



TRANSLATION

17th May, 2022

Subject: Management Discussion and Analysis of the Consolidated Financial Statements of
Quarter 1 end of 31st March 2022

To: President
The Stock Exchange of Thailand

Haadthip Public Company Limited (“the Company”) would like to provide the explanation on the performance of Quarter 1, end of 31st March 2022 as follows;

1. Revenue from sales

In reference to the operating results of Q1/2022 that was reviewed by the Auditor, the Company’s consolidated financial statements of the period showed revenue from sales of Baht 1,686.0 million, increased by Baht 68.0 million or 4.2% from the same period of last year, driven by the beverage sales volume in an amount of 15.7 million-unit cases in Q1/2022, increased by 3.3% from 15.4 million-unit cases in Q1/2021. The sales revenue and volume growth drivers were:

- I. The tourism businesses started to slowly recover. The sale volume from convenient stores, supermarkets, hypermarkets and food shops (HORECA) increased by 31.2% from the same period of last year;
- II. The Company implemented Revenue Growth Management Initiatives through pack and channel mix in prompt response to increasing demand for the sales of single serve packages.

The Company continued to maintain its leadership in Non-Alcoholic Ready to Drink (NARTD) with market share of 25.9% and Sparkling Soft Drink (SSD) with market shares of 81.2% in Q1/2022.

2. Cost of sales and gross profit margin

The cost of sales amounted to Baht 1,026.3 million, an increase of Baht 79.7 million or 8.4% from the same period of last year as a consequence of the rise in sale volume by 3.3% and the rise in raw material prices due to commodity and fuel prices increase. Hence, the gross profit margin was 39.1%, a decrease of 2.4 percentage point from 41.5% from the same period of last year.

3. Distribution costs and administrative expenses

Distribution costs were Baht 347.3 million, increased by Baht 35.1 million or 11.2% from the same period of last year. Administrative expenses were Baht 199.3 million, increased by Baht 9.6 million or 5.1%. In total, SG&A expenses were Baht 546.7 million, increased by 8.8%, compared to Baht 502.3 million in the same period of last year. The increase was mainly due to:

- I. Sales promotion and marketing expenses increased by 21.4%, mainly due to the shifting in the distribution channels and the additional spending to support the partial recovery of market and tourism.
- II. Transportation costs increased by 26.9% from 2021 due to a rise in fuel price. The Company had partially mitigated the impact by fixed expense optimization.

4. Finance costs and income tax expenses

Finance costs were Baht 3.0 million, decreased by Baht 0.6 million or 16.2% as a result of the loan's principal payment from the Company. While earnings before tax decreased by Baht 3.2 million or 14.7% as a result of a decrease in income tax expenses.

5. Net profit and net profit margin

Net profit of the Company was Baht 103.2 million, a decrease of Baht 43.8 million or 29.8%, compared to Baht 147.0 million of the same period of last year. Net profit margin was 6.1%, decreased from 9.1% in the same period of last year. Profit attributable to owners of the parent was Baht 103.7 million, a decrease of Baht 43.7 million or 29.6%, compared to Baht 147.3 million from the same period of last year.

6. Profitability and Efficiency Ratios

Ratio	2022	2021
	Quarter 1	Quarter 1
Gross Profit Margin (%)	39.1	41.5
Net Profit Margin (%)	6.1	9.1
Return on Equity (%)	13.4	18.4
Return on Assets (%)	10.4	12.7

- Gross profit margin for Q1/2022 decreased by 2.4 percentage points due mainly to the rise in production costs .
- Net profit margin for Q1/2022 decreased by 3.0 percentage points as a result of the shifting in distribution channel and the rise of transportation cost.
- Return on Equity (12-month operating results) decreased by 5.0 percentage points as a direct result of a decrease in the Company's net profit for the last 12 months (1st April 2021 - 31st March 2022).
- Return on Assets (12-month operating results) decreased by 2.3 percentage points as a direct result of a decrease in the Company's earnings before tax for the last 12 months (1st April 2021 - 31st March 2022).

For your acknowledgement and further dissemination

Best regards,

Maj Gen.

(Patchara Rattakul)

Chief Executive Officer

Office of the Chief Executive Officer

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