



TACC-013/2023

November 9, 2023

Subject: Management Discussion and Analysis for the First Quarter ended September 30, 2023 (revised)

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 second quarter ended September 30, 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 3rd quarter of 2023, the Company achieved a sales and service income of Baht 422.80 million. This had an increase of Baht 41.28 million or equivalent to 10.82% from the same period of the previous year (Baht 381.52 million). The reasons are (A) domestic sale increase from the same period of last year, (B) increasing of sales orders from new customers since the second half of 2022, and (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

For the nine-month period ended September 2023, the company achieved a sales and service income of Baht 1,245.46 million. This had an increase of Baht 141.62 million or equivalent to 12.83% from the same period of last year (Baht 1,103.84 million). The revenue has grown from (A) domestic sale continue increase since from last year, (B) increasing of sales orders from new customers since the second half of 2022, (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250



Consolidated financial statements

For the 3-month and 9-month periods ended of year 2023, the Group achieved a sales and service income at Baht 426.41 and 1,253.33 million respectively. This had an increase of Baht 3.61 and 7.87 million respectively from the separate financial statements from sales of subsidiary.

Gain on exchange rate

Separate and Consolidated financial statements

For the 3-month and 9-month periods ended of year 2023, the Group achieved gain on exchange rate at Baht 0.01 and 0.66 million, which decrease at Baht 3.30 and 7.05 million from the same period of the previous year (Baht 3.36 and 7.71 million, respectively). The decrease was due to the company selling investments in a US dollar-denominated fund at the end of 2022 and during the year 2023, resulting in a reduced number of US dollars in the account.

Other income

Separate and Consolidated financial statements

For the 3-month period ended of year 2023, the Group achieved other income as presented in consolidated and separate financial statements at Baht 1.78 and 1.72 million, which increase by Baht 0.25 and 0.19 million, respectively, from the same period of previous year (Baht 1.53 and 1.53 million, respectively).

For the 9-month period ended of year 2023, the Group achieved other income as presented in consolidated and separate financial statements at Baht 5.19 and 4.99 million, which increase by Baht 1.88 and 1.68 million, respectively, from the same period of previous year (Baht 3.32 and 3.32 million, respectively), because of gain from selling of private funds.

Cost of Sales and services

Separate financial statements

In the 3rd quarter of 2023, the Company had the cost of sales and services amounting to Baht 282.55 million, which increase Baht 35.09 million or equivalent to 14.18% from the same period of previous year (Baht 247.46 million). The portion of cost of sales and services to sales and services income increase by 1.97% from last year (2023: 66.83%, 2022: 64.86%), resulting in decreasing of gross profit margin by 1.97% from last year (2023: 33.17%, 2022: 35.14%).

For the 9-month period of 2023, the Company had the cost of sales and services amounting to Baht 841.19 million, which increase Baht 144.39 million or equivalent to 20.72% from the same period of previous year (Baht 696.80 million). The portion of cost of sales and services to sales and services income increase by 4.41% from last year (2023: 67.54%, 2022: 63.13%), resulting in decreasing of gross profit margin by 4.41% from last year (2023: 32.46%, 2022: 36.87%). The gross margins for the 3-month and 9-month periods ended of year 2023 decreased because of the increase in raw material prices since last year. As a result, the company has higher cost of sales this year.

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250



Consolidated financial statements

For the 3-month and 9-month periods ended of year 2023, the Group had consolidated cost of sales and services amounting to Baht 284.55 and 845.30 million, equivalent to 66.73% and 67.45% of consolidated sales and services income, respectively, and had gross profit margin at 33.27% and 32.55%, respectively.

Selling and distribution expenses

Separate financial statements

In the 3rd quarter of 2023, the Company has selling and distribution expenses decrease amounting to Baht 1.42 million or equivalent to 3.62% from the same period of the previous year (2023: Baht 37.79 million, 2022: Baht 39.21 million), the portion of selling and distribution expenses to sales and services income decrease by 1.34% from previous year (2023: 8.94%, 2022: 10.28%). The decrease in expenses amount was from decreasing of promotion and advertising programs in this period.

For the 9-month period of 2023, the Company has selling and distribution expenses decrease amounting to Baht 10.56 million or equivalent to 9.14% from the same period of the previous year (2023: Baht 104.9 million, 2022: Baht 115.46 million), and the portion of selling and distribution expenses to sales and services income is decrease by 2.04% from previous year (2023: 8.42%, 2022: 10.46%). The decrease in expenses amount was from decreasing of promotion and advertising programs during the 1st and 3rd quarters.

Consolidated financial statements

For the 3-month and 9-month periods ended of year 2023, the Group had consolidated selling and distribution expenses amounting to Baht 43.64 and 117.32 million, respectively, which increase Baht 5.85 and 12.41 million from separate financial statement, or equivalent to 10.24% and 9.36% of consolidated sales and services income, respectively, from selling and distribution expenses of subsidiary.

Administrative Expenses

Separate financial statements

In the 3rd quarter of 2023, the Company has administrative expenses amounting to Baht 28.64 million, which increase Baht 6.49 million or equivalent to 29.35% from the same period of the previous year (Baht 22.14 million). This is equal to 6.77% and 5.80% of sales and services income of the 3rd quarter of year 2023 and 2022, respectively. (Increase 0.97% from year 2022)

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250



For the 9-month period of 2023, the Company has administrative expenses amounting to Baht 92.91 million, which increase Baht 30.24 million or equivalent to 48.25% from the same period of the previous year (Baht 62.67 million), or equivalent to 7.46% and 5.68% of sales and services income of year 2023 and 2022, respectively. (Increase 1.78% from year 2022). The increase in expenses for the 3-month and 9-month periods is because of the increase in personal expenses, operation expenses, and travelling expenses because the COVID-19 pandemic situation is better than the same period of last year.

Consolidated financial statements

For the 3-month and 9-month periods ended of year 2023, the Group had consolidated administrative expenses amounting to Baht 32.12 and 102.39 million, which increase Baht 3.48 and 9.47 million from separate financial statement, or equivalent to 7.53 and 8.17% of consolidated sales and services income. This is from administrative expenses of the subsidiary.

Share of loss from investment in associate

The share of loss from investment in associate for the 3-month and 9-month periods of year 2023 increased amounting to Baht 2.11 and 6.33 million from last year. This is because of the increase in amortization of intangible assets, which value is increased from fair value assessment when prepared consolidated financial statements.

Net Profit

Separate financial statements

In the 3rd quarter of 2023, the Company has net profit amounting to Baht 59.89 million, which decreases Baht 2.62 million or equivalent to 4.19% from the same period of the previous year at Baht 62.51 million. The company achieved a net profit margin of 14.16%, which decreased 2.22% from 16.38% last year.

For the 9-month period of 2023, the Company has net profit amounting to Baht 168.73 million, which decreases Baht 23.00 million or equivalent to 12.00% from the same period of the previous year at Baht 191.73 million. The company achieved a net profit margin of 13.55%, which decreased 4.66% from 17.37% last year. 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 administrative expenses. The Company's net profit has been increasing every quarter since the 4th quarter of 2022.

Consolidated financial statements

In the 3rd quarter of 2023, the Group has consolidated net profit amounting to Baht 51.25 million, which decreases Baht 10.92 million or equivalent to 17.56% from the same period of the previous year at Baht 62.17 million (as presented in financial statements in which the equity method is applied). The company achieved a consolidated net profit margin of 12.02%, which decreased 4.28% from 16.30% last year. The reasons for the decrease in consolidated net profit are (a) an increase in the Company's cost of sales, (b) increase of administrative expenses of the Group, (c) net loss from the subsidiary at Baht 6.13 million, and (d) increase of share of loss from investment in association amounting to Baht 2.11 million.

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250



For the 9-month period of 2023, the Group has consolidated net profit amounting to Baht 146.75 million, which decreases Baht 43.97 million or equivalent to 23.06% from the same period of the previous year at Baht 190.72 million (as presented in financial statements in which the equity method is applied). The company achieved a consolidated net profit margin of 11.71%, which decreased 5.57% from 17.28% last year. The reasons for the decrease in consolidated net profit are (a) an increase in the Company's cost of sales, (b) increase of administrative expenses of the Group, (c) net loss from the subsidiary at Baht 14.58 million, and (d) increase of share of loss from investment in association amounting to Baht 6.33 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 create new product in high growth & potential markets and new consume trends and expand the channel of sale.

Sustainability Management

The Company recognizes the importance of sustainability supervision to be in accordance its vision, which is "We will be one of the leading lifestyle products and beverage and companies in SEA which promptly deliver customer satisfaction and establish mutually beneficial and long-lasting relationship with all key stakeholders". The Company has carried out sustainability activities as follows;

Sustainability Management in the Environmental Dimension

The Company has used innovative packaging "Green Carton" By SCG Packaging, which is an environmentally friendly packaging made from used paper waste through the storage process and recycled starting from used the packaging including Cold Beverages Dispenser such as Iced Coffee and Milk Tea, and Non-Coffee Menu at All Café corner such as Green Tea, Milk Tea, Lemon Tea, and Taiwan Milk Tea. To show that the Company considers the importance of environmental protection to all the stakeholders. Moreover, The Company has organized the "Together to Reduce Energy Consumption by 4 actions" project (Close, Adjust, Release, Change) towards sustainable goals" in order to raise awareness of energy consumption with value as well as encourage employees to participate and understand the situation and energy impacts in order to change energy behavior efficiently and sustainably.

Sustainability Management in the Social Dimension

The Company operates its business by adhering to and emphasizing on duties and responsibilities to society and stakeholders, including, Shareholders, Customers, Business Partners, Employees, Communities and Surrounding Society. This is to create business sustainability, to be able to manage the business to stably grow and to be accepted in the society, as well as to plant these ideas among employees at all levels. There are guidelines for implementation in 2023 such as:

- The Company values and respects human rights as it equitably, equally, and fairly treats employees regardless of differences in race, religion, gender, or physical condition.

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250



- The Company organized a volunteer project to clean the turtle pond and donated money to the Royal Thai Navy Sea Turtle Conservation Center, Chonburi Province, and donated money and necessary items to Ban Kru Boonchu Foundation for Special Children. Chonburi Province, where the Company's factory is located.

Sustainability Management in the Governance Dimension

The Company has been assessed in the Corporate Governance Report of Thai Listed Companies for the year 2023 at the level of 5 stars or Excellent CG Scoring, reflecting the continuous good corporate governance, and transparent information disclosure. Additionally, consider the impact on environment, society, and all stakeholders including the importance to operate sustainable business.

Sincerely yours,

Chatchawe Vatanasuk

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250