

Taokaenoi Food and Marketing Public Company Limited



**Management Discussion
and Analysis (MD&A)**

FOR QUARTER 1/2022



May 12, 2022

To President
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the First Quarter ended March 31, 2022

Taokaenoi Food and Marketing Public Company Limited (the “**Company**”) would like to clarify the revenue from sales and net profit in the consolidated financial statements for the three-month period ended March 31, 2022, which may be summarized as follows:

Consolidated Financial Statements	1st Quarter (January - March)				
	Q1/ 2022		Q1/ 2021		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	968.2	100.0 %	919.9	100.0 %	5.2 %
Cost of Sales	(713.6)	(73.7 %)	(696.1)	(75.7 %)	2.5 %
Gross Margin	254.6	26.3 %	223.8	24.3 %	13.8 %
Distribution Costs	(112.7)	(11.6 %)	(97.9)	(10.6 %)	15.1 %
Administrative Expenses	(75.2)	(7.8 %)	(72.5)	(7.9 %)	3.8 %
Profit before Income Tax Expenses	71.4	7.4 %	62.3	6.8 %	14.6 %
Income Tax Expenses	(8.9)	(0.9 %)	(6.2)	(0.7 %)	44.5 %
Net Profit	62.5	6.5 %	56.1	6.1 %	11.3 %
Net Profit : Owners of the Parent	62.8	6.5 %	56.2	6.1 %	11.7 %

Consolidated Financial Statements	1st Quarter (January - March) vs. 4th Quarter (October - December)				
	Q1/ 2022		Q4/ 2021		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	968.2	100.0 %	1,077.2	100.0 %	(10.1 %)
Cost of Sales	(713.6)	(73.7 %)	(777.0)	(72.1 %)	(8.2 %)
Gross Margin	254.6	26.3 %	300.2	27.9 %	(15.2 %)
Distribution Costs	(112.7)	(11.6 %)	(123.2)	(11.4 %)	(8.5 %)
Administrative Expenses	(75.2)	(7.8 %)	(88.4)	(8.2 %)	(15.0 %)
Profit before Income Tax Expenses	71.4	7.4 %	85.5	7.9 %	(16.4 %)
Income Tax Expenses	(8.9)	(0.9 %)	(1.8)	(0.2 %)	393.5 %
Net Profit	62.5	6.5 %	83.7	7.8 %	(25.3 %)
Net Profit : Owners of the Parent	62.8	6.5 %	84.4	7.8 %	(25.6 %)

บริษัท เต้าแก๋น้อย ฟู๊ดแมร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด จังหวัดสุพรรณบุรี 13210
โทร. 0 3592 3055

โรงงานหนองสี : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
Tel. +66 2108 6888



Revenue from Sales

The Company has revenue from sales in the first quarter in the amount of 968.2 million Baht **increased by 5.2 percent** from the same quarter of the previous year (decreased by 10.1 percent from Q4/2021) due to growth in international markets, particularly in the United States of America, Indonesia, Malaysia and Vietnam with the drastic increase in growth, and domestic growth from the economic recovery in the restaurant business and the ongoing branch expansion in the Bomber Dog business in this quarter.

In the first quarter, the Company's domestic sales account for 38.7 percent while international sales account for 61.3 percent.

Domestic Sales: Revenue from sales in the first quarter is 374.2 million Baht **decreased by 3.9 percent** from the same quarter of the previous year (decreased by 0.8 percent from Q4/2021) due to the decrease in sales in respect of "Just Drink" milk tea, as compared to the Company's new launch of this product in Q1/2021, coupled with the economic situations in 2020 which affected consumers' purchase power, thereby resulting decreasing sales. However, the Company's growth in its core seaweed business remained strong to maintain its market share at 63 percent.

International Sales: Revenue from sales in the first quarter is 594.0 million Baht **increased by 11.9 percent** from the same quarter of the previous year (decreased by 15.1 percent from Q4/2021) due to the market expansion in several countries, e.g., the United States of America, Indonesia, Malaysia, Hong Kong and Vietnam, by the launch of new products since 2021, thereby causing sales increase. However, China's sales which account for up to 24 percent remain unchanged as compared to the same quarter of the previous year. Given the COVID-19 pandemic in China, various major cities in China were locked down, which affect sales in this first quarter.

Gross Margin

In the first quarter, the Company has gross profit of 254.6 million Baht representing 26.3 percent of revenue from sales. The ratio of gross profit to sales revenue is **increased by 2.0 percent** from the same quarter of the previous year (decreased by 1.6 percent from Q4/2021). The increased gross profit rate from Q1/2021 was partially due to the Company's combination of its factories by relocating certain production machinery from Noppawong Factory to Rojana Factory, thereby enabling the Company to better manage its production and labor costs.

Distribution Costs

The Company has the distribution costs in the first quarter in the amount of 112.7 million Baht representing 11.6 percent of revenue from sales. The ratio of distribution costs to sales revenue is **increased by 1.0 percent** from the same quarter of the previous year (increased by 0.2 percent from Q4/2021). The ratio of distribution of costs to sales revenue was similar to the same quarter of the previous years, since the distribution costs relate to

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคีวัฒนา อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวงศ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Noppawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



sales revenue. The Company adjusted its marketing budget according to transportation circumstances to ensure the optimum efficiency.

Administrative Expenses

The Company has the administrative expenses in the first quarter in the amount of 75.2 million Baht representing 7.8 percent of revenue from sales. The ratio of administrative expenses to sales revenue is **decreased by 0.1 percent** from the same quarter of the previous year (decreased by 0.4 percent from Q4/2021). The decreased ratio of administrative expenses to sales revenue was the result of the Company's measures to manage and control expenses.

Net Profit: Owners of the Parent

The Company has the net profit in the first quarter in the amount of 62.8 million Baht representing 6.5 percent **increased by 11.7 percent** from the same quarter of the previous year. The ratio of net profit to sales revenue is **increased by 0.4 percent** from the same quarter of the previous year (decreased by 1.3 percent from Q4/2021). Such increased profit was the result of the cost management and the introduction of more machinery in the production, including efficient management of selling and marketing expenses. Despite the foregoing, the separate financial statements in this first quarter show the net profit in the amount of 74.9 million Baht which **increased by 5.4 percent** from the same quarter of the previous year.

Business Trends in the Second Quarter

The Company anticipates that in the second quarter of 2022, tourism business would gradually recover due to Thailand's reopening to tourists. Therefore, it is likely for the Company's sales to improve in respect of seaweed and restaurant business. With regard to international markets, the Company continues to monitor the situations in China and impact from container shortage for export on transportation costs in the second quarter, including the costs of raw materials and packages which tend to continuously rise. The Company still has no policy to increase the product prices, but will manage internal costs for the maximum efficiency without any impact on the overall profits.

Please be informed accordingly.

Yours sincerely,

(Mr. Jirapong Suntipiromkul)

Deputy Managing Director

Authorized to sign on behalf of the Company

Taokaenoi Food and Marketing PLC

บริษัท เต้าแกนน้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120 โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนา :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210 โทร. 0 3592 3055
โรงงานนพวงศ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140 โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120 Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210 Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140 Tel. +66 2108 6888