



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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Management Discussion and Analysis (MD&A) ABICO HOLDINGS ABICO HOLDINGS PUBLIC COMPANY LIMITED

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	For the ended March		Movement	
	2021	2020	Increase (decrease)	%
Producer and distributor of ready-to-drink milk, drinks	506.76	503.55	3.21	0.64
Immovable property business	3.04	2.95	0.09	3.05
Agriculture and dairy farm	15.72	17.10	(1.38)	(8.07)
Total	525.52	523.60	1.92	0.37

- Contract Manufacturing Business for ready-to-drink milk and pasteurized fruit juice increased by Baht 3.21 million, or 0.64%, in the first quarter of 2021. There was more contract manufacturing in full-service format compared to the previous year.
- The Property Business saw an income increase of Baht 0.09 million, near that of last year.
- Farm business saw is income decreased Baht 1.38 million, due to less delivery of raw milk to the customers compared to those of the same periods last year. The decreases were 7%.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the ended March		Movement	
	2021	2020	Increase (decrease)	%
Cost of sales and service	483.41	453.28	30.13	6.65
Administrative expenses	22.30	18.95	3.35	17.68
Total	505.71	472.23	33.48	7.09

Q1'21, the Company's cost of sales and administrative expenses are Baht 483.41 million and Baht 22.30 million respectively.

- Cost of sales and services increased by Baht 30.13 million, or 6.65%, in the first quarter of 2021 due to the Company's more contract manufacturing in full-service format, resulting in the recognition of cost of raw materials and packaging materials included in the cost of sales and services. Therefore, the cost of sales of the Q1'21 increased from the Q1'20.
- Administrative expenses in the Q1'21 increased by Baht 3.35 million, or 17.68%.

1.3 Others income

Total other income amounted to Baht 6.60 million, which decreased by Baht 2.77 million, or 29.88%. The main cause was more commission income decreased from Q1'20.

1.4 Operational profit and net profit

(Unit: Million Baht)

	<u>For the ended March</u>		<u>Movement</u>	
	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>%</u>
Profit (loss) before tax expenses	21.95	55.05	(33.10)	(60.13)
<u>Loss Tax expenses</u>	(2.25)	(10.59)	(8.34)	(78.75)
Operational Profit	19.70	44.46	(24.76)	(55.69)
Share of profit (loss) of associate	(11.70)	0.16	(11.86)	(7,412.50)
Net profit	8.00	44.62	(36.62)	82.07

- Operating profit decreased by Baht 24.76 million, or 55.69% in the first quarter of 2021 due to some reduction of orders from clients and the Company's process of changing its customer base while also preparing to accommodate new clients this year. Moreover, there was an additional depreciation calculated by the investment in assets used in production to boost efficiency and reduce production costs in the long run.
- In the consolidated financial statements for the first quarter of 2021, the Company had a net profit of Baht 8 million, a decrease of 36.62 Baht million baht or 82.07% compared to the first quarter of 2020. This was due to the recognition of loss of Baht 11.70 million from the associates in this quarter, while the net profit from operations decreased by Baht 24.76 million.

2. Analysis of financial status as at 31 March 2021

(Unit: Million Baht)

<u>Assets</u>	<u>31 Mar. 2021</u>	<u>%</u>	<u>31 Dec. 2020</u>	<u>%</u>
Trade and other receivables	487.51	24%	468.82	23%
Inventories	135.74	7%	125.97	7%
Lease receivable	82.63	4%	83.74	4%
Investment in associated company	226.90	11%	235.09	12%
Property, plant and equipment	788.30	39%	803.45	40%
Right-of-used	206.93	10%	214.69	11%
Biological assets – dairy cow	49.12	3%	46.25	2%
Others	39.23	2%	40.33	1%
Total assets	2,016.36	100%	2,018.34	100%

Total assets were Baht 2,016.36 million, which decreased by Baht 1.98 million from 2020.

- Trade and other receivables increased by Baht 18.69 million, because the Company delivery more product to customers. This was consistent with the increased revenue in the contract manufacturing business of milk, drinks, and fruit juices.
- Inventories increased by Baht 9.77 million, because the Company had to reserve packages and raw materials for customers in manufacturing.
- Lease receivables were decreased by Baht 1.11 million because caused by the receipt for the rent under the finance lease.
- Investment in the associated companies decreased by Baht 8.19 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment were decreased by Baht 15.15 million because the Company also invested Baht 1.65 million on equipment in Q1'21 and there were the depreciation of Baht 16.80 million between the periods.

- Biological assets increased by Baht 2.87 million, due to the adjustment of fair value of the dairy cattle in the subsidiaries.
- Other assets were mostly cash and equivalent transactions to cash, deferred income tax assets and Other non-current assets.

(Unit: Million Baht)

<u>Liabilities</u>	31 Mar. 2021	%	31 Dec.2020	%
Bank overdrafts and short-term loan	145.00	13%	143.00	13%
Trade and other payables	334.14	32%	320.84	30%
Liabilities under financial lease agreement	242.47	23%	253.11	23%
Long – term loan	215.96	20%	236.95	22%
Others	127.42	12%	124.58	12%
Total liabilities	<u>1,064.99</u>	<u>100%</u>	<u>1,078.48</u>	<u>100%</u>

Total liabilities were Baht 1,064.99 million, which decreased by Baht 13.49 million from 2020.

- Bank overdrafts and short-term loan increased Baht 2 because its subsidiary already issued promissory note from the year 2020.
- Trade and other payables increased by Baht 13.30 million, the company's purchase of raw materials and packing materials for production to customers relative to the increase in inventories.
- Liabilities under financial lease agreements were increased by Baht 10.64 million. for the liabilities under financial lease agreements.
- Long-term loan decreased Baht 20.99 million, because the Company have paid for the loan.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation.