

TACC-012/2022

November 10, 2022

Subject: Management Discussion and Analysis for the Third Quarter ended September 30, 2022

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited (“the company”) would like to clarify the operating results for the third quarter ended September 30, 2022 as follows:

Revenues

Sales and service income

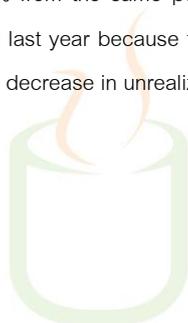
In the 3rd quarter of 2022, the company achieved a sales and service income of Baht 381.52 million. This had an increase of Baht 71.65 million or equivalent to 23.12% from the 3rd quarter of 2021 (Baht 309.87 million). The reasons are (A) sales from cold dispenser increase from last year because schools and offices are allow to operate normally, including an increase in the number of tourists from the relaxation of tourist quarantine measures since 2nd quarter, (B) increasing in instant drink from launch new flavors and (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

For the nine-month period ended September 2022, the company achieved a sales and service income of Baht 1,103.84 million. This had an increase of Baht 116.82 million or equivalent to 11.84% from the same period of previous year (Baht 987.02 million). The revenue has grown from (A) revenue from sales in 7-11 rebound because the COVID-19 pandemic situation is better than last year resulting in schools and offices are back to operate normally, including an increase in the number of tourists, (B) increasing number of outlets of All Café (a fresh coffee corner within the 7-Eleven store) where the non – coffee products and new product of upsize sold, (C) increasing in Co-develop new B2B products (7-11 and non 7-11) and expanded of modern trade customers and Food service, and (D) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

Gain on exchange and other income

The other income is consist of unrealized gain on exchange rate and other income. In the 3rd quarter of 2022, the gain on exchange and other income were Baht 4.90 million, decreased by 5.28% from the 3rd quarter of 2021 (being reported at Baht 5.17 million).

For the nine-month period ended September 2022, the company achieved other income of Baht 11.03 million, which slight decrease at Baht 0.93 million or equivalent to 7.78% from the same period of previous year (Baht 11.96 million). The other income for the 3 and 9 month-periods decrease from last year because the company sold investments in private funds held in US Dollar in the second quarter of 2022, resulting in a decrease in unrealized gain from investments in mutual funds and gain on exchange rate.



Cost of Sales and services

In the 3rd quarter of 2022, the company had the cost of sales and services amounting to Baht 247.46 million, which increase Baht 55.83 million or equivalent to 29.13% from the same period of previous year (Baht 191.63 million). The portion of cost of sales and services to sales and services income increase by 3.02% from last year (2022: 64.86%, 2021: 61.84%), resulting to decreasing of gross profit margin by 3.02% from last year (2022: 35.14%, 2021: 38.16%). The gross margins decrease because the increasing in raw material prices since April. As a result, the company has higher cost of sales in this year.

For the nine-month period of 2022, the company had the cost of sales and services amounting to Baht 696.80 million, which increase Baht 81.62 million or equivalent to 13.27% from the same period of previous year (Baht 615.18 million). The portion of cost of sales and services to sales and services income slightly increase by 0.80% from last year (2022: 63.13%, 2021: 62.33%), resulting to decreasing of gross profit margin by 0.80% from last year (2022: 36.87%, 2021: 37.67%). The gross profit margin for the nine-month period of 2022 is slightly different from the year 2021 is a result of the company's sales of high-margin products since 1st quarter 2022 and can effectively manage the cost of raw materials, this made the company cans maintain the gross margin despite there is increasing in raw material cost during the year.

Selling and distribution expenses

In the 3rd quarter of 2022, the company has selling and distribution expenses increase amounting to Baht 4.33 million or equivalent to 12.41% from the same period of previous year (2022: Baht 39.22 million, 2021: Baht 34.89 million), and the portion of selling and distribution expenses to sales and services income is decrease by 0.98% from previous year (2022: 10.28%, 2021: 11.26%). The increasing in expenses amount was from promotion and advertising expenses to boost sales after the relaxation of COVID-19 situation.

For the nine-month period of 2022, the selling and distribution expenses decrease amounting to Baht 11.31 million or equivalent to 8.92% from the same period of previous year (2022: Baht 115.47 million, 2021: Baht 126.78 million), and the portion of selling and distribution expenses to sales and services income is decrease by 2.39% from previous year (2022: 10.46%, 2021: 12.85%). The reason of decreasing is because the decrease in promotional and advertising expenses during the first half of this year, and fully depreciated of sales equipment and tool, which made there is no depreciation expenses in this year.

Administrative Expenses

In the 3rd quarter of 2022, the company has administrative expenses amounting to Baht 22.14 million, which increase Baht 1.61 million or equivalent to 7.84% from the same period of previous year (Baht 20.53 million).

For the nine-month period of 2022, the company has administrative expenses amounting to Baht 62.68 million, which increase Baht 3.06 million or equivalent to 5.13% from the same period of previous year (Baht 59.62 million). The administrative expenses of 3 and 9 month periods increase because the increasing in employee-related expenses, which in line with increasing in number of employees in this year.



Share of loss from investment in joint venture

For Financial statements in which the equity method, the company have realized the share of loss from investment in joint venture from take equity in TCI, that invested at 1 April 2021.

Finance income

For the three-month and nine-month periods of 2022, the company has finance income amounting to Baht 0.48 million and Baht 0.90 million respectively, which increase Baht 0.40 million and 0.65 million respectively from previous year. This was due to increasing in cash at bank balance and interest rate.

Finance Costs

For the three-month and nine-month periods of 2022, the company has finance costs amounting to Baht 0.30 million and Baht 0.89 million respectively, which increase Baht 0.01 million and 0.08 million respectively from previous year as a result of a deferred interest for a financial lease.

Net Profit

In the 3rd quarter of 2022, the company has net profit in financial statements in which the equity method and separate financial statements amounting to Baht 62.17 million and Baht 62.51 million respectively, which increase Baht 6.35 million and Baht 6.27 million or equivalent to 11.38% and 11.15% from the same period of previous year at Baht 55.82 million and Baht 56.24 million respectively. The company achieved net profit margin of 16.30% and 16.38% respectively, which decrease 1.72% and 1.77% from last year at 18.01% and 18.15% respectively.

For the nine-month period of 2022, the company has net profit in financial statements in which the equity method and separate financial statements amounting to Baht 190.72 million and Baht 191.73 million respectively, which increase Baht 34.32 million and Baht 34.20 million or equivalent to 21.94% and 21.71% from the same period of previous year at Baht 156.40 million and Baht 157.53 million respectively. The company achieved net profit margin of 17.28% and 17.37% respectively, which increase 1.43% and 1.41% from last year at 15.85% and 15.96% respectively. The main reason for the increase in net profit for the three-month and nine-month periods was an increase in sales due to the COVID-19 pandemic situation is better than last year, selling of high-margin products in this year, and expansion of both domestic and international markets in year 2022, including efficient cost management and reducing unnecessary sales and distribution costs. As a result, net profit increased from last year.



Business Plan 2022

The company sets the 2022 target to grow around 10% by creating value of existing portfolio and continue to drive cost and operation efficiency and continue to creating new product in high growth & potential markets and new consume trends and expand the channel of sale.

Sincerely yours,

Chatchawe Vatanasuk

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

