

TACC-008/2023

May 11, 2023

Subject: Management Discussion and Analysis for the First Quarter ended March 31, 2023

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited (“the Company”) and its subsidiary would like to clarify the operating results for the first quarter ended March 31, 2023 as follows:

Preparation of consolidated financial statements

The Company established Health Inspired Planet Co., Ltd. on 18 January 2023, which operated since 1 March 2023. The Company invested 89% of its registered shares and has control over this company, thus this company is considered as a subsidiary of the Company. The Company, therefore, prepared consolidated financial statements since 1st quarter of 2023 to present the operating result of the Company and its subsidiary (“the Group”), including share of loss from investment in associate, instead of presented financial statements in which the equity method is applied in previous year.

Sales and service income

Separate financial statements

In the 1st quarter of 2023, the Company achieved a sales and service income of Baht 377.61 million. This had an increase of Baht 40.27 million or equivalent to 11.94% from the same period of the previous year (Baht 337.33 million). The reasons are (A) revenue from sales in 7-11 rebound because the COVID-19 pandemic situation is better from last year resulting in people, business sectors and organizations are back to operate normally, including an increase in the number of tourists since 4th quarter of last year, (B) increasing of new customers in the second half of 2022, and (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

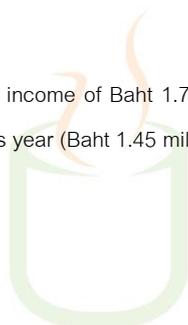
Consolidated financial statements

In the 1st quarter of 2023, the Group achieved a sales and service income of Baht 379.90 million. This had an increase of Baht 2.29 million from the separate financial statements from sales of subsidiary.

Other income

Separate and Consolidated financial statements

In the 1st quarter of 2023, the Group achieved other income of Baht 1.71 million, which slight increase at Baht 0.26 million or equivalent to 18.29% from the same period of previous year (Baht 1.45 million), because of gain from selling of private funds.



Cost of Sales and services

Separate financial statements

In the 1st quarter of 2023, the Company had the cost of sales and services amounting to Baht 258.75 million, which increase Baht 52.86 million or equivalent to 25.67% from the same period of previous year (Baht 205.91 million). The portion of cost of sales and services to sales and services income increase by 7.49% from last year (2023: 68.53%, 2022: 61.04%), resulting in decreasing of gross profit margin by 7.49% from last year (2023: 31.47%, 2022: 38.96%). The gross margins decreased because of the increase in raw material prices since last year. As a result, the company has higher cost of sales this year.

Consolidated financial statements

In the 1st quarter of 2023, the Group had consolidated cost of sales and services amounting to Baht 259.80 million, equivalent to 68.53% of consolidated sales and services income, and had gross profit margin at 31.61%.

Selling and distribution expenses

Separate financial statements

In the 1st quarter of 2023, the Company has selling and distribution expenses decrease amounting to Baht 10.49 million or equivalent to 27.59% from the same period of the previous year (2023: Baht 27.53 million, 2022: Baht 38.02 million), and the portion of selling and distribution expenses to sales and services income is decrease by 3.98% from previous year (2023: 7.29%, 2022: 11.27%). The decrease in expenses amount was from decreasing of promotion and advertising programs the Company used in this year.

Consolidated financial statements

In the 1st quarter of 2023, the Group had consolidated selling and distribution expenses amounting to Baht 28.66 million, which increase Baht 1.13 million from separate financial statement, or equivalent to 7.54% of consolidated sales and services income.

Administrative Expenses

Separate financial statements

In the 1st quarter of 2023, the Company has administrative expenses amounting to Baht 34.47 million, which increase Baht 15.87 million or equivalent to 85.30% from the same period of the previous year (Baht 18.60 million), because the increasing in employee-related expenses, which in line with increasing in number of employees from year. In addition, the travelling expenses have increased from last year because of the relaxation of COVID-19 situation from the same period of the previous year.

Consolidated financial statements

In the 1st quarter of 2023, the Group had consolidated administrative expenses amounting to Baht 36.26 million, which increase Baht 1.79 million from separate financial statement, or equivalent to 9.54% of consolidated sales and services income.



Share of loss from investment in associate

Share of loss from investment in associate increase amounting to Baht 2.11 million from last year. This is because increasing of amortization of intangible assets, which value is increased from fair value assessment when prepared consolidated financial statements.

Net Profit

Separate financial statements

In the 1st quarter of 2023, the Company has net profit amounting to Baht 46.43 million, which decreases Baht 14.05 million or equivalent to 23.23% from the same period of the previous year at Baht 60.48 million. The company achieved a net profit margin of 12.30%, which decreased 5.63% from last year at 17.93%. The reasons for the decrease in net profit are an increase in cost of sales since the second half of year 2022 and increase of employee-related expenses in line with increasing of employee number from last year.

Consolidated financial statements

In the 1st quarter of 2023, the Group has consolidated net profit amounting to Baht 42.32 million, which decreases Baht 17.83 million or equivalent to 29.65% from the same period of the previous year at Baht 60.15 million (as presented in financial statements in which the equity method is applied). The company achieved a consolidated net profit margin of 11.14%, which decreased 6.69% from last year at 17.83%. The reasons for the decrease in consolidated net profit are (a) an increase in the Company's cost of sales, (b) increase of employee-related expenses of the Group, (c) net loss from the subsidiary at Baht 1.67 million, and (d) increase of share of loss from investment in association amounting to Baht 2.11 million.

Business Plan 2023

The Group sets the 2023 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

