are :

- Consider and provide opinions on the Risk Management policy and framework to be presented to the Board for approval
- Acknowledge, consider and provide opinion on Risk Assessment and Risk measurement/management including action plans to manage risks at an acceptable level
- Monitor and follow up the action plan to continuously manage risks
- Report risks to the Board of Directors on a regular basis or minimum once a year
- Hire independent parties if necessary
- Screen the risk management specialist to be appointed on Board of Directors and report to Nomination Committee
- Establish a sustainability policy framework according to the operations of the Company to ensure acceptance from the stakeholders including communities and society
- Review and adapt the scope for the preparation of sustainability reports
- Supervise compliance with the good corporate governance principles and regulations of the Securities and Exchange Commission
- Review and update the Sustainability Policy of the Company
- Appoint a Sustainability working group to proceed according to the sustainability policy of the Company
- Supervise and guide the sustainability working group regularly
- Review and comment on the Corporate Governance policy, business ethics and code of conduct the Anti-Bribery policy and related policies including but not limited to Human Rights Policy to comply with the laws and regulations of government and government agencies including Stock Exchange of Thailand and Securities and Exchange Commission of Thailand
- Oversee and ensure that the Board of Directors and Management of the Company complies with the policies



- Review and report the results of activities undertaken, results of compliance and report key issues related to corporate governance and anti-corruption
- Coordinate with the Board of Directors and Committees to ensure compliance with Corporate Governance Policy, guidelines, Anti-corruption Policy and Guidelines and Business ethics and Code of Conduct including its sub-policies.
- To sub-authorize and/or delegate any other persons to perform certain tasks on behalf of the Sustainability, Risk Management and Corporate Governance Committee, provided that such sub-authorization and/or delegation shall be within the scope of authority specified in the

respective power of attorney and/or rules, regulations or resolutions of the Board of Directors. However, in a transaction, the delegation within the scope of duties and responsibilities of the Sustainability, Risk Management and Corporate Governance Committee shall not be an sub-authorization or delegation that allows the Sustainability, Risk Management and Corporate Governance Committee or any authorized person who has a conflict of interest or a conflict of any kind with the Company or its subsidiaries to approve such a transaction.

- To Conduct self-assessment of the Committee minimum once a year and submit to the Board of Directors

Remuneration and Nomination Committee

| Responsibility | Independent Directors | Entire Board | Executive Directors |
|--|-----------------------|--------------|---------------------|
| Appointment of External Auditors | Yes | | |
| Appointment of Internal Auditors | Yes | | |
| CEO assessment | Yes | | |
| Approval Strategy | | Yes | |
| Nomination of Directors | Yes | | |
| Approval of Dividend | | Yes | |
| Bank Loans and Investments | | Yes | |
| Risk Management | | Yes | |
| Self-Assessment | Yes | Yes | |
| Remuneration of Directors | | Yes | |
| Directors mix of skills and diversity | Yes | | |
| Form Board Committees | | Yes | |
| Appoint and review Corporate Secretary | Yes | Yes | |
| Approve budgets | | Yes | |
| Mission Vision | | Yes | |
| Governance including Code of ethics and Anti Bribery | | Yes | |
| Approval of Financial Statements | Yes | Yes | |
| Propose Shareholder meeting and Agenda | | Yes | |
| Executive Decision | | | Yes |
| Internal Control | | | Yes |

Information on Executives of the Company

As at December 31, 2022, the following persons were executives¹ of the Company:

| No. | Name | Position |
|-----|----------------------------|--|
| 1. | Mr. Vivek Dhawan | Chief Executive Officer (CEO) & Chief Coach |
| 2. | Mr. Thomas Abraham | Chief Finance Officer (CFO) & Head Coach |
| 3. | Mr. Paramjit Singh Sawhney | President International & Head Coach |
| 4. | Ms. Duangnapa Dongsiri | President Thailand Mega We Care & Head Coach |
| 5. | Mr. Girish Wadhwa | President Myanmar & Head Coach |
| 6. | Mr. Manoj Gurbuxani | Deputy - CFO |

¹ Pursuant to the definition of "executive" in the Notification of the Securities and Exchange Commission No.KorJor. 17/2551 Re: Determination of Definitions in Notifications relating to Issue and Offer of Newly Issued Shares.

Nomination of Directors and Executives

Nomination of Directors and Independent Directors

In selecting and appointing a person to be a director or an executive of the Company, the Remuneration and Nomination Committees shall be responsible for recruiting, selecting and nominating persons with appropriate qualifications to be presented to the Board and/or at a shareholders' meeting (as the case may be). Candidates for the position of director must be knowledgeable, experienced, specialized and time dedicated as well as possess all of the qualifications required to be a director pursuant to Section 68 of the Public Limited Company Act B.E. 2535 (1992) (as amended), the Securities and Exchange Act B.E. 2535 (1992) (as amended), the relevant notifications of the SEC and the Capital Market Supervisory Board and does not have character prohibited under

the notification of the Capital Market Supervisory Board No. Thor Jor. 24/2551 re: Prerequisites of Directors and Executives of Securities Issuer Companies (as amended). In addition, the appointment of any director must be approved by a meeting of the Board of Directors and/or a meeting of shareholders (as the case may be).

In respect of independent directors, candidates for the post must possess all of the qualifications required to be an independent director pursuant to the relevant notifications of the Office of the SEC and the Securities and Exchange of Thailand.

The composition and appointment of the Board of Directors, the Audit Committee and Nomination Committee and the consideration of their remunerations shall be as follows :

Composition and appointment of the Board of Directors

The Board of Directors shall consist of not less than five directors. Not less than half of the total number of directors shall be domiciled in Thailand. The directors may or may not be shareholders of the Company. The quorum of the meeting for the Board of Directors meeting shall be not less than 2/3rd of the total number of Directors comprising the Board of Directors.

In appointing directors to the Board of Directors, the Remuneration and Nomination Committee is responsible for recruiting and selecting persons with the requisite knowledge, ability and experience related to business or to consider the major shareholders of the Company who have business experience which will benefit the Company. However, the appointment of new directors shall be approved at a meeting of the Board and/or a shareholders' meeting (as the case may be). According to the Company's Articles of Association, the election of directors at a shareholders' meeting shall be in accordance with the following rules and procedures:

1. each shareholder shall have one vote per share;
2. each shareholder shall use all his or her votes to elect one or several persons as a director or directors. However, he or she may not divide his or her votes among multiple candidates; and



- the persons who receive the most votes in ranking order will be elected as directors up to the number of directors the Company shall have or elect at that meeting. In the event that the persons being elected in subsequent order have equal votes but their election will exceed the number of directors required to be elected in that meeting, the chairman of the meeting shall have a casting vote.

Any director who desires to resign from office shall submit a resignation letter to the Company. The resignation will be effective from the date on which the Company receives the resignation letter.

The shareholder meeting may pass a resolution removing any director from office prior to his retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Composition and appointment of the Audit Committee

The Audit Committee shall consist of at least three independent directors. At least one independent director of the Audit Committee must have sufficient knowledge and experience in accounting or finance to audit the financial statements and advise on its reliability. The Audit Committee/independent directors shall have the following qualifications which are in accordance with the relevant Capital Market Supervisory Board's notification:

- hold shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiaries, associates, major shareholders or controlling persons, including shares held by related persons of such independent director;
- neither be nor have been directors participating in the management, employee, staff or advisor receiving a regular salary from the Company, or controlling person of the Company, parent company, subsidiaries, associates, subsidiary company in the same level, major shareholders or controlling persons of the Company, unless the foregoing status has ended not less than two years prior to the date of filing an application with the Office of the SEC. However, such prohibited characteristic shall not include the

case where an independent director used to be a government official or an advisor of a government unit which is a major shareholder of or controlling person of the Company;

- not be a person related by blood or legal registration as father, mother, spouse, sibling, and child, including the spouse of child, of a director, executive, major shareholder, controlling person or persons to be nominated as a director, executive or controlling person of the Company or its subsidiaries;
- not have nor formerly have had a business relationship with the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company, in the manner which may interfere with his independent judgment, and not be nor formerly have been a direct significant shareholder or controlling person of any person having a business relationship with the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC.

Such business relationships include commercial transactions made in the ordinary course of business, renting or leasing property, transactions in relation to assets or services, granting or receipt of financial support by receiving or giving loans, guarantees, providing assets as collateral, and any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount equivalent to 3% or more of the Company's net tangible assets or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according, *mutatis mutandis*, the method for calculation of value of connected transactions under the notification of the Capital Market Supervisory Board governing rules on connected transactions. Moreover, in considering such indebtedness, it shall include the indebtedness incurred during the period of one year prior to the date on which the business relationship with the same person commences;

- neither be nor have been the auditor of the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company, and not be a significant shareholder, controlling person

or partner of an audit firm carrying out the audit of the Company, the parent company, subsidiaries, associates, major shareholders or controlling persons of the Company, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC;

6. neither be nor have been a professional service provider, including legal advisor or financial advisor receiving fees exceeding Baht 2 million per annum from the Company, the parent company, subsidiaries, associates, major shareholders or controlling persons of the Company, and not be a significant shareholder, controlling person or partner of such professional service provider, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC;
7. not be a director appointed to be a representative of directors of the Company, major shareholder or shareholder who is a connected person of the major shareholder;
8. not undertake any business of similar nature to and which competes with the Company or its subsidiaries, or not be a significant partner in a partnership or being a director participating in management, employee, staff, advisor receiving a regular salary from or holding shares in a proportion exceeding 1% of the total number of shares with voting rights of another company operating a business of similar nature to and which competes with the Company or its subsidiaries;

9. not have any other characteristics which may prevent him or her from expressing an independent opinion on the Company's operations;
10. not being a director assigned by the Board of Directors to make decisions on business operations of the Company, parent company, subsidiaries, associates, subsidiary company in the same level, major shareholders or controlling persons of the Company; and
11. not be a director of the parent company, Company's subsidiaries or a subsidiary in the same level which are listed.

Composition and appointment of Nomination Committee and its Remuneration

The members of the Remuneration and Nomination Committee are selected and are ultimately appointed by the Board of Directors. At least one third of all the members of the Remuneration and Nomination Committee shall be independent directors.

The Remuneration and Nomination Committee shall report to the Board of Directors. The term for the members of the Remuneration and Nomination Committee shall be equal to that of the members of the Board of Directors commencing from the date of appointment. Any retiring member of the Remuneration and Nomination Committee may be re-elected.

Non-cash Benefits

-None-



Information on Employees

For 2020, 2021 and 2022, our employees and executives (including executive directors) headcount across the divisions of the Company was as follows:

| | As on Dec. 31, 2020 | As on Dec. 31, 2021 | As on Dec. 31, 2022 |
|-----------|------------------------|------------------------|------------------------|
| Headcount | 5,714 | 6,021 | 5,767 |

Above headcount include people employed under third party payroll.

Compensation and Remuneration of Employees

For 2020, 2021 and 2022 the total remuneration breakdown across the divisions of the Company of all employees and executives (including executive directors), whether in the form of wages, allowances, over-time, incentives, stock options (until 2018), social securities, provident funds, e.t.c was as follows:

| Total Compensation | Fiscal year ended Dec. 31, 2020 | Fiscal year ended Dec. 31, 2021 | Fiscal year ended Dec. 31, 2022 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| (in millions of THB) | | | |
| Total compensation and incentives | 2,058.1 | 2,259.5 | 2,403.7 |

Provident Funds

On September 1, 2010, Kasikorn Asset Management Company Limited was appointed as the fund manager of our provident funds.

Human resources development policy

We have a “people first” culture that focuses on the development of our human capital. Our approach emphasises training and developing the skills of our managers and employees. We assist them in identifying their strengths in order to become engaged and committed members of our organization.

At the managerial level, we focus on training, developing and educating managers with the knowledge and skills in order for them to identify their strengths, to understand and appreciate differences in personality, and to develop themselves and to become a good leader.

We seek to help to support all of our employees to develop their strengths in order for them to maximise their potential and become a part of our organization.

In addition, none of our employees are members of any union. We believe that our relationship with our employees is positive and strong.

Labor Disputes

We believe that we have been in compliance with the relevant labor laws and have never experienced any significant labor disputes among our workforce. At present, we are not aware of any pending or potential labor lawsuit.

Report on Key Operating Performance Related to Corporate Governance

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Mega Lifesciences Public Company Limited is responsible for the preparation and fair presentation of the separate and consolidated financial statements of Company and its Subsidiaries. The aforementioned financial statements have been prepared in accordance with Thai Financial Reporting Standards using appropriate accounting policy which has been consistently employed by the Company. In preparing the said financial statements, the Company has adopted accounting practices and standards that are appropriate to its nature of business. The Company has applied careful judgment and best estimation and important information is adequately disclosed in the notes to financial statements.

The financial statements have been audited by independent and qualified independent auditors who are satisfied that financial statements fairly present in all material respects the financial position as at December 31, 2022 and the financial performance and cash flows for the year ended on that date.

The Board of Directors has provided and maintained an effective internal controls system to enable the preparation of consolidated and separate financial statements and to reasonably ensure that financial statements and accounting records are accurate, complete and adequate to protect its interests.

To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors and is responsible for the quality of financial statements, Internal controls system and disclosure of related party transactions, whose comments on these issues are readily included in the Audit Committee Report in this Annual report.

The Board of Directors has also appointed a Sustainability, Risk Management and Corporate Governance Committee and the Company prepares a Sustainability reports in compliance with global standards.

The Board of Directors is of the opinion that the Company's overall internal controls system is adequate and suitable and has rendered reasonable credibility to the reliability of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022. The Board of Directors is satisfied with the internal controls, corporate governance, Compliance, Sustainability and risk management practices.

Mr. Vivek Dhawan
Chief Executive Officer

Mr. Thomas Abraham
Chief Financial Officer



Audit Committee Report – 2022

The members of the Audit Committee at Mega Lifesciences Public Company Limited are responsible for monitoring of the financial wellbeing of the Company, Corporate Governance Practice, Risk Management Practice, Internal Control review from Fraud prevention and Legal and policy Compliance point of view and the Internal Audit functions of the company.

The Audit Committee has 3 independent directors as follows :

| | | |
|-----------------------|-----------------------------------|---------------------------------------|
| 1. Mr. Alan Kam | Chairman and Independent Director | Attended 04 out of 04 meetings (100%) |
| 2. Mr. Vijay Karwal | Independent Director | Attended 02 out of 02 meetings (100%) |
| 3. Mr. Thor Santisiri | Independent Director | Attended 04 out of 04 meetings (100%) |

The Audit Committee had Four (04) meetings in 2022 not including other meetings with external auditors, management and internal auditors. The Audit Committee held a separate meeting with the external auditors at the end of the year.

All Audit Committee members attended all the meetings including the separate meeting with Auditors. We had a 100% attendance in 2022.

The Audit Committee performed the following duties in the 2022 financial year :

Financial Statements – The Audit Committee reviewed and approved the Reviewed and Audited statements of the company on a regular basis before submitting to the Board of. Consultations were made with management of the company on various occasions to assure that committee members are satisfied with the reporting of the statements. The Committee also reviewed the statements of its subsidiaries and affiliates. The Committee is satisfied that the financial presentation is accurate and they are in conformity with the regulations of the Stock Exchange of Thailand and Securities Exchange Commission of Thailand.

Internal Audit and Internal Control – The Internal Audit function has been outsourced to Mazars Limited in Thailand, Mazars Limited in Vietnam, Grant Thornton in Myanmar and BDO Governance and Advisory Sdn. Bhd., Malaysia's Cambodia office. Aside from approving the annual internal audit plan of the Internal Audit Department, the committee also held regular meetings with internal auditors, to discuss any outstanding issues related to the department's function. We are confident that the Internal Auditors showed independence and diligence in reviewing various audit issues of the company. The committee is satisfied with the work of the outsourced Internal Auditor.

External Auditors – The Audit Committee met with KPMG Phoomchai Audit Limited, Thailand, the company's external auditor on the Reviewed and Audited financial statements regularly. The committee also discussed the annual audit plan, matters of concern with external auditors

Risk Management – The Company continues to remain risk averse while maintaining a policy of growth. The Audit Committee has ensured that senior and middle management continue to have sound financial practice in managing foreign currency exposure, capital budgeting, material cost control, labor issues as well as safety measures.

Related Party Transaction – The Audit Committee has reviewed the connected party transactions of the Company, its subsidiaries and affiliates. It is satisfied that transactions are reasonable in the normal course of business.

Compliance – The Audit Committee has reviewed the policies including for anti-bribery, Marketing Code of Ethics and Compliance. The Committee receives an update from the Company about compliance with policies and legal compliance and is satisfied with the updates.

The Audit Committee wishes to thank the management team, internal audit staff and external auditors for their support in making the Committee's job pleasant and efficient throughout the year.

Alan Kam

Independent Director

Chairman of the Audit Committee

Nomination Committee Report – 2022

The Nomination Committee of the Company is responsible for monitoring the composition, size, training, performance appraisal, succession planning, orientation and diversity of the Board of Directors and its Committees. In addition, the Committee reviews the human resource practices of Company.

The Committee comprises of 3 Directors and the composition is as below:

| | | |
|-----------------------|--|---------------------------------------|
| 1. Mr. Vijay Karwal | Independent Director, Chairperson of Committee | Attended 03 out of 03 meetings (100%) |
| 2. Mr. Alan Kam | Independent Director, Member of Committee | Attended 03 out of 03 meetings (100%) |
| 3. Mr. Thor Santisiri | Independent Director, Member of Committee | Attended 03 out of 03 meetings (100%) |

The Nomination and Remuneration Committee held three (03) meetings in year 2022. All the members attended all the meetings thereby recording 100% attendance for the year for each member.

The Committee performed the following duties in fiscal year ending December 31, 2022 financial year:

Board of Directors

The Committee reviewed the structure of the Board including its committees, independence of Directors and also their roles and responsibilities. The Board's education including orientation programs for new Directors and the policy of retirement by rotation was also discussed. The Directors due for retirement by rotation and appointment in the Annual General Meeting were identified and recommended for appointment by vote in the coming Shareholders' meeting.

Diversity

The Committee reviewed the diversity in the Board of Directors and employees of the Company. The Company employed 56% female and 44% male employees as of December 31, 2022. The Committee continues to encourage employment based on merit, talent and skills required.

Succession planning

The Committee reviewed the succession planning for the Company's Management and Board of Directors as well as its committees.

Talent management, sustainable workforce and training

The Company firmly believes that a talent pipeline is essential for ensuring the Company's long term success and over the past few years Human Capital Development training processes have been embedded across the Company to assist in training, retaining and developing existing employees while attracting new personnel to the organization. The Committee has reviewed and discussed the training programs for employees and Directors.

Vijay Karwal

Independent Director
Chairperson



Remuneration Committee Report – 2022

The Remuneration Committee of the Company is responsible for monitoring the remuneration of Board of Directors, Directors, and appraisal of Committee.

The Committee comprises of 3 Directors and the Composition is as below:

| | | |
|---------------------|--|---------------------------------------|
| 1. Mr. Vijay Karwal | Independent Director, Chairperson of Committee | Attended 02 out of 02 meetings (100%) |
| 2. Mr. Vivek Dhawan | Executive Director, Member of Committee | Attended 02 out of 02 meetings (100%) |
| 3. Mr. Kirit Shah | Non-Executive Director, Member of Committee | Attended 02 out of 02 meetings (100%) |

The Remuneration Committee considered and reviewed the remuneration of Board of Directors considering each individual director's roles and responsibilities and benchmarked with the remunerations of Directors in the same industry/market capitalization/sector in Thailand and considering the performance of the Company.

Remuneration Committee conducted a self-appraisal as per Stock Exchange of Thailand and shall continue to improve its performance accordingly.

Vijay Karwal

Independent Director

Chairperson

Internal Control and Related Party Transactions

Internal Control

The Board of Directors feels that the Internal Control system of the Company and its Subsidiaries is sufficient for the business of the Company and its Subsidiaries. The Board recognizes the importance of a sound control system considering the nature of the Company's business, the risk factors and the environment in which the Company operates.

1. Organisation control and environment measures

The Company has set up policies including the Corporate Governance and Business Ethics and has employed internal controls commensurate with the size of its business and the complexity of its operations. The Company sets measurable goals and clear strategy for its business. The Company believes that this environment will promote efficiency and continuity in the long run.

2. Risk Management

The Company identifies key risks faced by it and monitors the risks as well as the mitigation processes identified by the management. The Company believes in taking calculated risks with duly planned mitigation processes.

3. Management Control

The Company has drawn an authorization table which is approved by the Board of Directors and has been provided to the Company's management team. The Company has also drawn and communicated the scope of authorities and responsibilities for key positions and also the Board Committees.

4. Information and Communication measures

The Company assigns importance and works continuously towards building an accurate, reliable and prompt information system suitable for its business. The Company has adopted and implemented an Information Technology policy and has set up an Internal and External Communication system. The infrastructure is sufficient to enable the Company to compile its financial results on a timely basis.

The Company sends all information to the Board on a timely basis and with reasonable details. The minutes of meetings are drafted and circulated to the Directors in reasonable details.

5. Monitoring and Compliance

The Company sets measurable goals and compiles the financial performance and the position and compares the same with the goals. The Company takes necessary correction actions as may be required. The Board of Directors takes note of the Audit Committee's report on evaluation of Internal Control systems and is reasonably satisfied with the sustainability and performance of the Internal Control systems. Moreover, there have been no significant findings by the external auditor concerning the Internal Control systems of the Company.



Related Party Transactions

| Persons/juristic persons who may have conflicts of interests | Nature of Relationship | Type of Transaction | Transaction Value (Baht) | | Rationale for, and Necessity of Transaction | Audit Committee Opinion |
|--|--|--|--------------------------------|----------------------------------|--|-------------------------|
| | | | For the year ended 31 Dec 2021 | For the period ended 31 Dec 2022 | | |
| 1. Ambika Tour Agency Ltd. (Thailand) ("Ambika Tour Agency") | <ul style="list-style-type: none">There is a common director between the Company and Ambika Tour Agency, namely Mr. Ishaan Shah, and Ms. Nishita ShahMr. Ishaan Shah and Ms. Nishita Shah are one of major shareholders in Ambika Tour Agency | <ul style="list-style-type: none">Air ticket expenses Ambika Tour sells air tickets to usAccounts payable The accounts payable from air ticket expense<ul style="list-style-type: none">Beginning balanceIncreaseDecreaseEnding balancePrepaid expense<ul style="list-style-type: none">Beginning balanceIncreaseDecreaseEnding balance | - | - | <ul style="list-style-type: none">We purchase air tickets from Ambika Tour for its transportation purpose.Purchase prices, payment terms and conditions between the Company and Ambika Tour are in line with common market price, terms and conditions.The transaction is conducted to support an ordinary course of business and on an arm's length basis.The purchase price, payment term and condition are consistent with those of market practice. | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 2. Insurexcellence Insurance Brokers Ltd. (Thailand) ("Insurexcellence Insurance Brokers") | <ul style="list-style-type: none">There is a common director and shareholder between the Company and Insurexcellence Insurance Brokers, namely Ms. Sameera ShahMs. Sameera Shah is one of major shareholders in Insurexcellence Insurance Brokers | <ul style="list-style-type: none">Insurance expenses We purchased insurances policies from Insurexcellence Insurance BrokersAccounts payable<ul style="list-style-type: none">The accounts payable from insurance premium expenseBeginning balanceIncreaseDecreaseEnding balancePrepaid insurance<ul style="list-style-type: none">Beginning balanceIncreaseDecreaseEnding balance | 5,895,058 | 3,482,975 | <ul style="list-style-type: none">We purchase its insurance policy such as vehicle insurance, group medical insurances, all risk insurances, and other insurance associated with the Company ongoing operations from Insurexcellence Insurance Brokers.Insurance premium, payment terms and conditions between the Company and Insurexcellence Insurance Brokers are in line with market rate for insurance premium, terms and conditions.The transaction is conducted to support an ordinary course of business and on an arm's length basis.The insurance premium, payment term and condition are consistent with those of market practice. | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| Persons/Juristic persons who may have conflicts of interests | Nature of Relationship | Type of Transaction | Transaction Value (Baht) | | Rationale for, and Necessity of Transaction | Audit Committee Opinion |
|--|---|---|--------------------------------|----------------------------------|---|--|
| | | | For the year ended 31 Dec 2021 | For the period ended 31 Dec 2022 | | |
| 3. Mechai Pattana School | <ul style="list-style-type: none"> Mr. Mechai Viravaidya, our Chairman of the Board of Director, is also founder of Mechai Pattana School | <ul style="list-style-type: none"> Compensation and remuneration to the directors Remuneration to our director, Mr. Mechai Viravaidya was paid on his behalf to Mechai Pattana School for scholarships. | 2,205,000 | 2,205,000 | <ul style="list-style-type: none"> As approved by the Shareholders in the Annual General Meeting on 5th April 2021, we will pay compensation to Mr. Mechai Viravaidya through Mechai Viravaidya Foundation, at the rate of Baht 2,205,000 per annum which will be paid on a quarterly basis. Donation as part of MEGA's corporate social responsibility initiative | <ul style="list-style-type: none"> Such compensation has been duly approved by Shareholders in Annual General Meeting on 5th April 2021 |
| | | <ul style="list-style-type: none"> Donation | - | 500,000 | | |
| | | | | | | |
| 4. Al-Mayoni | <ul style="list-style-type: none"> Mr. Ahmed Mohamed Saleh who holds 51% in Mega Products (Yemen) Ltd. is a major shareholder of Al-Mayoni On 11 January 2022, Mega Lifesciences PTY Limited, a direct subsidiary of the company, acquired 51% of these shares in Mega Product (Yemen) Limited. Post-acquisition, the related party relationship no longer exists. | <ul style="list-style-type: none"> Sales to Al-Mayoni We use Al Mayoni in Yemen as our importer into the country for our Branded Products | - | - | <ul style="list-style-type: none"> We sold our branded business products to Al- Mayoni in Yemen We provided discounts to Al-Mayoni for promoting our branded products in Yemen. We provided support to Al-Mayoni for continuing our branded products business in Yemen. | <ul style="list-style-type: none"> The transaction is an ordinary course of business transaction and conducted on an arm's length basis The selling price, payment term and condition are consistent with those of market practice |
| | | <ul style="list-style-type: none"> Business promotion support to Al-Mayoni | - | - | | |
| | | <ul style="list-style-type: none"> Business support to Al-Mayoni for supporting our branded products business in Yemen. | - | - | | |
| | | <ul style="list-style-type: none"> Accrued expenses for Al-Mayoni | - | - | | |
| | | <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance | - | - | | |
| | | <ul style="list-style-type: none"> Account receivables from Al-Mayoni | - | - | | |
| | | <ul style="list-style-type: none"> - Beginning balance - Increase - Decrease - Ending balance | - | - | | |
| | | | - | - | | |
| | | | - | - | | |
| | | | - | - | | |



| Persons/juristic persons who may have conflicts of interests | Nature of Relationship | Type of Transaction | Transaction Value (Baht) | | Rationale for, and Necessity of Transaction | Audit Committee Opinion |
|--|--|--|--|----------------------------------|--|---|
| | | | For the year ended 31 Dec 2021 | For the period ended 31 Dec 2022 | | |
| 5. Magnus Pharmaceuticals Limited | <ul style="list-style-type: none"> Mr. Ahmed Mohamed Saleh who holds 51% in Mega Products (Yemen) Ltd. is a major shareholder of Magnus Pharmaceuticals Limited On 11 January 2022, Mega Lifesciences PTY Limited, a direct subsidiary of the company, acquired 51% of these shares in Mega Product (Yemen) Limited. Post-acquisition, the related party relationship no longer exists. | <ul style="list-style-type: none"> Sales to Magnus We use Magnus in Yemen as our importer into the country for our Branded Products | 30,365,740 | - | <ul style="list-style-type: none"> We sold our branded business products to Magnus Pharmaceutical Limited in Yemen | <ul style="list-style-type: none"> The transaction is an ordinary course of business transaction and conducted on an arm's length basis |
| | | <ul style="list-style-type: none"> Business support to Magnus for supporting our branded products business in Yemen. | 8,370,292 | - | <ul style="list-style-type: none"> We provided support to Magnus Pharmaceutical Limited for continuing our branded products business in Yemen | <ul style="list-style-type: none"> The selling price, payment term and condition are consistent with those of market practice |
| | | <ul style="list-style-type: none"> Account receivables from Magnus - Beginning balance - Increase - Decrease - Ending balance | 49,166,869 - (5,563,803) 43,603,066 | - - - - | | |
| | | <ul style="list-style-type: none"> Accrued expenses for Magnus - Beginning balance - Increase - Decrease - Ending balance | 1,993,649 - (1,993,649) - | - - - - | <ul style="list-style-type: none"> Amount payable to Magnus Pharmaceutical Limited in Yemen towards business supports services | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 6. Linaria Chemical (Thailand) Limited ("Linaria Chemical") | <ul style="list-style-type: none"> There are common director between the Company and Linaria Chemical (Thailand) Limited, namely Mr. Ishaan Shah and Mr. Kirit Shah There are common shareholders between the Company and Linaria Chemical (Thailand) Limited | <ul style="list-style-type: none"> Business Support & Ancillary Services We provide Business Support & Ancillary Services to Linaria Chemical | - | 2,980,886 | <ul style="list-style-type: none"> We provide Business Support & Ancillary Services to Linaria Chemicals | <ul style="list-style-type: none"> The transaction is conducted to support an ordinary course of business and on an arm's length basis. The revenue, payment term and condition are consistent with those of market practice. |
| | | <ul style="list-style-type: none"> Account Receivable The Account receivable from commission income - Beginning balance - Increase - Decrease - Ending balance | - - - - | - 2,134,764 - 2,134,764 | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| Persons/Juristic persons who may have conflicts of interests | Nature of Relationship | Type of Transaction | Transaction Value (Baht) | | Rationale for, and Necessity of Transaction | Audit Committee Opinion |
|--|--|---|--------------------------------|----------------------------------|--|---|
| | | | For the year ended 31 Dec 2021 | For the period ended 31 Dec 2022 | | |
| 7. Precious Visions Pte Ltd., Singapore | <ul style="list-style-type: none"> There are common director between the Company and Parent company of Precious Visions Pte Ltd., namely Mr. Ishaan Shah and Mr. Kirt Shah There are common shareholders between the Company and the parent company of Precious Visions Pte Ltd. | <ul style="list-style-type: none"> Business Support & Ancillary Services We provide Business Support & Ancillary Services to Precious Visions | - | 652,275 | <ul style="list-style-type: none"> We provide Business Support & Ancillary Services to Precious Visions | <ul style="list-style-type: none"> The transaction is conducted to support an ordinary course of business and on an arm's length basis. The revenue, payment term and condition are consistent with those of market practice. |
| | | <ul style="list-style-type: none"> Other Receivable The Other receivable from service income | - | - | | |
| | | - Beginning balance | - | - | | |
| | | - Increase | - | - | | |
| | | - Decrease | - | - | | |
| | | - Ending balance | - | - | | |
| | | <ul style="list-style-type: none"> Other Payable The Other payable from service income | - | - | | |
| | | - Beginning balance | - | - | | |
| | | - Increase | - | 248,901 | | |
| | | - Decrease | - | - | | |
| | | - Ending balance | - | 248,901 | | |



Financial Statements

Financial Statements

244





Independent Auditor's Report

To the Shareholders of Mega Lifesciences Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Mega Lifesciences Public Company Limited and its subsidiaries (the "Group"), and of Mega Lifesciences Public Company Limited (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 judgment, 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.

The recoverability of trade receivables and measurement of expected credit losses

Refer to Notes 3(f) and 7 to the consolidated and separate financial statements.

The key audit matter

The Group/Company has a strategy to market and sell products worldwide through distributors and indirect subsidiaries. The Group/Company recognizes revenue when the distributors or local importers complete the sale of product to the end customers. The Group/Company also considers giving some aids by granting long credit-term to its distributors and local importers. The aging of trade receivables is calculated by counting the age of trade receivables from the day the Group/Company delivers products and issues an invoice to distributors or local importers. Consequently, there is a time lag between when the aging is commenced and when the revenue is recognized. This results in a large balance of overdue trade receivables.

The TFRS 9 standard requires the Group/Company to recognize expected credit losses (ECL) on financial instruments which involve significant judgement in estimation. The Group/Company measured expected credit losses on trade receivables based on management's estimate of the lifetime expected credit loss, which is estimated by taking into account the credit history of the Group/Company's customers, the current and future market environment and customer-specific conditions.

As at 31 December 2022, the Group's/Company's carrying amounts of trade receivables are Baht 3,107 million and Baht 2,072 million, respectively.

The trade receivables balance is material and involved management judgment in the measurement of expected credit losses of trade receivables, I therefore considered this to be the key audit matter.

How the matter was addressed in my audit

My audit procedures included the following:

- made inquiries of management and obtained related documents to understand sale/credit-granting processes as well as monitoring process over cash collection and consideration of allowance for expected credit loss;
- made inquiries of management on any unusual incidents or situation of trade receivables which might affect the recoverability of receivables including collection schedule and tested the calculation;
- tested the historical default data by assessing the segmentation of trade receivables by risk characteristics with management analysis report, the Group/Company's historical experience and industry knowledge;
- tested the default data by assessing the categorization in the trade receivables aging report by comparing a sample with the relevant underlying documents such as invoice and delivery note and inspecting subsequent cash receipts;
- assessed overall data and assumptions used in management estimation whether the assumptions used in making the accounting estimate are reasonable, including interdependent and internally consistent for that accounting estimate;
- tested the calculation of expected credit losses on trade receivables;
- performed trade receivables analytical review and inspecting any significant or unusual changes in credit terms and conditions; and
- considered the adequacy of disclosures in of the financial statements.



The basis of accounting for inventory at foreign distributors

Refer to Notes 3(g) and 9 to the consolidated and separate financial statements.

The key audit matter

A large part of the Group's/Company's sales transactions in overseas markets is sales through independent distributors. In many cases, the Group/Company entered into distribution agreements which indicate that the Group/Company still has managerial involvement over the inventory sold to such distributors. The customers obtain control of inventory when they acknowledge receipt of goods. As a result, the Group/Company records revenue when the distributors complete the sale of products to end customers.

The Group's/Company's accounting practice for such sales transaction is to record sales when the Group/Company exports products to those distributors and reverses the sales portion that the distributors have not completed the sale to the end customers at year end using the ending stock information at those distributors' locations from stock count performed at year end as a basis of reversal.

As at 31 December 2022, the Group's/Company's carrying amounts of inventory at foreign distributors are Baht 1,908 million and Baht 332 million, respectively.

The inventory balance is material and the calculation involves detailed ending stock information kept at the distributors' locations in a number of territories and the usage of large database, I therefore considered this to be the key audit matter.

How the matter was addressed in my audit

My audit procedures included the following:

- performed understanding of the Group's/Company's process in accounting for and recording of inventory at foreign distributors;
- tested the design and implementation of controls as well as operating effectiveness;
- tested the existence of inventory kept at foreign distributors by, on a sampling basis, observing the inventory count at the distributors in certain countries or obtained the inventory balance confirmation at year end;
- involved KPMG specialist to test the data interfacing between the Group's/Company's accounting system and sales through distributor report;
- tested the sales reversal transaction and the recording of ending inventory at year end by, on a test basis, checking related documents and tested the calculation;
- performed a gross margin analytical review and trend analysis on sales reversal; and
- considered the adequacy of disclosures in of the financial statements.

Impairment testing of goodwill, intangible assets, and investments in subsidiaries

Refer to Notes 3(b), 3(j), 3(l) 11, 15 and 16 to the consolidated and separate financial statements.

The key audit matter

As at 31 December 2022, the Group's carrying amounts of goodwill and intangible assets with indefinite useful life are Baht 466 million and Baht 828 million, respectively. The Company's investments in subsidiaries are Baht 1,264 million. The principal businesses of subsidiaries are the manufacture and sale through independent distributors of health food supplements and pharmaceutical products as well as the provision of distribution services relating to such products.

There are several external risk factors such as change in economic and highly competitive markets which may significantly affect the forecasted operating results. These factors are indications that goodwill, intangible assets with indefinite useful life, and investments in subsidiaries may be impaired.

The management assessed recoverability of goodwill, intangible assets with indefinite useful life, and investments in subsidiaries based on value in use which involves an estimate of the future cash flows.

Due to the materiality of the transactions and the significant management judgment involved in determining recoverable amount, I therefore considered this to be the key audit matter.

How the matter was addressed in my audit

My audit procedures included the following:

- made inquiries of the management and checked related documents to understand the process of identification of cash-generating units, assessment of impairment indicators, and preparation of discounted cash flow projection;
- evaluated the key management assumptions used in the calculation of value in use of goodwill, intangible assets with indefinite useful life, and investments in subsidiaries and assessed those key assumptions against actual operating results and operation plans;
- performed sensitivity test by varying key assumptions in order to evaluate the effects to the recoverable amounts; and
- considered the adequacy of disclosures in of the financial statements.



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.

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 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. If, based on the work I have performed, I conclude that there is a material misstatement therein, I am required to report that fact. I have nothing to report in this regard.

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, actions 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.

(Sureerat Thongarunsang)

Certified Public Accountant

Registration No. 4409

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2023



Statement of financial position

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| Assets | Note | Consolidated financial statements | | Separate financial statements | |
|---|--------|--------------------------------------|-------------------|----------------------------------|------------------|
| | | 31 December | | 31 December | |
| | | 2022 | 2021 | 2022 | 2021 |
| <i>(in thousand Baht)</i> | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 2,453,465 | 2,197,692 | 608,136 | 512,645 |
| Current investments | | 335,412 | 333,660 | 335,412 | 333,660 |
| Trade accounts receivables | 5, 7 | 3,107,220 | 2,557,256 | 2,072,032 | 1,489,196 |
| Other receivables | 5, 8 | 274,948 | 250,822 | 58,617 | 36,955 |
| Short-term loans to and interest receivable from related parties | 5 | - | - | - | 1,506 |
| Inventories | 9 | 4,108,516 | 3,822,887 | 983,786 | 892,476 |
| Advances to suppliers and distributors | | 305,826 | 134,065 | 36,724 | 40,102 |
| Restricted deposits at financial institution | | 4,607 | 4,497 | - | - |
| Total current assets | | 10,589,994 | 9,300,879 | 4,094,707 | 3,306,540 |
| Non-current assets | | | | | |
| Investments in associate | 10 | - | - | - | - |
| Investments in subsidiaries | 11 | - | - | 1,264,265 | 1,298,782 |
| Investments in joint venture | 10 | 222,875 | 214,789 | 216,886 | 216,886 |
| Investment properties | 12 | 34,913 | 36,233 | 26,789 | 26,789 |
| Property, plant and equipment | 13 | 1,901,294 | 1,837,311 | 1,251,484 | 1,104,400 |
| Right-of-use assets | 13, 14 | 249,274 | 265,428 | - | - |
| Goodwill | 15 | 465,883 | 476,253 | - | - |
| Intangible assets other than goodwill | 16 | 863,309 | 876,886 | 502,481 | 499,539 |
| Deferred tax assets | 25 | 250,317 | 210,408 | 82,986 | 77,941 |
| Restricted deposits at financial institution | | 2,112 | 1,803 | - | - |
| Other non-current assets | | 66,464 | 51,710 | 51,884 | 38,969 |
| Total non-current assets | | 4,056,441 | 3,970,821 | 3,396,775 | 3,263,306 |
| Total assets | | 14,646,435 | 13,271,700 | 7,491,482 | 6,569,846 |

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

Statement of financial position

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| Liabilities and equity | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|-------------------|----------------------------------|------------------|
| | | 31 December | | 31 December | |
| | | 2022 | 2021 | 2022 | 2021 |
| | | (in thousand Baht) | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term | | | | | |
| loans from financial institutions | 17 | 229,180 | 168,176 | - | - |
| Trade accounts payable | 5 | 2,793,380 | 2,526,618 | 292,736 | 274,929 |
| Other payables | 5, 18 | 1,178,182 | 1,006,099 | 332,012 | 304,402 |
| Current portion of lease liabilities | 17 | 82,963 | 56,210 | - | - |
| Current income tax payable | | 204,184 | 185,859 | 51,009 | 62,188 |
| Accrued expenses | | 941,849 | 807,440 | 243,799 | 156,040 |
| Provision for sales returns | | 108,302 | 102,953 | 11,210 | 5,170 |
| Total current liabilities | | 5,538,040 | 4,853,355 | 930,766 | 802,729 |
| Non-current liabilities | | | | | |
| Lease liabilities | 17 | 108,728 | 131,943 | - | - |
| Non-current provisions for employee benefits | 19 | 222,938 | 261,281 | 137,986 | 153,289 |
| Total non-current liabilities | | 331,666 | 393,224 | 137,986 | 153,289 |
| Total liabilities | | 5,869,706 | 5,246,579 | 1,068,752 | 956,018 |
| Equity | | | | | |
| Share capital: | | | | | |
| Authorised share capital | | 436,951 | 436,951 | 436,951 | 436,951 |
| (873,901,882 ordinary shares, par value at Baht 0.5 per share) | | | | | |
| Issued and paid-up share capital | | 435,935 | 435,935 | 435,935 | 435,935 |
| (871,869,508 ordinary shares, par value at Baht 0.5 per share) | | | | | |
| Share premium: | | | | | |
| Share premium on ordinary shares | | 2,304,523 | 2,304,523 | 2,304,523 | 2,304,523 |
| Other surpluses | | 14,122 | - | - | - |
| Warrants | 20 | 2,005 | 2,005 | 2,005 | 2,005 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 20 | 49,088 | 49,088 | 43,695 | 43,695 |
| Corporate social responsibility reserve | 20 | 25,000 | 25,000 | 25,000 | 25,000 |
| Unappropriated | | 6,581,013 | 5,692,248 | 3,611,572 | 2,802,670 |
| Other components of equity | 20 | (635,029) | (505,979) | - | - |
| Equity attributable to owners of the parent | | 8,776,657 | 8,002,820 | 6,422,730 | 5,613,828 |
| Non-controlling interests | | 72 | 22,301 | - | - |
| Total equity | | 8,776,729 | 8,025,121 | 6,422,730 | 5,613,828 |
| Total liabilities and equity | | 14,646,435 | 13,271,700 | 7,491,482 | 6,569,846 |

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



Statement of comprehensive income

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| | | Consolidated | | Separate | |
|--|----------|----------------------|-------------------|----------------------|------------------|
| | | financial statements | | financial statements | |
| | | Year ended | | Year ended | |
| | | 31 December | | 31 December | |
| | Note | 2022 | 2021 | 2022 | 2021 |
| | | (in thousand Baht) | | | |
| Income | | | | | |
| Revenue from sales of goods and rendering of services | 5, 21 | 15,686,224 | 14,135,656 | 4,931,930 | 4,418,099 |
| Investment income | 5 | 39,818 | 10,033 | 784,904 | 433,151 |
| Net foreign exchange gain | | - | 118,517 | 134,623 | 154,644 |
| Other income | 5 | 40,643 | 36,673 | 9,101 | 9,038 |
| Total income | | 15,766,685 | 14,300,879 | 5,860,558 | 5,014,932 |
| Expenses | | | | | |
| Cost of sales of goods and rendering of services | 5, 9, 23 | 8,646,607 | 8,224,859 | 2,517,575 | 2,261,891 |
| Selling expenses | 5, 23 | 2,647,040 | 2,318,771 | 513,497 | 507,136 |
| Administrative expenses | 5, 23 | 1,711,648 | 1,450,582 | 528,857 | 509,455 |
| Net foreign exchange loss | | 138,157 | - | - | - |
| Finance costs | 24 | 28,734 | 28,275 | 132 | 868 |
| Total expenses | | 13,172,186 | 12,022,487 | 3,560,061 | 3,279,350 |
| Share of profit (loss) of joint venture accounted for using equity method | 10 | 177 | (1,511) | - | - |
| Profit before income tax expense | | 2,594,676 | 2,276,881 | 2,300,496 | 1,735,582 |
| Tax expense | 25 | 354,633 | 336,024 | 113,543 | 101,612 |
| Profit for the year | 21 | 2,240,043 | 1,940,857 | 2,186,953 | 1,633,970 |
| Other comprehensive income | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translating financial statements | | (138,670) | 15,876 | - | - |
| Share of other comprehensive income of joint venture accounted for using equity method | 10 | 7,909 | 21,831 | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Gain (loss) on remeasurements of defined benefit plans | 19, 25 | 51,502 | (1,042) | 26,159 | - |
| Other comprehensive income for the year, net of tax | | (79,259) | 36,665 | 26,159 | - |
| Total comprehensive income for the year | | 2,160,784 | 1,977,522 | 2,213,112 | 1,633,970 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 2,241,529 | 1,946,825 | 2,186,953 | 1,633,970 |
| Non-controlling interests | | (1,486) | (5,968) | - | - |
| Profit for the year | | 2,240,043 | 1,940,857 | 2,186,953 | 1,633,970 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 2,162,266 | 1,976,507 | 2,213,112 | 1,633,970 |
| Non-controlling interests | | (1,482) | 1,015 | - | - |
| Total comprehensive income for the year | | 2,160,784 | 1,977,522 | 2,213,112 | 1,633,970 |
| Basic earnings per share (in Baht) | 26 | 2.57 | 2.23 | 2.51 | 1.87 |

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



Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

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

Statement of changes in equity

Mega Lifesciences Public Company Limited and its Subsidiaries
As at 31 December 2022

| | Note | Separate financial statements | | | | | Total equity |
|--|------|----------------------------------|------------------|------------------------|---|------------------|------------------|
| | | Issued and paid-up share capital | Share premium | Warrants | Retained earnings | | |
| | | | | Non exercised warrants | Corporate social responsibility reserve | Unappropriated | |
| | | | | | (in thousand Baht) | | |
| Year ended 31 December 2021 | | | | | | | |
| Balance at 1 January 2021 | | 435,935 | 2,304,523 | 2,005 | 43,695 | 2,100,037 | 4,911,155 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Distributions to owners | | | | | | | |
| Dividends | 27 | - | - | - | - | (924,182) | (924,182) |
| Total distributions to owners | | - | - | - | - | (924,182) | (924,182) |
| Comprehensive income for the year | | | | | | | |
| Profit | | - | - | - | - | 1,633,970 | 1,633,970 |
| Total comprehensive income for the year | | - | - | - | - | 1,633,970 | 1,633,970 |
| Utilisation of corporate social responsibility reserve | 20 | - | - | - | (7,115) | - | (7,115) |
| Transfer to corporate social responsibility reserve | 20 | - | - | - | 7,155 | (7,155) | - |
| Balance at 31 December 2021 | | 435,935 | 2,304,523 | 2,005 | 43,695 | 2,802,670 | 5,613,828 |

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



Statement of changes in equity

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| | Note | Separate financial statements | | | | | Total equity |
|--|------|----------------------------------|---------------|------------------------|---|----------------|--------------------|
| | | Issued and paid-up share capital | Share premium | Warrants | Retained earnings | | |
| | | | | Non exercised warrants | Corporate social responsibility reserve | Unappropriated | |
| | | | | | (in thousand Baht) | | |
| Year ended 31 December 2022 | | | | | | | |
| Balance at 1 January 2022 | | 435,935 | 2,304,523 | 2,005 | 43,695 | 25,000 | 2,802,670 |
| | | | | | | | 5,613,828 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| <i>Distributions to owners</i> | | | | | | | |
| Dividends | 27 | - | - | - | - | - | (1,403,710) |
| Total distributions to owners | | - | - | - | - | - | (1,403,710) |
| Comprehensive income for the year | | | | | | | |
| Profit | | - | - | - | - | - | 2,186,953 |
| Other comprehensive income | | - | - | - | - | - | 26,159 |
| Total comprehensive income for the year | | - | - | - | - | - | 2,213,112 |
| Utilisation of corporate social responsibility reserve | 20 | - | - | - | - | (500) | (500) |
| Transfer to corporate social responsibility reserve | 20 | - | - | - | - | 500 | - |
| Balance at 31 December 2022 | | 435,935 | 2,304,523 | 2,005 | 43,695 | 25,000 | 3,611,572 |
| | | | | | | | 6,422,730 |

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

Statement of cash flows

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| | | Consolidated | | Separate | |
|---|-------|------------------------|------------------|------------------------|------------------|
| | | financial statements | | financial statements | |
| | | Year ended 31 December | | Year ended 31 December | |
| | Note | 2022 | 2021 | 2022 | 2021 |
| | | (in thousand Baht) | | | |
| Cash flows from operating activities | | | | | |
| Profit for the year | | 2,240,043 | 1,940,857 | 2,186,953 | 1,633,970 |
| <i>Adjustments to reconcile profit to cash receipts (payments)</i> | | | | | |
| Tax expense | 25 | 354,633 | 336,024 | 113,543 | 101,612 |
| Finance costs | 24 | 28,734 | 28,275 | 132 | 868 |
| Depreciation and amortisation | 23 | 272,015 | 274,436 | 97,461 | 95,499 |
| Expected credit loss for other receivables | 5 | - | - | - | 40,241 |
| Expected credit loss for short-term loans to related parties | 5 | - | - | 45,981 | 77,149 |
| Provision for impairment on investment in subsidiaries | 11 | - | - | - | 4,996 |
| Provision for impairment on property, plant and equipment | 13 | 4,356 | - | - | - |
| Provision for impairment on intangible assets | 16 | 4,232 | 28,020 | - | - |
| Losses on inventories devaluation | 9 | 42,704 | 36,443 | 6,566 | 5,036 |
| Investment income | | (39,818) | (10,033) | (784,904) | (433,151) |
| Expected credit loss for trade accounts receivable | 7, 23 | 5,831 | 3,089 | - | - |
| Unrealised (gain) loss on exchange rate | | 34,211 | (33,981) | 49,567 | (84,398) |
| (Gain) loss on disposal of property, plant and equipment | | (2,076) | (3,512) | (88) | 1 |
| Share of (profit) loss of joint venture accounted for using equity method | 10 | (177) | 1,511 | - | - |
| Provision for sales returns | | 7,847 | 22,423 | 6,040 | 2,175 |
| Non-current provisions for employee benefits | 19 | 33,074 | 29,380 | 17,980 | 18,666 |
| | | 2,985,609 | 2,652,932 | 1,739,231 | 1,462,664 |
| <i>Changes in operating assets and liabilities</i> | | | | | |
| Trade accounts receivable | | (631,472) | 18,018 | (640,524) | (398,117) |
| Other receivables | | (47,285) | (65,366) | (16,156) | (24,433) |
| Inventories | | (399,948) | (330,241) | (97,876) | (136,046) |
| Advances to suppliers and distributors | | (176,744) | 56,614 | 3,002 | (13,136) |
| Restricted deposits at financial institutions | | (463) | (434) | - | - |
| Other non-current assets | | (30,611) | (1,860) | 2,899 | - |
| Trade accounts payable | | 364,682 | 375,678 | 23,134 | 115,071 |
| Other payables | | 186,426 | 262,795 | 29,256 | 112,279 |
| Accrued expenses | | 142,824 | 136,810 | 87,759 | 22,215 |
| Utilisation of corporate social responsibility reserve | 20 | (500) | (7,115) | (500) | (7,115) |
| Other non-current liabilities | | - | (358) | - | - |
| Non-current provisions for employee benefits paid | 19 | (6,397) | (7,885) | (584) | (3,624) |
| Net cash generated from operations | | 2,386,121 | 3,089,588 | 1,129,641 | 1,129,758 |
| Taxes paid | | (389,496) | (362,763) | (136,306) | (87,748) |
| Net cash from operating activities | | 1,996,625 | 2,726,825 | 993,335 | 1,042,010 |

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



Statement of cash flows

Mega Lifesciences Public Company Limited and its Subsidiaries

As at 31 December 2022

| | | Consolidated | | Separate | |
|--|----|------------------------|--------------------|------------------------|--------------------|
| | | financial statements | | financial statements | |
| | | Year ended 31 December | | Year ended 31 December | |
| Note | | 2022 | 2021 | 2022 | 2021 |
| | | (in thousand Baht) | | | |
| Cash flows from investing activities | | | | | |
| Interest received | | 40,067 | 11,189 | 5,126 | 7,261 |
| Dividend received | 11 | - | - | 779,944 | 426,936 |
| Acquisition of property, plant and equipment | | (304,601) | (151,401) | (227,229) | (98,033) |
| Proceed from sale of equipment | | 2,857 | 5,533 | 474 | - |
| Acquisition of intangible assets | | (8,143) | (8,376) | (4,885) | (6,080) |
| Proceed from sale of intangible assets | | - | 940 | - | - |
| Short-term loans to related parties | | - | - | (44,475) | (40,255) |
| Acquisition of current investments | | (335,412) | (333,660) | (335,412) | (333,660) |
| Redemption of current investments | | 333,660 | 211,091 | 333,660 | 211,091 |
| Acquisition of investment in subsidiaries | 11 | - | - | (4,950) | (5,575) |
| Refund of investment in subsidiaries | 11 | - | - | 1,973 | - |
| Acquisition of business combination | 4 | (9,253) | - | - | - |
| Net cash from (used in) investing activities | | (280,825) | (264,684) | 504,226 | 161,685 |
| Cash flows from financing activities | | | | | |
| Interest paid | | (29,854) | (27,934) | (132) | (876) |
| Dividends paid | | (1,405,600) | (922,942) | (1,405,544) | (922,914) |
| Payment of lease liabilities | 14 | (58,101) | (53,520) | - | - |
| Increase (decrease) from bank overdrafts and short-term loans from financial institutions | | 65,200 | (309,488) | - | (97,984) |
| Payment of change in ownership interests in subsidiaries without a change in control | 11 | (4,910) | - | - | - |
| Net cash used in financing activities | | (1,433,265) | (1,313,884) | (1,405,676) | (1,021,774) |
| Net increase in cash and cash equivalents | | | | | |
| before effect of exchange rates | | 282,535 | 1,148,257 | 91,885 | 181,921 |
| Effect of exchange rate changes on cash and cash equivalents | | (26,762) | 42,984 | 3,606 | 7,234 |
| Net increase in cash and cash equivalents | | 255,773 | 1,191,241 | 95,491 | 189,155 |
| Cash and cash equivalents at 1 January | | 2,197,692 | 1,006,451 | 512,645 | 323,490 |
| Cash and cash equivalents at 31 December | 6 | 2,453,465 | 2,197,692 | 608,136 | 512,645 |
| Non-cash transaction | | | | | |
| Investment refund receivables | | - | - | 34,103 | - |

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

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| Note | Contents |
|-------------|---|
| 1 | General information |
| 2 | Basis of preparation of the financial statements |
| 3 | Significant accounting policies |
| 4 | Acquisition of subsidiary |
| 5 | Related parties |
| 6 | Cash and cash equivalents |
| 7 | Trade accounts receivable |
| 8 | Other receivables |
| 9 | Inventories |
| 10 | Investments in associate and joint venture |
| 11 | Investments in subsidiaries |
| 12 | Investment properties |
| 13 | Property, plant and equipment and right-of-use assets |
| 14 | Leases |
| 15 | Goodwill |
| 16 | Intangible assets |
| 17 | Interest-bearing liabilities |
| 18 | Other payables |
| 19 | Non-current provisions for employee benefits |
| 20 | Reserves |
| 21 | Segment information |
| 22 | Employee benefit expenses |
| 23 | Expenses by nature |
| 24 | Finance costs |
| 25 | Income tax |
| 26 | Earnings per share |
| 27 | Dividends |
| 28 | Financial instruments |
| 29 | Commitments with non-related parties |
| 30 | Event after the reporting period |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2023.

1 General information

Mega Lifesciences Public Company Limited, “the Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 19 November 2013. The Company’s registered office at No. 384, Moo 4, Bangpoo Industrial Estate, Praksa, Muang - Samutprakarn, Samutprakarn, Thailand.

The Company has representative offices in Vietnam, Uganda, Ukraine, Kenya, Uzbekistan and Ethiopia and representative offices under Mega Lifesciences PTY Limited, a subsidiary, in Sri Lanka, Vietnam, Myanmar, Indonesia, Uzbekistan, Ukraine, Philippines, Kenya, India, Russia, Kazakhstan and Ghana.

The immediate and ultimate holding company during the financial year was Unistretch Limited, which is incorporated in Thailand.

The principal activities of the Group are the manufacture and sale through independent distributors of health food supplements, branded prescription pharmaceutical products, over-the-counter products, herbal products, vitamins and fast moving consumer goods as well as the provision of distribution services relating to such products.

Details of the Company’s associate, joint venture and subsidiaries as at 31 December 2022 and 2021 are given in notes 10 and 11.

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) Use of estimates and judgements

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.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- | | |
|-------------|---|
| 3(k) and 14 | <p>Leases:</p> <ul style="list-style-type: none"> - whether an arrangement contains a lease; - whether the Group is reasonably certain to exercise extension options; - whether the Group exercise termination options; - whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees. |
|-------------|---|

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- | | |
|------------------|---|
| 7 | Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate |
| 5, 11, 15 and 16 | Impairment test: key assumptions underlying recoverable amounts |
| 19 | Measurement of defined benefit obligations: key actuarial assumptions |

3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Group and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associate and joint venture.

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.

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. In addition, when there is a change in the Group’s interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid from the acquisition of the non-controlling interests with no change in control is accounted for as other surpluses in shareholders’ equity.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

The Group recognised investments in associate and joint venture using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

(b) Investments in subsidiaries, associate and joint venture

Investments in subsidiaries, associate and joint venture in the separate financial statements of the Company 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 investments are recognised in profit or loss.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(c) *Foreign currencies*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies 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 fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill, are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates ruling at the dates of transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(d) *Financial instruments*

(d.1) Recognition and initial measurement

Trade receivables, debt securities issued and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

(d.2) Derecognition and offset

The Group derecognises a financial asset when the contractual rights to receive 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.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

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 received or 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 the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.3) Derivatives

Derivative 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 or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(d.4) Impairment of financial assets other than trade accounts receivables

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI, and loan commitments issued which are not measured at FVTPL.

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it has significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group takes action such as realising security (if any is held).

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which have maturities of three months 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.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(f) Trade accounts receivable

A trade 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.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the 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.

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

(h) Investment properties

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

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

(i) Property, plant and equipment

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 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.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Depreciation

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

The estimated useful lives are as follows:

| | |
|--|---------------|
| Land improvements | 5 years |
| Building | 10 - 20 years |
| Building improvements | 10 years |
| Leasehold improvements | 3 - 5 years |
| Machinery and equipment | 4 - 10 years |
| Furniture, fixtures and office equipment | 3 - 10 years |
| Vehicles | 5 - 10 years |

(j) Intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment.

Computer software

Computer software that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Trademarks, rights to use trademark, drug registration certificates, and customer contracts and relationship

Trademark, rights to use trademark, drug registration certificates, and customer contracts and relationship are acquired by the Group and are measured at cost less accumulated impairment losses. Trademark, rights to use trademark, drug registration certificates, and customer contracts and relationship that have indefinite useful life are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

Amortisation

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

The estimated useful lives are as follows:

| | |
|---|----------------------|
| Computer software | 3 - 10 years |
| Trademarks | 10 years, indefinite |
| Rights to use trademark, drug registration certificates and customer contracts and relationship | indefinite |

The amortisation of trademarks is allocated to the cost of inventory and is recognised as cost of sales as inventory is sold; the amortisation of other intangible assets is included in administrative expenses.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(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.

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 of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly 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 expenses on a straight-line basis over the respective lease terms.

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, less any lease incentives received. 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 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 the Group's 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset 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.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

An impairment loss of asset 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) Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group's net 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 obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net 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 net 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 recognized 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.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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.

(n) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company recognised warrants granted to employees of subsidiaries in the separate financial statement as investment in subsidiaries.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(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 finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(p) *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:

- 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.

(q) *Revenue from contracts with customers*

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 sales taxes and is after deduction of any trade discounts and volume rebates.

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 the estimated products to be returned.

Revenue from rendering of services is recognised as the services are provided.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

For bundled packages, the Group recognises revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

A refund liability is the obligation to refund some or all of the consideration received from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The refund liability is reassessed at each reporting date and the Group makes a corresponding change to the amount of revenue recognised.

(r) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to a business combination, or 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. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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 deferred tax assets and liabilities are offset in separate financial statements.

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.

(s) *Earnings per share*

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4 Acquisition of subsidiary

On 11 January 2022, Mega Lifesciences PTY Limited, a direct subsidiary acquired 51% of shares in Mega Product (Yemen) Limited. Accordingly, the Group's shareholding was increased from 49% to 100% of total issued and paid up share of Mega Product (Yemen) Limited. Therefore, the Group had rights or interests in Mega Product (Yemen) Limited and had the ability to affect those returns through its power over the investee. The Group obtained control of Mega Product (Yemen) Limited and included the investee to preparation of consolidated financial statements since 11 January 2022.

As a result of the step up acquisition, the Company has reclassified equity interest from investment in associate to be investment in subsidiary and remeasured investment with fair value at acquisition date of Baht 1.34 million.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Detail of assets acquired and liabilities assumed are as follows:

| | Fair value (in thousand Baht) |
|--|---|
| Cash and cash equivalents | 36,084 |
| Trade and other current receivables | 41,204 |
| Inventories | 32,301 |
| Property, plant and equipment | 521 |
| Trade and other current payables | (118,026) |
| Total identifiable net assets | (7,916) |
| Less non-controlling interests | - |
| Equity interest of net identifiable assets of the Company | (7,916) |
| Carrying amount of previously held equity interest before business combination | - |
| Gain on measurement | 655 |
| Fair value of previously held equity interest before business combination | 655 |
| Fair value of the consideration | 682 |
| Less equity interest of net identifiable assets of the Company | (7,916) |
| Goodwill arising from the acquisition | 9,253 |

Fair value of the identifiable assets acquired and liabilities assumed and non-controlling interests of Mega Product (Yemen) Limited that are recognised at the acquisition date, are determined by the information as at 31 December 2021 which is immaterial different.

As at 31 December 2022, the Company has not paid the consideration amounting to Baht 0.68 million.

5 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that is 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 joint control or has significant influence over the financial and managerial decision-making.

Relationships with ultimate parent, subsidiaries, associate and joint venture are described in notes 1, 10 and 11. Other related parties which the Group had significant transactions with during the year were as follows:

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|-----------------------------------|
| Unistretch Limited | Thailand | Ultimate parent of the Group |
| Al-Mayoni For Trading Services Ltd. | Yemen | Common shareholders |
| Magnus Pharmaceuticals Ltd. | Yemen | Common shareholders |
| Ambika Tours Agency Limited | Thailand | Common shareholders and directors |
| InsurExcellence Insurance Brokers Ltd. | Thailand | Common shareholders and directors |
| Linaria Chemical (Thailand) Limited | Thailand | Common shareholders and directors |
| Mechai Pattana School | Thailand | Common chairman |
| Precious Visions Pte Ltd. | Singapore | Common shareholders and directors |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--------------------------|--|---|
| Key management personnel | Thailand/ India | 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 Group. |

From 11 January 2022 onward, Magnus Pharmaceuticals Ltd. and Al-Mayoni For Trading Services Ltd., related parties based on common shareholders, are no longer related parties after the change in Group's shareholding in one of its indirect subsidiary

| <i>Significant transactions with related parties Year ended 31 December</i> | Consolidated financial statements | | Seperate financial statements | |
|---|--------------------------------------|---------|----------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiaries | | | | |
| Sale of goods and rendering of service | - | - | 3,157,671 | 2,657,692 |
| Purchase of goods or receiving of service | - | - | 125,880 | 151,963 |
| Commission expense | - | - | - | 7,484 |
| Interest income | - | - | 2,508 | 3,159 |
| Dividend income | - | - | 779,944 | 426,936 |
| Other income | - | - | 19 | 216 |
| Support service expense | - | - | 78,364 | 62,968 |
| Freight reimbursement | - | - | 19,086 | 13,875 |
| Key management personnel compensation | | | | |
| Short-term employee benefit <i>(including director's remuneration)</i> | 344,871 | 304,757 | 149,419 | 116,566 |
| Post-employment benefits | 2,292 | 2,083 | 2,148 | 1,939 |
| Other related parties | | | | |
| Sale of goods | - | 30,366 | - | 30,366 |
| Purchase of goods or receiving of services | 3,483 | 5,895 | 2,242 | 3,545 |
| Other income | 3,633 | - | - | - |
| Business support charges | - | 8,370 | - | 8,370 |
| Utilisation of corporate social responsibility reserve | 500 | - | 500 | - |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

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

| Balances with related parties At 31 December | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------|--|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Trade accounts receivable | | | | |
| Subsidiaries | - | - | 1,724,365 | 1,169,599 |
| Other related parties | 2,135 | 43,603 | - | 43,603 |
| | <u>2,135</u> | <u>43,603</u> | <u>1,724,365</u> | <u>1,213,202</u> |
| Less allowance for expected credit loss | - | - | - | - |
| Net | <u>2,135</u> | <u>43,603</u> | <u>1,724,365</u> | <u>1,213,202</u> |
| Other receivables | | | | |
| Subsidiaries | - | - | 63,977 | 40,918 |
| Other related parties | 1,947 | 1,460 | 1,680 | 1,204 |
| | <u>1,947</u> | <u>1,460</u> | <u>65,657</u> | <u>42,122</u> |
| Less allowance for expected credit loss | - | - | (41,627) | (40,241) |
| Net | <u>1,947</u> | <u>1,460</u> | <u>24,030</u> | <u>1,881</u> |
| Loans to and interest receivable | | | | |
| Subsidiaries | - | - | 228,230 | 183,755 |
| Less allowance for expected credit loss | - | - | (228,230) | (182,249) |
| Net | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,506</u> |
| Expected credit losses | | | | |
| Year ended 31 December | | | | |
| | <i>(in thousand Baht)</i> | | | |
| Other receivables | - | - | - | 40,241 |
| Loans to and interest receivable | - | - | 45,981 | 77,149 |
| Balances with related parties At 31 December | | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Trade accounts payable | | | | |
| Subsidiaries | - | - | 72,582 | 52,144 |
| Total | <u>-</u> | <u>-</u> | <u>72,582</u> | <u>52,144</u> |
| Other payables | | | | |
| Subsidiaries | - | - | 46,650 | 48,335 |
| Other related parties | 249 | - | - | - |
| Total | <u>249</u> | <u>-</u> | <u>46,650</u> | <u>48,335</u> |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Significant agreements with related parties

As at 31 December 2022, the Group had the following significant agreements with related parties.

Loan agreements

The Company entered into a loan agreement with its four subsidiaries with an interest rate as stipulated in the agreements. Principle and interest are payable on the due date which is one year from date of agreement. Terms and conditions can be amended upon consent in writing from both parties. As at 31 December 2022, the outstanding loan principles were Baht 228.2 million (31 December 2021: Baht 183.8 million).

Supply agreement

The Company has supply agreements with Mega Lifesciences PTY Limited, a subsidiary, whereby the Company agrees to manufacture and supply the product as per required specification and as per Good Manufacturing Practice (GMP). These agreements are effective on the agreement date and shall be terminated by either party giving at least 30 days notice in writing to the other party.

Support service agreement

On 1 April 2015, the Company entered into a support service agreement with Mega Lifesciences Private Limited, an indirect subsidiary, whereby Mega Lifesciences Private Limited agrees to provide, on a non-exclusive basis, the preparatory and auxiliary services including information collection, liaising and co-ordination. The Company has agreed to pay service fee at a mark-up of 13% on the operating costs incurred by Mega Lifesciences Private Limited on a quarterly basis. This agreement is effective on the agreement date and shall be terminated by either party giving at least 90 days notice in writing to the other party.

6 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--|-------------------------|--|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Cash on hand | 16,920 | 7,753 | 855 | 1,118 |
| Cash at banks - current accounts | 2,149,471 | 1,898,349 | 401,692 | 383,918 |
| Cash at banks - savings accounts | 269,661 | 166,617 | 205,589 | 127,609 |
| Highly liquid short-term investments | 17,413 | 124,973 | - | - |
| Total | <u>2,453,465</u> | <u>2,197,692</u> | <u>608,136</u> | <u>512,645</u> |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

7 Trade accounts receivable

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|------------------|
| <i>At 31 December</i> | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Within credit terms | 2,523,370 | 1,954,013 | 1,119,837 | 1,013,451 |
| Overdue: | | | | |
| Less than 3 months | 408,361 | 432,970 | 379,952 | 310,043 |
| 3 - 6 months | 70,131 | 132,712 | 160,149 | 70,216 |
| 6 - 12 months | 87,678 | 16,269 | 276,191 | 82,498 |
| Over 12 months | 64,268 | 57,001 | 158,113 | 35,186 |
| Total | 3,153,808 | 2,592,965 | 2,094,242 | 1,511,394 |
| Less allowance for expected credit loss | (46,588) | (35,709) | (22,210) | (22,198) |
| Net | 3,107,220 | 2,557,256 | 2,072,032 | 1,489,196 |

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| <i>Allowance for expected credit loss</i> | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| At 1 January | 35,709 | 32,439 | 22,198 | 21,609 |
| Addition | 5,831 | 3,089 | - | - |
| Effect of movement in exchange rates | 5,048 | 181 | 12 | 589 |
| At 31 December | 46,588 | 35,709 | 22,210 | 22,198 |

Information of credit risk is disclosed in note 28.

8 Other receivables

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|----------------|--|---------------|
| | <i>Note</i> | 2022 | 2021 | 2022 | 2021 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 5 | 1,947 | 1,460 | 24,030 | 1,881 |
| Other parties | | | | | |
| Receivables for promotion and advertisement | | 67,029 | 51,122 | 5,385 | - |
| Prepaid expenses | | 60,140 | 53,429 | 18,106 | 14,658 |
| Value added tax receivable | | 55,352 | 71,647 | 3,741 | 8,175 |
| Advance to directors and employees | | 14,183 | 15,092 | 462 | 2,063 |
| Advance for operating expenses | | 10,335 | 9,145 | - | - |
| Deposits | | 10,140 | 8,979 | 716 | 675 |
| Export tax rebate and refundable import duty | | 4,449 | 5,895 | 2,007 | 3,067 |
| Accrued interest income | | 1,427 | 1,682 | 1,238 | 1,404 |
| Others | | 49,946 | 32,371 | 2,932 | 5,032 |
| | | 273,001 | 249,362 | 34,587 | 35,074 |
| Total | | 274,948 | 250,822 | 58,617 | 36,955 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

9 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Finished goods | 3,309,757 | 3,105,174 | 540,565 | 496,242 |
| Raw materials | 417,774 | 387,993 | 317,649 | 227,211 |
| Work in progress | 44,045 | 80,567 | 40,212 | 72,144 |
| Packing materials | 108,060 | 114,249 | 80,198 | 89,156 |
| Goods in transit | 252,356 | 153,163 | 9,428 | 19,283 |
| | 4,131,992 | 3,841,146 | 988,052 | 904,036 |
| Less allowance for obsolescence and decline in value | (46,988) | (39,258) | (8,992) | (13,647) |
| | 4,085,004 | 3,801,888 | 979,060 | 890,389 |
| Right to recover returned products | 23,512 | 20,999 | 4,726 | 2,087 |
| Total | 4,108,516 | 3,822,887 | 983,786 | 892,476 |
| Inventories recognised in ‘cost of sales of goods and rendering of services’: | | | | |
| - Cost of sales of goods and rendering of services | 8,603,903 | 8,188,416 | 2,511,009 | 2,256,855 |
| - Write-down to net realisable value | 42,704 | 36,443 | 6,566 | 5,036 |
| Net | 8,646,607 | 8,224,859 | 2,517,575 | 2,261,891 |

As at 31 December 2022, the inventory balance included inventory at foreign distributors of Baht 1,908.1 million (2021: Baht 1,851.3 million) and Baht 331.7 million (2021: Baht 277.8 million) in the consolidated and separate financial statements, respectively.

10 Investments in associate and joint venture

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Material movement | | | | |
| Year ended 31 December | | | | |
| Associate | | | | |
| At 1 January | - | - | - | - |
| Fair value of previously owned interests | 655 | - | - | - |
| Reclassification to investment in subsidiaries | (655) | - | - | - |
| At 31 December | - | - | - | - |
| Joint venture | | | | |
| At 1 January | 214,789 | 194,469 | 216,886 | 216,886 |
| Share of profit (loss) of joint venture | 177 | (1,511) | - | - |
| Share of other comprehensive income of joint venture | 7,909 | 21,831 | - | - |
| At 31 December | 222,875 | 214,789 | 216,886 | 216,886 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries
For the year ended 31 December 2022

Investments in associate and joint venture as at 31 December 2022 and 2021 were as follows:

| Consolidated financial statements | | | | | | | | | |
|-----------------------------------|----------------------------|----------------------|--------------------|-------|-----------------|---------|--------------------|----------------|----------------|
| | Type of business | Country of operation | Ownership interest | | Paid-up capital | | At equity method | | Cost |
| | | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | |
| | | | (%) | | | | (in thousand Baht) | | |
| Indirect associate | | | | | | | | | |
| Mega Product (Yemen) Limited | Distribution and marketing | Yemen | - | 48.99 | - | 2,476 | - | - | 1,213 |
| Total | | | | | | | - | - | 1,213 |
| Direct joint venture | | | | | | | | | |
| MEGA MSN PTE. LTD. | Investment company | Singapore | 50.00 | 50.00 | 515,646 | 515,646 | 222,875 | 214,789 | 216,886 |
| Total | | | | | | | 222,875 | 214,789 | 216,886 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

These associate and joint venture are not publicly listed and consequently do not have published price quotations.

Associate

As described in Note 4, on 11 January 2022, a direct subsidiary acquired additional shares in Mega Product (Yemen) Limited of 51% shareholding. Therefore, the Group's shareholding in Mega Product (Yemen) Limited was increased to 100% and the Group had control over Mega Product (Yemen) Limited. As a result, investment in Mega Product (Yemen) Limited had been reclassified from investments in associate to investments in subsidiaries and the financial statements of Mega Product (Yemen) Limited has been included in the preparation of consolidated financial statements since 11 January 2022, which is the date that the Group had control over Mega Product (Yemen) Limited.

As at 31 December 2021, the Group had not recognised cumulative share of losses that exceeds the carrying amount of investment in Mega Product (Yemen) Limited, an indirect associate, amounting to Baht 4.53 million, of which Baht 0.40 million was the Group's share of the current year's loss. The Group has no obligation in respect of these losses.

Joint venture

During 2022, the Group recognised share of total comprehensive income of MEGA MSN PTE. LTD. amounting to Baht 8.1 million (2021: Baht 20.3 million).

The following summarised financial information of the period that the Group has shareholding in investments in indirect associate and joint venture and is not adjusted for the percentage ownership held by the Group:

| | Indirect associate Mega Product (Yemen) | | Joint venture MEGA MSN PTE. LTD | |
|--|--|-----------|------------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | (in thousand Baht) | |
| Current assets (b) | - | 109,589 | 368,493 | 356,167 |
| Non-current assets | - | 521 | 79,269 | 75,547 |
| Current liabilities | - | (118,026) | (2,011) | (2,136) |
| Net assets/(liability) (100%) | - | (7,916) | 445,751 | 429,578 |
| Carrying amount of interest in associate/ joint venture | - | - | 222,875 | 214,789 |
| Total revenues | - | 135,948 | 889 | 239 |
| Total expenses (a) | - | (135,827) | (536) | (3,261) |
| Other comprehensive income | - | - | 15,818 | 43,661 |
| Total comprehensive income (100%) | - | 121 | 16,171 | 40,639 |
| Group's share of total comprehensive income | - | - | 8,086 | 20,320 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| | Joint venture MEGA MSN PTE. LTD | |
|---------------------------------------|------------------------------------|---------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| Remark: | | |
| a. Includes: | | |
| – Consultancy charges | 195 | 2,235 |
| – Personnel expenses | 341 | 384 |
| – Others | - | 642 |
| b. Includes cash and cash equivalents | 368,354 | 356,162 |

11 Investments in subsidiaries

Material movement Year ended 31 December

| | Separate financial statements | |
|-------------------------------|----------------------------------|-------------------------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| At 1 January | 1,298,782 | 1,298,203 |
| Increase | 4,950 | 5,575 |
| Refund of investment | (39,467) | - |
| Less provision for impairment | - | (4,996) |
| At 31 December | <u>1,264,265</u> | <u>1,298,782</u> |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Investments in subsidiaries as at 31 December 2022 and 2021, and dividend income from those investments for the years then ended, were as follows:

| Separate financial statements | | | | | | | | | | | | | | |
|-------------------------------|--|--------------------|------|-----------------|------|------|------|------------|------|---------------|------|-----------------|------|--|
| Country of operation | | Ownership interest | | Paid-up capital | | Cost | | Impairment | | At cost - net | | Dividend income | | |
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | |
| % | | | | | | | | | | | | | | |
| (in thousand Baht) | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Separate financial statements

| Country of operation | | Ownership interest % | | Paid-up capital | | Cost | | Impairment (in thousand Baht) | | At cost - net | | Dividend income for the year | |
|--|--|----------------------|-------|-----------------|---------|---------|---------|-------------------------------|------|---------------|---------|------------------------------|--------|
| Type of business | operation | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Indirect subsidiaries (investment through Mega Lifesciences PTY Limited) | | | | | | | | | | | | | |
| Megaz Lifesciences (Australia) Pty. Limited | Branded and OEM products business | 99.99 | 99.99 | 539,502 | 539,502 | 541,364 | 541,364 | - | - | 541,364 | 541,364 | - | - |
| Mega Lifesciences (Vietnam) Limited | Branded products and distribution business | 99.99 | 99.99 | 107,959 | 107,959 | 112,827 | 112,827 | - | - | 112,827 | 112,827 | - | - |
| PT Mega Lifesciences | Branded products business | 98.99 | 98.99 | 15,172 | 15,172 | 15,012 | 15,012 | - | - | 15,012 | 15,012 | - | - |
| Mega Lifesciences PTY Limited | Branded products and distribution business | 99.99 | 99.99 | 15,281 | 15,281 | 18,860 | 18,860 | - | - | 18,860 | 18,860 | 35,965 | 51,452 |
| Mega Lifesciences Nigeria Limited | Branded products and distribution business | 99.99 | 99.99 | 14,885 | 14,885 | 17,892 | 17,892 | - | - | 17,892 | 17,892 | - | - |
| Mega Lifesciences Ghana Limited | Branded products business | 99.99 | 99.99 | 9,469 | 9,469 | 10,185 | 10,185 | - | - | 10,185 | 10,185 | - | - |
| Mega Lifesciences Private Limited | Branded products business | 99.99 | 99.99 | 4,777 | 4,777 | 7,641 | 7,641 | - | - | 7,641 | 7,641 | 7,260 | - |
| Mega Lifesciences Limited | Distribution business | 99.99 | 99.99 | 164,859 | 164,859 | 174,628 | 174,628 | - | - | 174,628 | 174,628 | - | 64,293 |
| E-Sense Limited | Software design, development and other services business | 99.96 | 99.96 | 500 | 500 | 499 | 499 | - | - | 499 | 499 | - | - |
| Mega Products (Mauritius) Limited | Distribution business | 99.99 | 99.99 | 410 | 410 | 4,992 | 4,992 | - | - | 4,992 | 4,992 | - | - |
| Mega Lifesciences Pte. Ltd. | Distribution business | 99.99 | 99.99 | 156 | 156 | 156 | 156 | - | - | 156 | 156 | 33,450 | 99,260 |
| Mega Lifesciences PTY Peru S.A.C. | Branded products business | 99.99 | 99.99 | 100 | 100 | 1,530 | 1,530 | - | - | 1,530 | 1,530 | - | - |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| Separate financial statements | | | | | | | | | | |
|---|----------------------------|--------------------|--------|-----------------|---------|---------|---------|--------------------|------|------------------------------|
| Country of operation | Type of business | Ownership interest | | Paid-up capital | | Cost | | Impairment | | Dividend income for the year |
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | |
| | | % | | | | | | | | |
| MAXXCARE Limited | Distribution business | 100.00 | 100.00 | 649,889 | 649,889 | 649,889 | 649,889 | - | - | - |
| | | | | | | | | (in thousand Baht) | | |
| MAXXCARE Company Ltd. | Distribution business | 100.00 | 100.00 | 12,730 | 12,730 | 12,730 | 12,730 | - | - | - |
| | | | | | | | | | | |
| Mega Product (Yemen) Limited | Distribution and marketing | 100.00 | - | 1,337 | - | 1,337 | - | - | - | - |
| | | | | | | | | | | |
| | | | | | | | | | | |
| <i>Indirect subsidiaries (investment through Mega Lifesciences Sdn.Bhd)</i> | | | | | | | | | | |
| Bio-Life Marketing Sdn. Bhd. | Branded products business | 100.00 | 100.00 | 11,977 | 11,977 | 617,656 | 617,656 | - | - | 46,321 |
| | | | | | | | | | | |
| Total indirect subsidiaries | | | | | | | | | | |
| | | | | | | | | | | |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Investment in direct subsidiaries

In June 2022, the Group acquired an additional 15.38% interest in PT Mega Lifesciences Indonesia, a subsidiary for Baht 4.91 million in cash, increasing its ownership interest from 84.62% to 100%. The Group recognised a decrease in non-controlling interests of Baht 20.75 million, an increase in other surpluses of Baht 14.12 million and an increase in the translation reserve of Baht 1.72 million, attributable to owners of the Group of Baht 15.84 million of changes in the Group's ownership interest in PT Mega Lifesciences Indonesia.

During 2022, the Company made an additional investment of Baht 0.01 million in the issued and paid up capital of Mega We Care Tanzania Ltd., a direct subsidiary in Tanzania, in order to expand the business.

During 2022, the Company made an additional investment of Baht 0.03 million in the issued and paid up capital of Mega We Care Uzbekistan, a direct subsidiary in Uzbekistan, in order to expand the business.

In 2022, the Company entitled to receive of IDR 17,094.00 million (equivalent to Baht 39.47 million) from the previous shareholder under the term of the share purchase agreement. As at 31 December 2022, Baht 1.97 million has already been received.

Additional investment in indirect subsidiaries

As described in Notes 4 and 10, as a result of the step up acquisition, investment in Mega Product (Yemen) Limited had been reclassified from investments in associate to investments in subsidiaries and had been remeasured with fair value at acquisition date of Baht 1.34 million.

During 2021, Mega Lifesciences PTY Limited (Thailand) made an additional investment of Baht 83.98 million in the issued and paid up capital of Mega Lifesciences Limited, an indirect subsidiary in Myanmar, in order to expand the business.

Impairment testing for investment in subsidiaries

The recoverable amounts of investments in subsidiaries were based on value in use, estimated using discounted cash flows. The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amounts 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.

| | Separate financial statements | |
|----------------------------|--|------------|
| | 2022 | 2021 |
| | (%) | |
| Discount rate | 7.23 - 9.18 | 8.5 - 11.5 |
| Terminal value growth rate | 2.0 | 2.0 |

The discount rate was a post-tax measure based on the rate of 5 and 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual net profit growth rate, consistent with the assumptions that a market participant would make.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Revenue growth was estimated taking into account past experience and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

As at 31 December 2022, the estimated recoverable amount of investment in Mega We Care Limited was less than total carrying amounts of investment in share and loan to this subsidiary. Accordingly, the impairment loss of Baht 24.8 million recognized in the separate financial statements for the year ended 31 December 2022 (see note 5) were adjusted to the loan investment in Mega We Care Limited. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

As at 31 December 2022, the estimated recoverable amount of investment in Natural Health Foods Limited was less than total carrying amounts of investment in share and loan to this subsidiary. Accordingly, the impairment loss of Baht 21.1 million recognized in the separate financial statements for the year ended 31 December 2022 (see note 5) were adjusted to the loan investment Natural Health Foods Limited. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

As at 31 December 2021, the estimated recoverable amount of investment in Mega We Care Limited was less than total carrying amounts of investment in share and loan to this subsidiary. Accordingly, the impairment loss of Baht 15.3 million recognized in the separate financial statements for the year ended 31 December 2021 (see note 5) were adjusted to the loan investment in Mega We Care Limited. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

As at 31 December 2021, the estimated recoverable amount of investment in Natural Health Foods Limited was less than total carrying amounts of investment in share and loan to this subsidiary. Accordingly, the impairment loss of Baht 61.9 million and Baht 4.9 million recognized in the separate financial statements for the year ended 31 December 2021 (see note 5) were adjusted to the loan investment and investment in Natural Health Foods Limited, respectively. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

12 Investment properties

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--------------------------------------|---------------|----------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Cost | | | | |
| At 1 January | 36,233 | 34,226 | 26,789 | 26,789 |
| Effect of movements in exchange rates | (1,320) | 2,007 | - | - |
| At 31 December | 34,913 | 36,233 | 26,789 | 26,789 |
| Net book value | | | | |
| At 1 January | 36,233 | 34,226 | 26,789 | 26,789 |
| At 31 December | 34,913 | 36,233 | 26,789 | 26,789 |

The fair values of investment properties in the consolidated and separate financial statements as at 31 December 2022 of Baht 187.0 million and Baht 45.1 million (2021: Baht 53.4 million and Baht 45.7 million) respectively were determined by independent professional valuers, at open market values on an existing use basis. The fair value measurement for investment property has been categorised as a level 2 fair value.

Investment property consists of land not used for the Group's core business purpose.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

13 Property, plant and equipment and right-of-use assets

[illegible]



Notes to the financial statements

For the year ended 31 December 2022

| Consolidated financial statements | | | | | | | | |
|-----------------------------------|------|-------------------|------------------------------------|------------------------|-------------------------|--|----------|---------------------------|
| | Land | Land improvements | Building and building improvements | Leasehold improvements | Machinery and equipment | Furniture, fixtures and office equipment | Vehicles | Assets under construction |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| Separate financial statements | | | | | | | | |
|----------------------------------|---------|-------------------|------------------------------------|-------------------------|---|----------|---------------------------|-----------|
| | Land | Land improvements | Building and building improvements | Machinery and equipment | Furniture, fixtures and office equipment <i>(in thousand Bahr)</i> | Vehicles | Assets under construction | Total |
| <i>Cost</i> | | | | | | | | |
| At 1 January 2021 | 193,359 | 2,845 | 723,680 | 872,675 | 52,575 | 10,478 | 105,498 | 1,961,110 |
| Additions | - | - | 7,540 | 30,982 | 7,742 | 2,036 | 38,687 | 86,987 |
| Disposals | - | - | - | - | (12) | (41) | - | (53) |
| Transfers | - | - | - | - | 283 | - | (283) | - |
| At 31 December 2021 | | | | | | | | |
| and 1 January 2022 | 193,359 | 2,845 | 731,220 | 903,657 | 60,588 | 12,473 | 143,902 | 2,048,044 |
| Additions | - | - | 2,357 | 62,243 | 3,968 | 2,441 | 171,979 | 242,988 |
| Disposals | - | - | - | (6,072) | (1,156) | - | - | (7,228) |
| Transfers | - | - | - | 10,738 | - | - | (10,738) | - |
| At 31 December 2022 | 193,359 | 2,845 | 733,577 | 970,566 | 63,400 | 14,914 | 305,143 | 2,283,804 |
| <i>Depreciation</i> | | | | | | | | |
| At 1 January 2021 | - | 2,845 | 199,051 | 598,423 | 41,251 | 7,865 | - | 849,435 |
| Depreciation charge for the year | - | - | 33,416 | 55,719 | 3,950 | 1,176 | - | 94,261 |
| Disposals | - | - | - | - | (11) | (41) | - | (52) |
| At 31 December 2021 | | | | | | | | |
| and 1 January 2022 | - | 2,845 | 232,467 | 654,142 | 45,190 | 9,000 | - | 943,644 |
| Depreciation charge for the year | - | - | 33,170 | 56,740 | 4,370 | 1,238 | - | 95,518 |
| Disposals | - | - | - | (5,762) | (1,080) | - | - | (6,842) |
| At 31 December 2022 | - | 2,845 | 265,637 | 705,120 | 48,480 | 10,238 | - | 1,032,320 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| | Separate financial statements (in thousand Baht) | | | | |
|---|---|-------------------|------------------------------------|-------------------------|--|
| | Land | Land improvements | Building and building improvements | Machinery and equipment | Furniture, fixtures and office equipment |
| At 31 December 2021 and 1 January 2022 | | | | | |
| Owned assets | 193,359 | - | 498,753 | 249,515 | 15,398 |
| | 193,359 | - | 498,753 | 249,515 | 15,398 |
| At 31 December 2022 | | | | | |
| Owned assets | 193,359 | - | 467,940 | 265,446 | 14,920 |
| | 193,359 | - | 467,940 | 265,446 | 14,920 |
| | | | | Vehicles | Assets under construction |
| | | | | 3,473 | 143,902 |
| | | | | 3,473 | 143,902 |
| | | | | 4,676 | 305,143 |
| | | | | 4,676 | 305,143 |
| | | | | | 1,104,400 |
| | | | | | 1,104,400 |
| | | | | | 1,251,484 |
| | | | | | 1,251,484 |

The original cost of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2022 amounted to Baht 398 million (2021: Baht 387 million).



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

14 Leases

The Group leases a number of land, warehouses, offices and vehicles for a period ranging from 1 - 50 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

Extension options

The Group has extension options on property leases exercisable up to one year before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

| <i>Year ended 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|--------|--|-------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Amounts recognised in profit or loss</i> | | | | |
| Depreciation of right-of-use assets: | | | | |
| - Buildings | 65,909 | 59,029 | - | - |
| - Land | 3,752 | 4,083 | - | - |
| - Vehicles | 282 | 5,553 | - | - |
| Interest on lease liabilities | 16,857 | 16,389 | - | - |
| Expenses relating to short-term leases and leases of low-value assets | 24,217 | 24,033 | 4,388 | 3,323 |

In 2022, total cash outflow for leases of the Group were Baht 58.1 million (2021: Baht 53.5 million).

15 Goodwill

| | <i>Note</i> | Consolidated financial statements | |
|---------------------------------------|-------------|--|----------------|
| | | 2022 | 2021 |
| | | <i>(in thousand Baht)</i> | |
| <i>Cost</i> | | | |
| At 1 January | | 476,253 | 437,318 |
| Acquired through business acquisition | 4 | 9,253 | - |
| Effect of movements in exchange rates | | (19,623) | 38,935 |
| At 31 December | | 465,883 | 476,253 |
| <i>Net book value</i> | | | |
| At 1 January | | 476,253 | 437,318 |
| At 31 December | | 465,883 | 476,253 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows.

| | Consolidated financial statements | |
|--------------------------------|--|----------------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| Bio-Life Marketing Sdn. Bhd. | 213,262 | 218,269 |
| PT. Mega Lifescience Indonesia | 243,402 | 257,984 |
| Mega Product (Yemen) Limited | 9,219 | - |
| Total | 465,883 | 476,253 |

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows. The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount 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 |
|----------------------------|------------|-----------|
| | <i>(%)</i> | |
| Discount rate | 7.2 - 9.2 | 8.5 - 9.3 |
| Terminal value growth rate | 2.0 | 2.0 |

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 2.9 - 29.3% at a market interest rate of 3.7 - 5.9%.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual net profit growth rate, consistent with the assumptions that a market participant would make.

Revenue growth was projected taking into account the experience from last year and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount, therefore, no impairment provision is provided as at 31 December 2022.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

16 Intangible assets

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|-------------------|-------------------------|--|-------------------------------------|-----------------------------|
| | Trademarks | Computer software | Rights to use trademark | Drug registration certificates (in thousand Baht) | Customer contracts and relationship | Software under installation |
| Cost | | | | | | Total |
| At 1 January 2021 | 518,627 | 71,148 | 294,972 | 5,828 | - | 929,892 |
| Additions | - | 2,031 | - | - | - | 8,376 |
| Transfers | - | 7,074 | - | - | - | - |
| Disposals | - | (70) | - | - | - | (1,010) |
| Effect of movements in exchange rates | 26,487 | (1,656) | - | - | - | 27,667 |
| At 31 December 2021 and 1 January 2022 | 545,114 | 78,527 | 294,972 | 5,828 | - | 964,925 |
| Additions | - | 3,463 | - | - | 2,000 | 8,141 |
| Transfers | - | 2,507 | - | - | - | - |
| Effect of movements in exchange rates | (10,359) | (2,541) | - | - | - | (11,941) |
| At 31 December 2022 | 534,755 | 81,956 | 294,972 | 5,828 | 2,000 | 961,125 |
| Amortisation and impairment losses | | | | | | |
| At 1 January 2021 | 4,572 | 50,321 | - | - | - | 54,893 |
| Amortisation for the year | 979 | 5,574 | - | - | - | 6,553 |
| Impairment losses | - | - | - | - | - | 28,020 |
| Disposal | - | (70) | - | - | - | (70) |
| Effect of movements in exchange rates | - | (1,357) | - | - | - | (1,357) |
| At 31 December 2021 and 1 January 2022 | 5,551 | 54,468 | - | - | - | 88,039 |
| Amortisation for the year | - | 6,834 | - | - | - | 6,834 |
| Impairment losses | 4,232 | - | - | - | - | 4,232 |
| Effect of movements in exchange rates | - | (2,247) | - | - | - | (1,289) |
| At 31 December 2022 | 9,783 | 59,055 | - | - | - | 97,816 |
| Net book value | | | | | | |
| At 1 January 2021 | 514,055 | 20,827 | 294,972 | 5,828 | - | 874,999 |
| At 31 December 2021 and 1 January 2022 | 539,563 | 24,059 | 294,972 | 5,828 | - | 876,886 |
| At 31 December 2022 | 524,972 | 22,901 | 294,972 | 5,828 | 2,000 | 863,309 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries
For the year ended 31 December 2022

| | Separate financial statements | | | | | |
|---|-------------------------------|-------------------|-------------------------|--|-------------------------------------|-----------------------------|
| | Trademarks | Computer software | Rights to use trademark | Drug registration certificates (in thousand Baht) | Customer contracts and relationship | Software under installation |
| Cost | | | | | | Total |
| At 1 January 2021 | 185,399 | 20,325 | 294,972 | 5,828 | - | 508,121 |
| Additions | - | 611 | - | - | - | 6,080 |
| Adjustment | - | 5,017 | - | - | - | - |
| At 31 December 2021 and 1 January 2022 | 185,399 | 25,953 | 294,972 | 5,828 | - | 514,201 |
| Additions | - | 2,245 | - | - | 2,000 | 4,886 |
| Transfers | - | 2,507 | - | - | - | - |
| At 31 December 2022 | 185,399 | 30,705 | 294,972 | 5,828 | 2,000 | 519,087 |
| Amortisation | | | | | | |
| At 1 January 2021 | - | 13,424 | - | - | - | 13,424 |
| Amortisation for the year | - | 1,238 | - | - | - | 1,238 |
| At 31 December 2021 and 1 January 2022 | - | 14,662 | - | - | - | 14,662 |
| Amortisation for the year | - | 1,944 | - | - | - | 1,944 |
| At 31 December 2022 | - | 16,606 | - | - | - | 16,606 |
| Net book value | | | | | | |
| At 1 January 2021 | 185,399 | 6,901 | 294,972 | 5,828 | - | 494,697 |
| At 31 December 2021 and 1 January 2022 | 185,399 | 11,291 | 294,972 | 5,828 | - | 499,539 |
| At 31 December 2022 | 185,399 | 14,099 | 294,972 | 5,828 | 2,000 | 502,481 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Impairment testing for intangible assets with indefinite useful life

The key assumptions used in the estimation of the recoverable amount of significant intangible assets with indefinite useful life which include trademarks and rights to use trademark 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.

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--|------------|--|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | | | | (%) |
| Discount rate | 7.2 - 10.2 | 8.5 - 13.5 | 9.5 - 10.2 | 11.3 - 13.5 |
| Terminal value growth rate | 1.0 - 2.0 | 2.0 | 1.0 - 2.0 | 2.0 |

The discount rate was a post-tax measure estimated based on the rate of 5 and 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual net profit growth rate, consistent with the assumptions that a market participant would make.

Revenue growth was projected taking into account the experience from last year and the estimated sales volume, new product launches and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of each significant intangible assets with indefinite useful life exceeded its carrying amount, therefore, no impairment provision is provided as at 31 December 2022.

17 Interest-bearing liabilities

| | Consolidated financial statements | |
|---|--|----------------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| Current | | |
| Bank overdrafts - unsecured | 153,880 | 33,373 |
| Short-term loans from financial institutions - unsecured | | |
| Promissory notes | 75,300 | 134,803 |
| Bank overdrafts and short-term loans from financial institutions | 229,180 | 168,176 |
| Current portion of lease liabilities | 82,963 | 56,210 |
| Total current interest-bearing liabilities | 312,143 | 224,386 |
| Non-current | | |
| Lease liabilities | 108,728 | 131,943 |
| Total non-current interest-bearing liabilities | 108,728 | 131,943 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

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

| | Consolidated financial statements | |
|---------------|--|----------------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| Within 1 year | 229,180 | 168,176 |
| Total | 229,180 | 168,176 |

As at 31 December 2022, the Group and the Company had unutilised credit facilities totalling Baht 3,833 million and Baht 3,196 million, respectively (2021: Baht 3,849 million and Baht 3,210 million, respectively).

18 Other payables

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Related parties | 5 | 249 | - | 46,650 |
| Others | | | | |
| Payable for reimbursement of promotion and advertisement to customers | 556,045 | 343,870 | - | - |
| Advances received from customers | 156,702 | 316,286 | 149,634 | 143,296 |
| Foreign contractor tax | 119,620 | 96,345 | 60,598 | 48,932 |
| Payables to distributors for collections on behalf of distributors | 68,899 | 14,214 | - | - |
| Payables for promotion and advertisement | 58,792 | 80,348 | 17,665 | 38,295 |
| Statutory obligation | 33,822 | 40,601 | 10,763 | 12,459 |
| Value added tax payable | 13,383 | 11,218 | - | - |
| Others | 170,670 | 103,217 | 46,702 | 13,085 |
| | 1,177,933 | 1,006,099 | 285,362 | 256,067 |
| Total | 1,178,182 | 1,006,099 | 332,012 | 304,402 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

19 Non-current provisions for employee benefits

| <i>At 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------|--|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Statement of financial position | | | | |
| Non-current provisions for: | | | | |
| Defined benefit plan | 202,642 | 239,703 | 137,986 | 153,289 |
| Other long-term employees benefits | 20,296 | 21,578 | - | - |
| Total | 222,938 | 261,281 | 137,986 | 153,289 |
| <i>Year ended 31 December</i> | | | | |
| Included in profit or loss: | | | | |
| Defined benefit plan | 28,208 | 31,397 | 17,980 | 18,666 |
| Other long-term employees benefits | 4,866 | (2,017) | - | - |
| | 33,074 | 29,380 | 17,980 | 18,666 |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss recognised in the year | (63,781) | 1,576 | (32,699) | - |
| Effect of movement in exchange rates | (1,239) | 1,707 | - | - |
| Cumulative actuarial (gain) loss recognised | (65,020) | 3,283 | (32,699) | - |

Retirement benefit and severance payment according to the Thai labour law

The Group and the Company operate 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 plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

| <i>Present value of the defined benefit obligations</i> | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| At 1 January | 261,281 | 236,503 | 153,289 | 138,247 |
| Recognised in profit or loss: | | | | |
| Current service cost | 28,929 | 26,224 | 15,084 | 16,545 |
| Interest on obligation | 4,145 | 3,156 | 2,896 | 2,121 |
| | 33,074 | 29,380 | 17,980 | 18,666 |
| Recognised in other comprehensive income: | | | | |
| Actuarial (gain) loss | | | | |
| - Financial assumptions | (25,402) | 780 | (15,914) | - |
| - Demographic assumptions | (5,684) | - | (2,409) | - |
| - Experience adjustment | (32,695) | 796 | (14,376) | - |
| Effect of movements in exchange rates | (1,239) | 1,707 | - | - |
| | (65,020) | 3,283 | (32,699) | - |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| <i>Present value of the defined benefit obligations</i> | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------------|--------------------------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Benefits paid | (6,397) | (7,885) | (584) | (3,624) |
| | <u>(6,397)</u> | <u>(7,885)</u> | <u>(584)</u> | <u>(3,624)</u> |
| At 31 December | <u>222,938</u> | <u>261,281</u> | <u>137,986</u> | <u>153,289</u> |

| <i>Principal actuarial assumptions</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------|--------------------------------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(%)</i> | | | |
| Discount rate | 2.64 - 14.00 | 1.64 - 13.50 | 2.64 | 1.64 |
| Future salary growth | 3.85 - 12.00 | 3.63 - 12.00 | 5.00 | 5.00 |

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

At 31 December 2022, the average duration of the defined benefit obligation was 21.42 years (2021: 21.40 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 benefit obligation</i> | Consolidated financial statements | | | |
|---|--|----------|---------------------------|----------|
| | 1% increase in assumption | | 1% decrease in assumption | |
| At 31 December | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Discount rate | (20,467) | (27,655) | 24,406 | 33,040 |
| Future salary growth | 24,681 | 37,728 | (21,155) | (31,797) |

| <i>Effect to the defined benefit obligation</i> | Separate financial statements | | | |
|---|--------------------------------------|----------|---------------------------|----------|
| | 1% increase in assumption | | 1% decrease in assumption | |
| At 31 December | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Discount rate | (13,190) | (16,781) | 15,853 | 20,239 |
| Future salary growth | 16,040 | 23,325 | (13,626) | (19,515) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

20 Reserves

Reserves comprise:

Legal reserve

Section 116 of 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.

Corporate social responsibility reserve

The Board of Directors approved the appropriation up to maximum of 2% of its consolidated profit after tax to support its corporate social responsibility activities. The Group recorded corporate social responsibility reserve during the year ended 31 December 2022 of Baht 0.50 million (2021: Baht 7.15 milion) in the consolidated and the separate financial statements.

During the year ended 31 December 2022, the Company donated an amount of Baht 0.50 million to Mechai Pattana School and reduced such amount from the corporate social responsibility reserve in the consolidated and the separate statement of changes in equity.

During the year ended 31 December 2021, the Company donated an amount of Baht 7.11 million to help mitigate the impact of COVID-19 in Myanmar and Vietnam and reduced such amount from the corporate social responsibility reserve in the consolidated and the separate statement of changes in equity.

Other components of equity

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Warrants

There are 0.24 million warrants from the employee stock option plan at the fair value of Baht 8.35 per warrants that were not exercised by employees and were expired on 6 June 2019.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

21 Segment information

Management determined that the Group has three reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different operations and marketing strategies. The following summary describes the Group's main business segments:

| | |
|-----------|--|
| Segment 1 | Brands |
| Segment 2 | Distribution |
| Segment 3 | OEM ("Original Equipment Manufacture") |

"Brands" represents a business segment in which goods are manufactured and sold under brands owned by the Group.

"Distribution" represents a service business segment in which the Group provides logistical and marketing services for goods trading purpose and sale of goods manufactured by third parties.

"OEM" represents a business segment in which goods are manufactured for third parties under brands not owned by the Group.

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



Mega Lifesciences Public Company Limited and its Subsidiaries
For the year ended 31 December 2022

The Group's timing revenue recognition is at a point in time.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group operates in the following main geographical areas:

- Segment 1 Asia Pacific
- Segment 2 Africa and Middle East
- Segment 3 CIS (“Commonwealth of Independent States”)



Mega Lifesciences Public Company Limited and its Subsidiaries
For the year ended 31 December 2022

302 Mega Lifesciences Public Company Limited

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| <i>Reconciliation of reportable segment profit or loss and assets For the year ended 31 December</i> | Consolidated financial statements | |
|---|--|-------------------|
| | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | |
| Reportable segments | 3,337,673 | 2,749,679 |
| Unallocated amounts: | | |
| Other corporate expenses | (357,731) | (308,119) |
| Depreciation and amortisation | (272,015) | (274,436) |
| Finance costs | (28,734) | (28,275) |
| Investment income | 39,818 | 10,033 |
| Other income | 13,645 | 10,993 |
| Net foreign exchange gain (loss) | (138,157) | 118,517 |
| Share of profit (loss) from joint venture | 177 | (1,511) |
| Tax expense | (354,633) | (336,024) |
| Total | 2,240,043 | 1,940,857 |
| Assets | | |
| Total assets for reportable segments | 8,509,391 | 7,696,775 |
| Other unallocated amounts | 6,137,044 | 5,574,925 |
| Consolidated total assets | 14,646,435 | 13,271,700 |
| Liabilities | | |
| Total liabilities for reportable segments | 2,793,380 | 2,526,619 |
| Other unallocated amounts | 3,076,326 | 2,719,960 |
| Consolidated total liabilities | 5,869,706 | 5,246,579 |

Major customer

Revenues from three customers of the Group's segments 1, 2 and 3 represent approximately Baht 7,341 million (2021: Baht 6,447 million) of the Group's total revenues. These customers are importers and distributors who facilitate to sell products to several pharmacies, hospitals, clinics and various other distribution channels in respective countries.

Promotional privileges Announcement of Board of Investment No. Por. 14/2541 dated 30 December 1998

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to manufacturing of medicines. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificate.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Summary of revenue from promoted and non-promoted businesses

| Year ended 31 December | Separate financial statements | | | | | |
|---------------------------|-------------------------------|--------------------------------|---------------------------------|------------------------|--------------------------------|-----------|
| | 2022 | | | 2021 | | |
| | Promoted businesses | Non- promoted businesses | Total (in thousand Baht) | Promoted businesses | Non- promoted businesses | Total |
| | | | | | | |
| Export sales | 1,938,605 | 1,787,675 | 3,726,280 | 1,754,427 | 1,643,555 | 3,397,982 |
| Local sales | 687,289 | 518,361 | 1,205,650 | 653,392 | 366,725 | 1,020,117 |
| Total revenues | 2,625,894 | 2,306,036 | 4,931,930 | 2,407,819 | 2,010,280 | 4,418,099 |

22 Employee benefit expenses

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------|--------------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Management | | | | |
| Salaries, wages and bonus | 336,417 | 296,303 | 140,965 | 108,112 |
| Contribution to provident fund | 883 | 759 | 739 | 615 |
| Contribution to retirement fund | 1,409 | 1,324 | 1,409 | 1,324 |
| Total | 338,709 | 298,386 | 143,113 | 110,051 |
| Other employees | | | | |
| Salaries, wages and bonus | 1,968,499 | 1,872,592 | 570,375 | 554,666 |
| Contribution to provident fund and superannuation fund | 64,880 | 60,445 | 7,652 | 7,105 |
| Contribution to retirement fund | 31,665 | 28,056 | 16,571 | 17,343 |
| Total | 2,065,044 | 1,961,093 | 594,598 | 579,114 |

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees and by the Group at rates of 3% of the employees basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

23 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Included in cost of sales of goods and rendering of services:</i> | | | | |
| Changes in inventories of finished goods and work in progress | (269,292) | (175,129) | (13,642) | (78,300) |
| Raw materials and consumables used | 7,976,301 | 7,483,740 | 1,796,653 | 1,631,093 |
| Personnel expenses | 531,775 | 539,347 | 421,782 | 428,879 |
| Depreciation and amortisation | 157,128 | 160,300 | 89,909 | 89,144 |
| Others | 250,695 | 216,601 | 222,873 | 191,075 |
| Total | 8,646,607 | 8,224,859 | 2,517,575 | 2,261,891 |
| <i>Included in selling expenses:</i> | | | | |
| Advertising and promotion expenses | 1,265,974 | 1,052,222 | 233,827 | 255,847 |
| Personnel expenses | 1,006,885 | 951,664 | 150,012 | 117,316 |
| Freight expenses | 201,773 | 185,711 | 114,584 | 114,836 |
| Depreciation and amortisation | 8,460 | 13,268 | - | - |
| Commission fees | 3,188 | 1,349 | 1,604 | 8,680 |
| Expense relating to short-term leases and leases of low-value assets | 202 | 138 | - | - |
| Others | 160,558 | 114,419 | 13,470 | 10,457 |
| Total | 2,647,040 | 2,318,771 | 513,497 | 507,136 |
| <i>Included in administrative expenses:</i> | | | | |
| Personnel expenses | 865,093 | 768,468 | 165,917 | 142,970 |
| Traveling expenses | 129,055 | 87,321 | 27,502 | 22,534 |
| Professional fees | 106,517 | 94,182 | 51,698 | 32,423 |
| Depreciation and amortisation | 106,427 | 100,868 | 7,552 | 6,355 |
| Drug developments expenses | 44,395 | 40,521 | 41,004 | 35,989 |
| Insurance expenses | 40,569 | 32,484 | 9,533 | 8,528 |
| Expense relating to short-term leases and leases of low-value assets | 24,015 | 23,895 | 4,388 | 3,323 |
| Expected credit loss for trade accounts receivable | 5,831 | 3,089 | - | - |
| Expected credit loss for short-term loans to related parties | - | - | 45,981 | 117,390 |
| Provision for impairment on investment subsidiaries | - | - | - | 4,996 |
| Others | 389,746 | 299,754 | 175,282 | 134,947 |
| Total | 1,711,648 | 1,450,582 | 528,857 | 509,455 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

24 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|--------------------------------------|---------------|----------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Interest expenses: | | | | |
| Bank loans and overdrafts | 11,877 | 11,886 | 132 | 868 |
| Interest on leases | 16,857 | 16,389 | - | - |
| Total | 28,734 | 28,275 | 132 | 868 |

25 Income tax

Income tax recognised in profit or loss

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Current tax expense | | | | |
| Current year | 413,639 | 370,232 | 124,312 | 113,369 |
| Adjustment for prior years | 934 | (1,286) | 816 | - |
| | 414,573 | 368,946 | 125,128 | 113,369 |
| Deferred tax expense | | | | |
| Movements in temporary differences | (59,940) | (32,922) | (11,585) | (11,757) |
| Total income tax expense | 354,633 | 336,024 | 113,543 | 101,612 |

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|-----------------|---------------|----------------------------|----------------|----------------|
| | 2022 | | | 2021 | | |
| | Before tax (Note 19) | Tax expense | Net of tax | Before tax (Note 19) | Tax benefit | Net of tax |
| | (in thousand Baht) | | | | | |
| Income tax | | | | | | |
| Recognised in other comprehensive income | | | | | | |
| Defined benefit plan actuarial gain (loss) | 63,781 | (12,279) | 51,502 | (1,576) | 534 | (1,042) |
| Total | 63,781 | (12,279) | 51,502 | (1,576) | 534 | (1,042) |

| | Separate financial statements | | | | | |
|---|-------------------------------|----------------|---------------|----------------------------|----------------|---------------|
| | 2022 | | | 2021 | | |
| | Before tax (Note 19) | Tax expense | Net of tax | Before tax (Note 19) | Tax benefit | Net of tax |
| | (in thousand Baht) | | | | | |
| Income tax | | | | | | |
| Recognised in other comprehensive income | | | | | | |
| Defined benefit plan actuarial gain (loss) | 32,699 | (6,540) | 26,159 | - | - | - |
| Total | 32,699 | (6,540) | 26,159 | - | - | - |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

Reconciliation of effective tax rate

| | Rate (%) | Consolidated financial statements | | Rate (%) | 2021 (in thousand Baht) |
|--|-------------|-----------------------------------|-----------|-----------------------|-------------------------------|
| | | 2022 (in thousand Baht) | | | |
| Profit before income tax expense | | <u>2,594,676</u> | | | <u>2,276,881</u> |
| Income tax using the Thai corporation tax rates | 20 | 518,935 | 20 | 455,376 | |
| Effect of different tax rates in foreign jurisdictions | | 24,388 | | 63,808 | |
| Income not subject to tax - promotional privileges | | (204,811) | | (191,975) | |
| Expenses not deductible for tax purposes and others | | 11,498 | | 12,583 | |
| Current year losses for which no deferred tax asset was recognised | | 17,557 | | 15,646 | |
| Recognition of previously un-recognised tax losses | | (14,853) | | (18,128) | |
| Under (over) provided in prior year | | 934 | | (1,286) | |
| Effect of change in tax rates within country | | 985 | | - | |
| Total | 14 | <u>354,633</u> | 15 | <u>336,024</u> | |

| | Rate (%) | Separate financial statements | | Rate (%) | 2021 (in thousand Baht) |
|--|-------------|-------------------------------|----------|-----------------------|-------------------------------|
| | | 2022 (in thousand Baht) | | | |
| Profit before income tax expense | | <u>2,300,496</u> | | | <u>1,735,582</u> |
| Income tax using the Thai corporation tax rate | 20 | 460,099 | 20 | 347,116 | |
| Income not subject to tax - promotional privileges and dividends | | (355,783) | | (270,774) | |
| Expenses not deductible for tax purposes | | 8,411 | | 25,270 | |
| Under provided in prior year | | 816 | | - | |
| Total | 5 | <u>113,543</u> | 6 | <u>101,612</u> | |

The current tax expense in the consolidated and separate statements of comprehensive income are different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the period principally because:

- the Company has been granted privileges by the Board of Investment under the provisions of the Industrial Investment Promotion Act of B.E. 2520 relating to manufacturing of medicines starting from 1 May 2018. The privileges granted include exemption from payment of import duty on machinery approved by the Board and exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations.
- the Company has been granted privileges by Revenue Department under the Revenue Code Governing Reduction of Tax Rates and Exemption of Taxes (No. 674) B.E. 2561 relating to its status as International Business Center. The privileges granted include an exemption from payment of income tax for certain transactions for a period of fourteen years and six months commencing from 1 June 2019. As a promoted company, the Company must comply with certain conditions applicable to International Business Company.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

- (c) of the different treatment for accounting and taxation purposes of certain items of income/ expense, in particular, dividend income, allowance for decline in value and temporary difference arising from revenue and cost of sale of export of finished goods from Thailand to other countries for which tax becomes payable upon export of the goods but for which revenue and cost of sale are recognised in the statement of comprehensive income subsequently at the moment the goods are sold to third parties outside the Group.

Deferred tax assets and liabilities as at 31 December were as follows:

| Consolidated financial statements | | | | |
|--|---------------------------|----------------|--------------------|-----------|
| | Assets | | Liabilities | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Total | 599,181 | 550,540 | (348,864) | (340,132) |
| Set off of tax | (348,864) | (340,132) | 348,864 | 340,132 |
| Net deferred tax assets | 250,317 | 210,408 | - | - |

| Seperate financial statements | | | | |
|--------------------------------------|---------------------------|---------------|--------------------|----------|
| | Assets | | Liabilities | |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| Total | 121,259 | 115,497 | (38,273) | (37,556) |
| Set off of tax | (38,273) | (37,556) | 38,273 | 37,556 |
| Net deferred tax assets | 82,986 | 77,941 | - | - |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries
For the year ended 31 December 2022

Movements in total deferred tax assets and liabilities during the year were as follows:

| | At 1 January | Consolidated financial statements (Charged)/Credited to: | | | At 31 December |
|---|-------------------------|--|----------------------------------|-------------------------|---------------------------|
| | | Profit or loss | Other comprehensive income | Exchange differences | |
| | | <i>(in thousand Baht)</i> | | | |
| Deferred tax | | | | | |
| 2022 | | | | | |
| Deferred tax assets | | | | | |
| Accounts receivables | 423,375 | 11,377 | - | (625) | 434,127 |
| Provision for employee benefits | 52,521 | 5,319 | (12,279) | (314) | 45,247 |
| Provision for sale returns | 15,624 | 2,005 | - | (547) | 17,082 |
| Loss carry forward | 12,430 | 32,985 | - | (3,495) | 41,920 |
| Property, plant and equipment including right-of-use assets | 15,064 | 1,467 | - | (724) | 15,807 |
| Others | 31,526 | 15,522 | - | (2,050) | 44,998 |
| Total | 550,540 | 68,675 | (12,279) | (7,755) | 599,181 |
| Deferred tax liabilities | | | | | |
| Inventories | 340,132 | 8,735 | - | (3) | 348,864 |
| Total | 340,132 | 8,735 | - | (3) | 348,864 |
| Net | 210,408 | 59,940 | (12,279) | (7,752) | 250,317 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| | Consolidated financial statements | | | |
|---|-----------------------------------|-----------------|----------------------------|----------------|
| | (Charged)/Credited to: | | | At 31 |
| | At 1 | Profit or loss | Other comprehensive income | December |
| | January | | (in thousand Baht) | |
| Deferred tax | | | | |
| 2021 | | | | |
| Deferred tax assets | | | | |
| Accounts receivables | 441,232 | (18,258) | - | 423,375 |
| Provision for employee benefits | 47,728 | 3,866 | 534 | 52,521 |
| Provision for sale returns | 11,558 | 3,611 | - | 15,624 |
| Loss carry forward | 2,288 | 9,913 | - | 12,430 |
| Property, plant and equipment including right-of-use assets | 10,574 | 3,875 | - | 15,064 |
| Others | 22,968 | 7,712 | - | 31,526 |
| Total | 536,348 | 10,719 | 534 | 550,540 |
| Deferred tax liabilities | | | | |
| Inventories | 362,298 | (22,203) | - | 340,132 |
| Total | 362,298 | (22,203) | - | 340,132 |
| Net | 174,050 | 32,922 | 534 | 210,408 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| | At 1 January | Separate financial statements (Charged)/ Credited to: | | At 31 December |
|---------------------------------|-----------------|---|----------------------------------|-------------------|
| | | Profit or loss (in thousand Baht) | Other comprehensive income | |
| Deferred tax | | | | |
| 2022 | | | | |
| Deferred tax assets | | | | |
| Accounts receivables | 76,220 | 8,571 | - | 84,791 |
| Provision for employee benefits | 30,658 | 3,479 | (6,540) | 27,597 |
| Others | 8,619 | 252 | - | 8,871 |
| Total | 115,497 | 12,302 | (6,540) | 121,259 |
| Deferred tax liabilities | | | | |
| Inventories | 37,556 | 717 | - | 38,273 |
| Total | 37,556 | 717 | - | 38,273 |
| Net | 77,941 | 11,585 | (6,540) | 82,986 |
| 2021 | | | | |
| Deferred tax assets | | | | |
| Accounts receivables | 62,452 | 13,768 | - | 76,220 |
| Provision for employee benefits | 27,649 | 3,009 | - | 30,658 |
| Others | 8,382 | 237 | - | 8,619 |
| Total | 98,483 | 17,014 | - | 115,497 |
| Deferred tax liabilities | | | | |
| Inventories | 32,299 | 5,257 | - | 37,556 |
| Total | 32,299 | 5,257 | - | 37,556 |
| Net | 66,184 | 11,757 | - | 77,941 |

Deferred tax assets arising from accounts receivable relate to export of finished goods from Thailand to other countries for which tax becomes payable upon export of the goods but for which revenue is recognised in the statement of income subsequently at the moment the goods are sold to third parties outside the Group. Deferred tax liabilities arising from inventories also relate to export of finished goods for which the cost becomes deductible for tax upon export but for which the cost of sales is recognised in the statement of income at the moment the goods subsequently are sold to third parties outside the Group.

| Unrecognised deferred tax assets | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | | (in thousand Baht) | | |
| Tax losses | 71,317 | 95,148 | - | - |
| Loan receivable (allowance for expected credit loss) | - | - | 45,646 | 36,450 |
| Investment (allowance for impairment) | - | - | 1,979 | 1,979 |
| Total | 71,317 | 95,148 | 47,625 | 38,429 |

The tax losses expire in 5 years. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

26 Earning per share

| | Consolidated financial statements | | Separate financial statements | |
|---|---|----------------|----------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht/thousand shares)</i> | | | |
| <i>Profit attributable to ordinary shareholders for the year ended 31 December</i> | | | | |
| Profit for the year attributable to ordinary shareholders of the Company | 2,241,529 | 1,946,825 | 2,186,953 | 1,633,970 |
| Number of ordinary shares outstanding (basic) at 31 December | 871,870 | 871,870 | 871,870 | 871,870 |
| Earnings per share (basic) (in Baht) | 2.57 | 2.23 | 2.51 | 1.87 |

27 Dividends

Details of dividends during 2022 and 2021 are as follows:

| | Approval date | Payment schedule | Dividend rate per share (Baht) | Amount (in million Baht) |
|-----------------------|----------------|------------------|--------------------------------------|-----------------------------|
| 2022 | | | | |
| 2022 Annual dividend | 5 April 2022 | April 2022 | 0.86 | 749.81 |
| 2022 Interim dividend | 11 August 2022 | September 2022 | 0.75 | 653.90 |
| 2021 | | | | |
| 2021 Annual dividend | 5 April 2021 | April 2021 | 0.54 | 470.82 |
| 2021 Interim dividend | 16 August 2021 | September 2021 | 0.52 | 453.37 |

28 Financial instruments

(a) Carrying amount and fair value

The carrying amount of financial assets and financial liabilities are the reasonable approximation of fair value.

(b) Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b.1) 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.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

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.

| | | Consolidated financial statements | | | |
|--|------------------|--|--|-------------------|------------------|
| | | Contractual cash flows | | | |
| <i>At 31 December</i> | Carrying amount | 1 year or less | More than 1 year but less than 5 years (in thousand Baht) | More than 5 years | Total |
| 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 229,180 | 229,180 | - | - | 229,180 |
| Trade accounts payable | 2,793,380 | 2,793,380 | - | - | 2,793,380 |
| Other payables | 1,178,182 | 1,178,182 | - | - | 1,178,182 |
| Lease liabilities | 191,691 | 96,254 | 80,306 | 140,549 | 317,109 |
| Total | 4,392,433 | 4,296,996 | 80,306 | 140,549 | 4,517,851 |
| 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 168,176 | 168,176 | - | - | 168,176 |
| Trade accounts payable | 2,526,618 | 2,526,618 | - | - | 2,526,618 |
| Other payables | 1,006,099 | 1,006,099 | - | - | 1,006,099 |
| Lease liabilities | 188,153 | 61,378 | 116,505 | 153,185 | 331,068 |
| Total | 3,889,046 | 3,762,271 | 116,505 | 153,185 | 4,031,961 |
| | | Separate financial statements | | | |
| | | Contractual cash flows | | | |
| <i>At 31 December</i> | Carrying amount | 1 year or less | More than 1 year but less than 5 years (in thousand Baht) | More than 5 years | Total |
| 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade accounts payable | 292,736 | 292,736 | - | - | 292,736 |
| Other payables | 332,012 | 332,012 | - | - | 332,012 |
| Total | 624,748 | 624,748 | - | - | 624,748 |
| 2021 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade accounts payable | 274,929 | 274,929 | - | - | 274,929 |
| Other payables | 304,402 | 304,402 | - | - | 304,402 |
| Total | 579,331 | 579,331 | - | - | 579,331 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(b.2) Market risk

(b.2.1) 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 loan interest rates are mainly floating. The Group is primarily exposed to interest rate risk from its borrowing (*Note 17*).

The sensitivity of the interest expense of the Group is the hypothetical change in interest expense as a result of possible changes in market rates. A change in the interest rate of the Group by 1% will change the interest expense of the Group by Baht 1.6 million (2021: Baht 2.8 million).

| <i>Exposure to interest rate risk At 31 December</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------|--|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Financial instruments with fixed interest rates</i> | | | | |
| Financial assets | 352,825 | 458,633 | 563,642 | 517,415 |
| | 352,825 | 458,633 | 563,642 | 517,415 |
| <i>Financial instruments with variable interest rates</i> | | | | |
| Financial liabilities | 420,872 | 356,329 | - | - |
| | 420,872 | 356,329 | - | - |

(b.2.2) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases, sales, borrowing and investment which are denominated in foreign currencies.

| <i>Assets and liabilities denominated in the foreign currencies as at 31 December</i> | Consolidated financial statements | | | | | |
|--|--|-------------------|--------------------|-----------------|----------------|----------------|
| | 2022 | | | | | |
| | United States Dollars | Nigerian Naira | Vietnamese Dong | Myanmar Kyat | Others | Total |
| | <i>(in thousand Baht)</i> | | | | | |
| Cash and cash equivalents | 555,537 | 88,944 | 12,470 | 186,288 | 134,649 | 977,888 |
| Trade accounts receivable | 1,038,767 | 59,212 | 564,186 | 144,030 | 443,638 | 2,249,833 |
| Interest-bearing liabilities | (27,608) | - | (95,851) | (209,263) | (56,553) | (389,275) |
| Trade accounts payable | (2,383,926) | - | (40,627) | (44,070) | (194,187) | (2,662,810) |
| Gross balance sheet exposure | (817,230) | 148,156 | 440,178 | 76,985 | 327,547 | 175,636 |

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

| <i>Assets and liabilities denominated in the foreign currencies as at 31 December</i> | Consolidated financial statements | | | | | |
|---|--|----------------|----------------|----------------|----------------|----------------|
| | 2021 | | | | | |
| | United | Nigerian | Vietnamese | Myanmar | Others | Total |
| | States Dollars | Naira | Dong | Kyat | | |
| | <i>(in thousand Baht)</i> | | | | | |
| Cash and cash equivalents | 429,902 | 112,628 | 26,160 | 171,519 | 144,897 | 885,106 |
| Trade accounts receivable | 1,128,994 | 46,922 | 344,904 | 242,729 | 351,713 | 2,115,262 |
| Interest-bearing liabilities | (23,522) | - | (166,568) | (87,240) | (31,002) | (308,332) |
| Trade accounts payable | (2,151,203) | - | (77,628) | (102,632) | (39,587) | (2,371,050) |
| Gross balance sheet exposure | (615,829) | 159,550 | 126,868 | 224,376 | 426,021 | 320,986 |

| <i>Assets and liabilities denominated in the foreign currencies as at 31 December</i> | Separate financial statements | | | | | |
|---|--------------------------------------|----------|------------|----------|-----------------|------------------|
| | 2022 | | | | | |
| | United | Nigerian | Vietnamese | Myanmar | Others | Total |
| | States Dollars | Naira | Dong | Kyat | | |
| | <i>(in thousand Baht)</i> | | | | | |
| Cash and cash equivalents | 272,916 | - | 351 | - | 594 | 273,861 |
| Trade accounts receivable | 1,877,747 | - | - | - | 54,174 | 1,931,921 |
| Trade accounts payable | (117,557) | - | - | - | (102,319) | (219,876) |
| Gross balance sheet exposure | 2,033,106 | - | 351 | - | (47,551) | 1,985,906 |

| <i>Assets and liabilities denominated in the foreign currencies as at 31 December</i> | Separate financial statements | | | | | |
|---|--------------------------------------|----------|------------|----------|-----------------|------------------|
| | 2021 | | | | | |
| | United | Nigerian | Vietnamese | Myanmar | Others | Total |
| | States Dollars | Naira | Dong | Kyat | | |
| | <i>(in thousand Baht)</i> | | | | | |
| Cash and cash equivalents | 157,448 | - | 831 | 2 | 1,934 | 160,215 |
| Trade accounts receivable | 1,361,454 | - | - | - | 34,069 | 1,395,523 |
| Trade accounts payable | (119,925) | - | - | - | (60,388) | (180,313) |
| Gross balance sheet exposure | 1,398,977 | - | 831 | 2 | (24,385) | 1,375,425 |



Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(b.3) 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 and investments in debt securities.

Trade accounts receivables

The Group'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 21.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial 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. Sale and outstanding trade receivables for each customer are reviewed regularly by management.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 12 months. 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/groupings of various customer segments with similar credit risks 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 7.

Cash and cash equivalent

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

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 regularly monitors the return on capital by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and monitors the level of dividends to ordinary shareholders.

Notes to the financial statements

Mega Lifesciences Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

29 Commitments with non-related parties

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (in thousand Baht) | | | |
| Capital commitments | | | | |
| <i>Contracted but not provided for:</i> | | | | |
| Buildings and machineries | 108,925 | 150,157 | 101,875 | 149,267 |
| Software | - | 949 | - | 949 |
| Total | 108,925 | 151,106 | 101,875 | 150,216 |
| Other commitments | | | | |
| Purchase orders for goods and supplies | 100,871 | 139,984 | 100,871 | 139,984 |
| Bank guarantees | 89,079 | 78,232 | 75,908 | 65,051 |
| Total | 189,950 | 218,216 | 176,779 | 205,035 |

Distribution and service agreements

The Group has entered into usually exclusive distribution and service agreements with third parties in various countries. The compensation for the distributors is variable and depends on the volume of business carried out. The compensation accruing to the Group is usually fixed and revised periodically. The agreements can usually be terminated within a year without the Group incurring significant obligations.

Contingent liabilities

As at 31 December 2022, the Company had contingent liabilities with financial institutions to guarantee the Company's subsidiaries in respect of line of credit use for amount up to Baht 2,370 million and U.S. Dollars 56 million (31 December 2021: Baht 2,380 million and U.S. Dollars 56 million).

Litigations

As of 31 December 2022, an overseas subsidiary received an order raising a demand of service tax from the Service Tax department, and the subsidiary has filed an appeal with Customs Excise and Service Tax Appellate Tribunal. Management believes that the damage as a result of settling the actions, if any, will not have a material effect on the results of operations of the subsidiary and accordingly has not recorded any provision with respect thereto.

As of 31 December 2022, an overseas subsidiary received orders raising a demand of Corporate tax from the Revenue department, and the subsidiary has defended against the orders. Management believes that the damage as a result of settling the actions, if any, will not have a material effect on the results of operations of the subsidiary and accordingly has not recorded any provision with respect thereto.

30 Event after the reporting period

At the meeting of the Board of Directors held on 23 February 2023, the Board approved the appropriation of dividends of Baht 0.85 per share, amounting to Baht 741.09 million. The dividends are subject to the approval by annual general shareholders' meeting.



Enclosure

| | |
|---|------------|
| Attachment 1 The Board of Director Biography | 320 |
| Attachment 2 Detail of Director Executives of the Company | 327 |
| Attachment 3 Details of Head of Internal Audit and Compliance | 329 |
| Attachment 4 Information of Appraisal of Assets Price | 330 |
| Attachment 5 External Auditor's Remuneration | 330 |





Attachment 1

The Board of Director Biography

Mr. Mechai Viravaidya

Independent Director and Chairperson
(Age 82)

Education

- Honorary Doctorate of Community Development (2008) Mahasarakham University, Thailand
- Honorary Doctorate of Commerce and Marketing (2007) Thammasat University, Thailand
- Honorary Doctorate of Development Economics (2002) The Nation Institute Development Administration (NIDA), Thailand
- Fellow of the Trinity College Faculty (1999) The University of Melbourne, Australia
- Honorary Doctorate of Community Development (1997) KhonKaen University, Thailand
- Fellow (HONORISCAUSA) of the Australasian Faculty (1995) Public Health Medicine of the Royal Australasian College of Physicians
- Honorary Doctorate of Laws (1993) The University of Melbourne, Australia
- Honorary Doctorate of Population and Development (1992) The National Institute Development Administration (NIDA), Thailand
- Honorary Doctorate of Science in Health Education (1991) Srinakharinwirot University, Prasarnmit, Thailand
- Honorary Doctorate of Medicine (1989) Monash University, Melbourne, Australia
- Honorary Doctorate of Information Science (1989) Ramkamhaeng University, Thailand
- Honorary Doctorate of Social Sciences (1983) Mahidol University, Thailand
- Bachelor of Commerce, Melbourne University, Australia (1964)

Percent of Shareholding None

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

2013 - Present :

Chairman and Independent Director, Mega Lifesciences PCL/ Manufacture and distribute nutraceutical and pharmaceutical products.

Present :

Chairman of the foundation/Mechai Viravaidya Foundation/ Non-profit organization

Mr. Alan Kam

Independent Director, Chairperson of the Audit Committee, Member of Nomination Committee, Chairperson of Sustainability, Risk Management and Corporate Governance Committee (Age 66)

Education

- BSBA & MBA, Finance, University of Denver, U.S.A.

IOD Training

- DCP No. 39/2004
- CSR No. 1/2006
- CDC No. 2/2008
- CGI No. 0/2014
- RCP No. 40/2017
- SBM No. 3/2018
- Chairmans Forum 2021
- Director Forum 2021
- Facilitator 2007
- Fellow Member 2004
- Chartered Director 2008

Percent of Shareholding None

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

2013 - Present :

Director, Independent Director and Chairman of the Audit Committee, Mega Lifesciences PCL/Pharmaceutical, Supplement & Well-being, Manufacturer and Distributor

2021 - Present :

Director, Pipatanasin Company Limited, Thailand/Property & Holding

2021 - Present :

Director, Mechai Viravaidya Foundation, Thailand/สมาคมพัฒนาประชากรและชุมชน

2021 - Present :

Director, Operation Smile (Thailand) Foundation

2017 - Present :

Director, Thanakorn Vegetable Oil Products Co., Ltd., Bangkok, Thailand

2017 - Present :

Independent Director and Chairman of the Audit Committee, Tata Steel (Thailand) PCL, Bangkok, Thailand

2016 - Present :

Chairman of the Board of Directors, Ticketmelon Co., Ltd, Thailand, Philippines, Singapore

2015 - Present :

Director, Mun Bhuridatto Foundation, Thailand/ Venerable Phra Acharn

2015 - Present :

Director, Cal-Comp Holdings (Brazil) S.A., Sao Paolo, Brazil

2013 - Present :

Trustee Director and Chairman of the Investment Committee, Nambawan Superannuation Fund Limited, Nambawan Superannuation Fund Limited/Trustee of the Public Officers Superannuation Fund, Papua New Guinea

2000 - Present :

Independent Director and Chairman of the Audit Committee, Cal-Comp Electronics (Thailand) PCL/Electronic products production

Mr. Vijay Karwal

Independent Director, Member of Audit Committee,
Chairperson of Nomination Committee,
Chairperson of Remuneration Committee
(Age 52)

(Joined on May 13, 2021)

Education

- Association for Investment Management & Research/CFA Institute Current holder of Chartered Financial Analyst (CFA)
- University of Groningen, The Netherlands M.Sc. in Monetary Economics
- University of Southampton, United Kingdom Erasmus Scholar - Department of Accounting & Management Sciences

Percent of Shareholding None

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

2021 - Present :

Independent Director, Member of Audit Committee and Chairman of Nomination Committee and Remuneration Committee,

Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

2021 - Present :

Chief Financial Officer, Executive (Non-Independent) Director, AffaMed Therapeutics, Hong Kong/developing and commercializing transformative pharmaceutical products

2021 - Present :

Operating Partner, CBC, Group, Hong Kong (formerly C-Bridge Capital) is one of the largest and most active healthcare-dedicated investment firms in Asia

2018 - 2021 :

Managing Director, Head of Healthcare Investment Banking, Asia ex-Japan, Nomura International, Hong Kong

2015 - 2017 :

Chief Development Officer, Asia Pacific, DaVita Inc., Singapore/leading global operator of dialysis clinics and integrated care services

2017 :

General Manager, China, DaVita Inc. Shanghai

Mr. Thor Santisiri

Independent Director, Member of Audit Committee,
Member of Nomination Committee,
Member of Sustainability Risk Management
and Corporate Governance Committee
(Age 70)

Education

- Post graduate in photography at London College of Communications, UK.
- Bachelor of Arts in graphic design at St Martins School of Art, London, UK.

IOD Training

- DCP No. 175/2013

Percent of Shareholding

As on December 30, 2022 Held 110,000 shares representing 0.013% of the issued and paid up capital

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

2013 - Present :

Director, Independent Director and Member of Audit Committee, Mega Lifesciences PCL/Manufacture distribute nutraceutical and pharmaceutical products

2011 - Present :

Chairman, Grey (Thailand)/Advertising business, public relation and Brand Creation for organizations

2009 - 2011 :

Chairman, Nude communications Co., Ltd./Advertising business, public relation and Brand Creation for organizations



Mr. Kirit Shah

Non-executive Director,
Member of Remuneration Committee
(Age 69)

Education

- Studied Commerce from H.R. College of Commerce, Bombay, India

IOD Training

- (DCP), Class 57/2005

Percent of Shareholding

 None

Family Relationship between the Director or Other Executive

- Father of Ms. Sameera Shah
- Father of Mr. Ishaan Shah

Experiences in the past 5 Years

2013 - Present :

Director and Member of Remuneration Committee, Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

2011 - Present :

Vice Chairman, Executive Director, Member of Nomination and Remuneration Committee, Christiani & Nielsen (Thai) PCL/ Contracting for the construction

2007 - Present :

Director and Member of Remuneration Committee, Precious Shipping PCL/International maritime and shipping business

2007 - Present :

Director, Globex Corporation Ltd./Investment and leasing out office buildings

2007 - Present :

Executive Director, Graintrade Ltd./Holding company for investment

2007 - Present :

Director, Unistretch Ltd./Investment and leasing out office buildings

2007 - Present :

Director, Maxwin Builders Ltd./Hotel services

2007 - Present :

Director, Premthai International Ltd./Export canned food

2007 - Present :

Director, Maestro Controls Ltd./Air Conditioning services

Mr. Ishaan Shah

Non-executive Director (Age 34)

Education

- Bachelor of Science in Business Administration, University of Southern California, U.S.A

IOD Training

- DCP No. 145/2011

Percent of Shareholding

 None

Family Relationship between the Director or Other Executive

- Son of Mr. Kirit Shah
- Brother of Ms. Sameera Shah

Experiences in the past 5 Years

2013 - Present :

Director, Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

2019 - Present :

Director, International Seaports (Haldia) Private Limited, India

2012 - Present :

Director, Executive Director, Christiani & Nielsen (Thai) PCL/ Contracting for the construction

2011 - Present :

Director, Precious Shipping PCL/International maritime and shipping business

2008 - Present :

Director, Globex Corporation Ltd./Investment and leasing out office buildings

2008 - Present :

Director, Graintrade Ltd./Holding company for investment

2008 - Present :

Director, Unistretch Ltd./Investment and leasing out office buildings

2008 - Present :

Director, Geepee Air Service Ltd./Air tickets agency

2008 - Present :

Director, Ambika Tour Agency (Thailand) Ltd./

Airplane and tour tickets agency

2008 - Present :

Director, Maxwin Builders Ltd./Hotel services

2008 - Present :

Director, Premthai International Ltd./Export canned food

Ms. Sameera Shah

Non-executive Director (Age 39)

Education

- Bachelor of Fine Arts, Chapman University, U.S.A
- Fashion Institute of Design and Merchandising, U.S.A
- Gems and Gemology, Gemological Institution of America, U.S.A

Percent of Shareholding None

Family Relationship between the Director or Other Executive

- Daughter of Mr. Kirit Shah
- Sister of Mr. Ishaan Shah

Experiences in the past 5 Years

2013 - Present

Director, Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

2014 - Present :

Director, Maestro Controls Ltd./Air Conditioning services

2014 - Present :

Director, Linaria Chemical (Thailand) Limited

2007 - Present :

Director, Globex Corporation Ltd./Investment and leasing out office buildings

2007 - Present :

Director, Graintrade Ltd./Holding company for investment

2007 - Present :

Director, Unistretch Ltd./Investment and leasing out office buildings

2007 - Present :

Director, Maxwin Builders Ltd./Hotel services

2007 - Present :

Director, Premthai International Ltd./Export canned food

Mr. Shiraz Erach Poonevala

Non-executive Director (Age 57)

Education

- Bachelor of Commerce, Sydenham College of Commerce, India
- Master of Commerce, Sydenham College of Commerce, India
- Associated Chartered Accountant, Institute of Chartered Accountants of India

Percent of Shareholding None

Family Relationship between the Director or Other Executive

Experiences in the past 5 Years

2013 - Present :

Director, Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

2005 - Present :

Investment Director, G.P. Group of Companies Ltd./Investment

2004 - Present :

Director and member-Audit Committee, Polyplex (Thailand) PCL/Manufacture and export polyester film



Mr. Vivek Dhawan

Executive Director, Chief Executive Office,
Member of Remuneration Committee
(Age 61)

Education

- Bachelor of Engineering, Delhi College of Engineering
- MBA, Southern Illinois University, U.S.A

IOD Training

- DCP No. 159/2012

Percent of Shareholding

- As on December 30, 2022 Held 45,982,716 shares representing 5.274% of the issued and paid up capital

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

2013 - Present :

Director, Member of Remuneration Committee and Chief Executive Officer, Mega Lifesciences PCL/Manufacture and distribute nutraceutical and pharmaceutical products

Mr. Thomas Abraham

Executive Director, Chief Financial Officer,
Member of Sustainability, Risk Management
and Corporate Governance Committee
(Age 59)

Education

- Bachelor of Commerce
- Chartered Accountant, Institute of Chartered Accountants of India

IOD Training

- DCP No. 103/2008

Percent of Shareholding

- As on December 30, 2022 held 6,668,200 shares representing 0.764% of the issued and paid up capital

Family Relationship between the Director or Other Executive None

Experiences in the past 5 Years

1998 - Present :

Director and Chief Financial Officer, Mega Lifesciences PCL/ Manufacture and distribute nutraceutical and pharmaceutical products

The Board of Director Biography

Mr. Girish Wadhwa

President, Myanmar (Age 52)

Education

- Bachelor of Commerce, Calcutta University, India
- Chartered Accountant, Institute of Chartered Accountants of India

IOD Training

- DCP No. 182/2013

Percent of Shareholding

- As on December 30, 2022 Held 3,850,020 shares representing 0.441 % of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

President and Head Coach, Mega Myanmar, Mega Lifesciences PCL/Manufacturer and distributor of Medicinal supplements and pharmaceutical products

Mr. Paramjit Singh Sawhney

President, International (Age 59)

Education

- Bachelor of Science, Delhi University, India
- MBA, Rajasthan University, India

IOD Training

- IOD Training DCP No. 159/2012

Percent of Shareholding

- As on December 30, 2022 held 13,085,395 shares representing 1.501 % of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

President International & Head Coach, Mega Lifesciences PCL/Manufacturer and distributor of medicinal supplements and pharmaceutical products

Mr. Manoj Gurbuxani

Deputy CFO (Age 48)

Education

- Bachelor of Commerce, Mumbai University, India
- Chartered Accountant, Institute of Chartered Accountants of India

IOD Training

- DCP No. 196/2014

Percent of Shareholding

- As on December 30, 2022 Held 111 shares representing 0% of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

2020 - Present :

Deputy CFO, Manufacturer and distributor of medicinal supplements and pharmaceutical products

2010 - 2019 :

Finance Director, Mega Lifesciences PCL/Manufacturer and distributor of medicinal supplements and pharmaceutical products



Ms. Duangnapa Tongsiri

President, Thailand Mega We Care
(Age 62)

Education

- Bachelor of Pharmacy, Chulalongkorn University, Thailand

IOD Training

- IOD Training DCP No. 161/2012

Percent of Shareholding

- As on December 30, 2022 held 12,883,095 shares representing 1.478% of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

1996 - Present :

Managing Director of Thailand Brands Business, Mega Lifesciences PCL/Manufacturer and distribute nutraceutical and pharmaceutical products

1993 - 1996 :

Manager of Scientific and Regulatory Affairs Department, Mega Lifesciences Co., Ltd./Manufacture and distribute nutraceutical and pharmaceutical products

Ms. Sujintana Boonworapat

Company Secretary (Age 50)

Education

- MBA, Ramkhamhaeng University
- Bachelor of Commerce, Accounting Major, Bangkok University

IOD Training

- CSP No. 50/2013
- DCP No. 161/2012

Percent of Shareholding

- As on December 30, 2022 Held 180,740 shares representing 0.021 % of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

2000 - Present :

Director of Revenue and Financial, Thailand Mega Lifesciences PTY Limited/distributor of Medicinal Supplements and pharmaceutical products

Attachment 2

Information of Subsidiaries' Directors

| Name | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|--|-------|-----------|---------|---------|------|---|---|---|----------|-------|-------|-------|-------|----|-----|----|----|----|----|----|
| 1. Mega Lifesciences Public Company Limited | X, VI | I, II, VI | I, III, | I, III, | I, V | I | I | I | I, IV, V | I, IV | IV | IV | IV | IV | VII | | | | | |
| | | | V, VI | VI | | | | | | | | | | | | | | | | |
| Parent Company | | | | | | | | | | | | | | | | | | | | |
| Globex Corporation Limited | | | | | I | I | I | I | | | | | | | | | | | | |
| Unistretch Limited | | | | | I | I | I | I | | | | | | | | | | | | |
| Subsidiaries | | | | | | | | | | | | | | | | | | | | |
| 2. Mega Lifesciences Limited (Myanmar) | | | | | | | | | I, IV | I, IV | | | I, IV | | | | | | | |
| 3. Mega Lifesciences (Vietnam) Limited (Vietnam) | | | | | | | | | I, IV | I, IV | I, IV | | | | | | | | | |
| 4. Mega we Care Limited | | | | | | | | | I, IV | I, IV | | I | | | | | | | | |
| 5. Natural Health Foods Limited (Thailand) | | | | | | | | | I, IV | I, IV | | I, IV | | | | | | | | |
| 6. Mega Lifesciences Pty. Limited (Thailand) | | | | | | | | | I, IV | I, IV | | I, IV | | | | | | | | |
| 7. E-Sense Limited (Thailand) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 8. Mega Lifesciences Pty. Limited (Cambodia) | | | | | | | | | I, IV | I, IV | I, IV | | | | | | | | | |
| 9. Mega Lifesciences (Australia) Limited (Australia) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 10. Mega Lifesciences Nigeria Limited (Nigeria) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 11. Mega Lifesciences Sdn. Bhd. (Malaysia) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 12. Mega Lifesciences Pty Peru S.A.C. (Peru) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 13. PT Mega Lifesciences (Indonesia) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 14. Mega Lifesciences Ghana Limited (Ghna) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 15. Mega Product (Mauritius) Limited (Mauritius) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 16. Mega Lifesciences Private Limited (India) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 17. Mega Lifesciences Pte. Limited (Singapore) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |
| 18. Mega Lifesciences L.LC (Ukraine) | | | | | | | | | I, IV | I, IV | | | | | | | | | | |



| Remark ¹ | x = Chairman of the Board of Directors | IV = Executive |
|---------------------|--|---|
| | I = Directors | V = Remuneration and nomination Committee |
| | II = Chairman of Audit Committee | VI = Independent Director |
| | III = Audit Committee | VII = Company Secretary |
| Remark ² | 1. Mr. Mechar Viravaidya 2. Mr. Alan Kam 3. Mr. Manu Sawangjaeng (resigned on Mat 12, 2021) Mr. Vijay Paul Karwal (joined on Mat 13, 2021) 4. Mr. Thor Santisiri 5. Mr. Kirit Shah 6. Mr. Ishaan Shah 7. Ms. Sameera Shah | 8. Mr. Shiraz Erach Poonevala 9. Mr. Vivek Dhawan 10. Mr. Thomas Abraham 11. Mr. Paramjit Singh Sawhney 12. Ms. Duangnapa Tongsiri 13. Mr. Girish Wadhwa 14. Mr. Manoj Gurbuxani 15. Ms. Sujintana Boonworapat 16. Mr. Balaji Rajgopak 17. Ms. Victoria Foo 18. Mr. Rajeev Jain 19. Mr. Sandeep Mahale 20. Ms. Therese Garcia |
| | | Related Company 1. Ambika Tour Agency Ltd. (Thailand) 2. Insure Excellences Insurance Broker Ltd. (Thailand) 3. Linaria Chemical (Thailand) Limited 4. Mechrai Viravaidya Foundation 5. Precious Visions Pte LTD Singapore |

Attachment 3

Details of Head of Internal Audit and Compliance

Internal Auditors

The Company has outsourced Internal Audits to a 3rd party of international repute. Year 2022. The details of the Internal Auditors are as below;

| | | |
|---------------------------------|-----------------------------------|---|
| Director, Internal Audit | Ms. Ruamphorn Wanitworanan | Thailand Internal Audit Mazars Ltd, Thailand Empire Tower, 12 th Floor, South Sathorn Road, Yanawa, Sathorn, Bangkok 10120, Thailand |
| Audit Partner | Mr. Bui Xuan Vinh | Mazars Ltd. 11 th Floor, Viet Dragon Tower, 141 Nguyen Du, District 1, |
| Audit Manager | Mr. Laurent Nguyen | Ho Chi Minh, Vietnam Tel. : +84(4) 39 36 10 31 E-mail : Vinh.bui@mazars.vn E-mail : Laurent.nguyen@mazars.vn |
| Partner | Mr. Lim Sen Siew | BDO Cambodia Limited Suite 28, Hotel Cambodiana, 313, Sisowath Quay, Phnom Penh, Cambodia |
| Executive Director | Mr. Sanjay Sidhu | Tel. : +855 23 218 128 Fax : +855 23 993 225 |
| Partner | Mr. Sim Keng Chon | Myanmar Internal Audit Foo Kon Tan Advisory Services Pte Ltd., Singapore 24, Raffles Place, #07-03 Clifford Center, Singapore 048621 www.fookontan.com |

Compliance Department

Mr. Deepak Panjwani
Chief Risk & Compliance Officer
(Age 49)

IOD Training

- DCP No. 175/2013

Percent of Shareholding

- As on December 30, 2022 Held 21 shares representing -% of the issued and paid up capital

Family Relationship between the Director or Other Executive

None

Experiences in the past 5 Years

- Present : Chief Risk & Compliance Officer , Mega Lifesciences PTY Ltd./Manufacturer and distributor of Medicinal Supplements and pharmaceutical products



Attachment 4

Information of Appraisal of Assets Price

None

Attachment 5

External Auditor's Remuneration

During the fiscal year ended December 31, 2022, the Company appointed three (03) auditors from KPMG Phoomchai Audit limited, Thailand and the auditors proposed as auditors of the Company and some of its subsidiaries in Thailand have no relationships or interest whatsoever with the Company or its subsidiaries, executives, major shareholders or related persons, in a way that it would create any limitation in their ability to work independently. The Company's subsidiaries which are also audited by the same auditors are:

- a) Mega Lifesciences PTY Limited, a 99.99% owned subsidiary of the Company.
- b) Natural Health Foods Limited, a 99.99% owned subsidiary of the Company.
- c) Mega We Care Limited, a 99.99% owned subsidiary of the Company.
- d) E-Sense limited, an associate and 99.96% owned by Mega Lifesciences PTY Limited, covered under (a) above.

The Auditors are selected by the Audit Committee and proposed for appointment by the Audit Committee and presented by the Board of Directors for approval by the shareholders along with all the details including Names of Auditors (minimum 03 (three), comment on the appropriateness of Audit Fees and conflict of interest.

The auditors of the Company and subsidiaries are as below:

| No. | Name-Surname | CPA Registration Number | Number of Years Signed Financial Statements / Number of Years of being auditor of the Company |
|-----|----------------------------|-------------------------|---|
| 1 | Ms. Sureerat Thongarunsang | 4409 | - / 7 Years |
| 2 | Ms. Aorapin Sinthawornkul | 9441 | - / 7 Years |
| 3 | Ms. Vilaivan Pholprasert | 8420 | - / 7 Years |

The Auditors remuneration for the fiscal year ended December 31, 2022, December 31, 2021 and December 31, 2020 is as below:

| Types of Fees | 2022 | 2021 | 2020 | Remark |
|---|-------|-------|-------|--------|
| The Company | | | | |
| 1. Audit Fee | | | | |
| - Annual audit fee and quarterly review fee | 4.68 | 4.68 | 4.68 | |
| - Increase(%) (Compared to previous year) | - | - | 2.9 | |
| - One time charge for review of Acquisition | - | - | 0.25 | |
| - Other expenses | - | - | - | |
| 2. Non-Audit Fee | 0.98 | 0.98 | 1.10 | |
| (Non- Audit Fee in 2022 and 2021 includes Thb 0.88 Million for Transfer pricing review and Thb 0.10 million for BOI review) | | | | |
| (Non- Audit Fee in 2020 includes Thb 1.0 Million for Transfer pricing review and Thb 0.10 million for BOI review) | | | | |
| Subsidiaries | | | | |
| 1. Audit Fee | | | | |
| - Annual audit fee and quarterly review fee | 5.57 | 5.57 | 5.49 | |
| - Other expenses | - | - | - | |
| 2. Non-Audit Fee | - | - | - | |
| Grand Total | 11.23 | 11.23 | 11.52 | |
| Audit Fee (including one time Thb 0.25 Million in year 2020) | 10.25 | 10.25 | 10.42 | |

Non-Audit fees

The Company checks the most efficient quotation for this purpose before appointing consultants for any agreed upon procedures unless if the same have to be necessarily performed by the External Auditors as per the requirements of applicable law.



Mega Lifesciences Public Company Limited

384 Moo 4, Pattana 3, Bangpoo Industrial Estate Soi 6,
Muang Samutprakarn, Samutprakarn 10280
Telephone: +66 2 769 4222 Fax: +66 2 769 4244

