

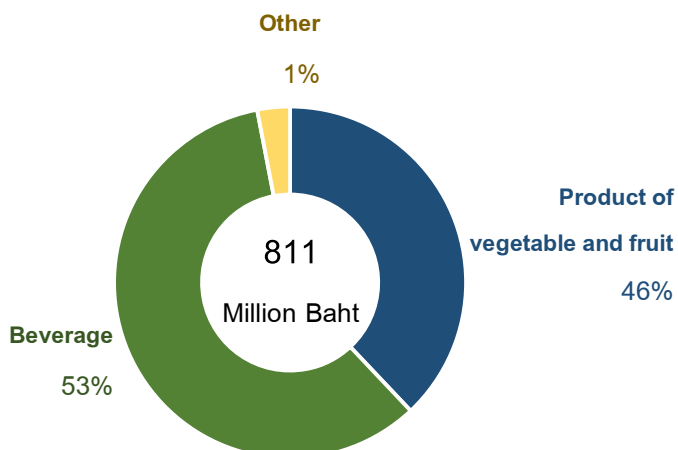


Tipco 029/2022

Management Discussion and Analysis Tipco Foods Public Company Limited**Performance in the 2nd quarter of 2022 and the first six-month of 2022****1. Consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2022**

Unit: Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2022	Q2 2021	Increase (Decrease)	%	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%
Sales	810,621	573,611	237,010	41%	1,426,273	1,124,227	302,046	27%
Other income	36,993	19,043	17,950	94%	67,603	46,343	21,260	46%
Total revenues	847,614	592,654	254,960	43%	1,493,876	1,170,570	323,306	28%
Total expenses	893,781	624,259	269,522	43%	1,582,221	1,263,142	319,079	25%
Loss before share of profit (loss) from investment in associate, finance cost and income tax expenses	(46,167)	(31,605)	(14,562)	(46%)	(88,345)	(92,572)	4,227	5%
Share of profit (loss) from investment in associate	137,567	203,286	(65,719)	(32%)	188,214	302,230	(114,016)	(38%)
Profit (loss) before finance cost and income tax expenses	91,400	171,681	(80,281)	(47%)	99,869	209,658	(109,789)	(52%)
Finance Income	3	4	1	(25%)	5	6	(109,789)	(52%)
Finance cost	(10,367)	(9,647)	720	7%	(20,472)	(19,981)	491	2%
Profit (loss) before income tax expenses	81,036	162,038	(81,002)	(50%)	79,402	189,683	(110,281)	(58%)
Income tax benefit (expenses)	4,387	3,814	573	(215%)	10,417	17,497	(7,080)	(40%)
Profit (loss) for the period	85,423	165,852	(80,429)	(48%)	89,819	207,180	(117,361)	(57%)

Operating Revenues Structure in the 2nd quarter of 2022**Product of vegetable and fruit**

Revenue from sales of vegetable and fruit processing products, health products, and agriculture business

Beverage

Revenue from sales of consumer business
Fruit Juice, vegetable Juice and mineral water

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1.1 Sales and service income

Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q2 2022	Q2 2021	Increase (Decrease)	%	Q2 2022	Q2 2021	Increase (Decrease)	%	Q2 2022	Q2 2021	Increase (Decrease)	%	Q2 2022	Q2 2021	Increase (Decrease)	%
Sales	374	195	179	92%	428	375	53	14%	9	4	5	125%	811	574	237	41%

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%
Sales	608	400	208	52%	805	718	87	12%	13	6	7	117%	1,426	1,124	302	27%

In the 2nd quarter of 2022, the Company and its subsidiaries reported Sales of Baht 811 million, an increase of 41% from the same period last year. Major sales come from 2 businesses (1) Sales from products of vegetables and fruit increased by Baht 179 million from the 2nd quarter of 2021, this was mainly due to the impact of the COVID-19 situation has improved in a better direction causing an increase in export volume compared to the same period last year. In addition, to the continuing depreciation of the Thai Baht, overall sales revenue for the first six-month of 2022 increased by Baht 208 million or 52% compared to the same period of the previous year. (2) Sales from beverages increased by Baht 53 million from the 2nd quarter of 2021, this was mainly due to the subsidiary sells products through its own sales channel (Self-Distribution) in addition to selling through the distributor. As a result, the overall revenue for the first six-month of 2022 increased by Baht 87 million or 12% compared to the same period of the previous year.

1.2 Operating Expenses

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2022	Q2 2021	Increase (Decrease)	%	For the six-month 2022	For the six-month 2021	Increase (Decrease)	%
Cost of sales	639,990	443,220	196,770	44%	1,144,763	886,771	257,992	29%
Selling and distribution expenses	143,104	81,742	61,362	75%	221,701	164,947	56,754	34%
Administrative expenses	110,687	95,634	15,053	16%	215,757	198,812	16,945	9%
Loss on exchange	-	3,663	(3,663)	(100%)	-	12,612	(12,612)	(100%)
Total expenses	893,781	624,259	269,522	43%	1,582,221	1,263,142	319,079	25%

In the 2nd quarter of 2022, the Company and its subsidiaries reported a total operating expense of Baht 894 million increase of 43% compared to the same period of last year, the main reasons are as follows.

1. Cost of sales increased by Baht 197 million, in the line with the increase in sales revenue in the 2nd quarter of 2022.
2. Selling and distribution expenses increased by Baht 61 million, mainly due to an increase in sales and promotion expenses of Baht 46 million, most of the expenses are related to selling products through its own sales channel (Self-Distribution).

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3. Administrative expenses increased by Baht 15 million, an increase from the organizational restructuring in the 3rd quarter and the 4th quarter of 2021.
4. Loss on exchange decreased by Baht 4 million as a result of the depreciation of the Thai Baht compared to the same period last year (2021: BHT per USD 31-32, 2022: BHT per USD 33-35).

Overall, for the six-month period, the Company and its subsidiaries reported operating expenses of Baht 1,582 million which increased by 25% from the same period of the previous year. The main reason is from

1. An increase in costs of sales in line with increases in sales revenue and the effect of the Russia-Ukraine War make the cost of raw materials, packaging, and shipping costs have increased compared to the same period of the previous year. Therefore, the gross profit margin has slightly dropped from 21% in the first six-month of 2021 to 20% in the first six-month of 2022.
2. Selling and distribution expenses increased by Baht 222 million, increasing from market expansion, especially for new products.
3. Administrative expenses increased by Baht 17 million due to the restructuring of the organization in the 3rd and 4th quarters of 2021.
4. Loss on foreign exchange decreased by Baht 13 million as a result of the depreciation of the Thai Baht, compared to the same period last year (2021: BHT per USD 30-32, 2022: BHT per USD 33-35).

1.3 Share of profit from investment in associate

In the 2nd quarter of 2022, the Company reported a share of profit from investment in associate of Baht 138 million decreased by 32% compared to the same period of last year.

For the six-month of 2022, the Company reported a share of profit from investment in associate of Baht 188 million decreased by 38% compared to the same period of last year.

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2. Consolidated statements of financial position as at 30 June 2022

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Jun-22	31-Dec-21	Increase (Decrease)	%
Assets				
Current assets	1,295,757	1,119,600	176,157	16%
Non-current assets	5,026,044	5,318,505	(292,461)	(5%)
Total assets	6,321,801	6,438,105	(116,304)	(2%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,829,471	1,528,317	301,154	20%
Non-current liabilities	340,671	508,893	(168,222)	(33%)
Total liabilities	2,170,142	2,037,210	132,932	7%
Shareholders' equity				
Total shareholders' equity	4,151,659	4,400,895	(249,236)	(6%)
Total liabilities and shareholders' equity	6,321,801	6,438,105	(116,304)	(2%)

2.1 Assets

At the end of the 2nd quarter of 2022, the Company and its subsidiaries reported total assets of Baht 6,322 million. A decrease of Baht 116 million from Baht 6,438 million at the end of 2021 was mainly due to

1. An increase in net trade accounts receivable of Baht 108 million which mainly came from the vegetable and fruit products business of Baht 81 million.
2. Net inventories increased by Baht 81 million, mainly from the beverage business of Baht 49 million.
3. A decrease in investment in associate of Baht 183 million due to a decrease in profit sharing from investment in an associate.
4. Property, plant and equipment decreased from normal depreciation for the period of Baht 123 million.

2.2 Liabilities

As of June 30, 2022, the Company and its subsidiaries reported total liabilities of Baht 2,170 million. An increase of Baht 133 million from Baht 2,037 million at the end of 2021 was mainly due to

1. A net increase of short-term loans from financial institutions amounting to Baht 225 million for liquidity management within the Group.
2. Long-term loans from financial institutions decreased by Baht 153 million from normal repayment as scheduled.

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2.3 Shareholders' equity

The Company and its subsidiaries' equity decreased by Baht 249 million from Baht 4,401 million at the end of 2021 to Baht 4,152 million at the end of the 2nd quarter of 2022, mainly as a result of

1. Net profit for the first six-month of 2022 amounting to Baht 90 million.
2. The Company paid dividends to shareholders of Baht 280 million in the 2nd quarter of 2022.

3. Consolidated cash flow statement for the six-month period ended June 30, 2022

Unit : Thousand Baht

Cash flow statement	Consolidated for the six-month period end 30 June 2022
Cash flows from operating activities	
Net cash flows from operating activities	3,620
Cash flows from investing activities	
Net cash flows from investing activities	245,781
Cash flows from financing activities	
Net cash flows used in financing activities	(244,337)
Net increase in cash and cash equivalents	5,064
Cash and cash equivalents at beginning of period	78,109
Cash and cash equivalents at end of period	83,173

For the first six-month of 2022, the Company and its subsidiaries reported a net increase in cash and cash equivalents of Baht 5 million from 3 main activities:

1. Net cash from operating activities of Baht 3 million; with operating assets (trade accounts receivable and inventories) increased totaling Baht 168 million and operating liabilities (trade accounts payable) increased by Baht 94 million.
2. Net cash from investing activities amounted to Baht 246 million. The main cash flow came from dividend income from associates of Baht 296 million.
3. Net cash used in financing activities of Baht 244 million, consisting of an increase in short-term loans of Baht 225 million, dividends paid to shareholders of Baht 280 million, and repayment of long-term loans from financial institutions of Baht 153 million.

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4. Financial Ratio from consolidated financial statements for the six-month period ended June 30, 2022

Profitability ratios	Consolidated financial statements		Changes
	For the six-month 30 June 2022	For the six-month 30 June 2021	
Gross Profit Margin	20%	21%	(1%)
EBITDA Margin	19%	36%	(17%)
Net Profit Margin	6%	18%	(12%)
Return on Equity	2%	5%	(3%)
The Capacity to pay and liquidity ratios	30-Jun-21	31-Dec-20	Changes
Debt to equity ratio (Times)	0.52	0.46	0.06
Liquidity ratio (Times)	0.71	0.73	(0.02)

The Company and its subsidiaries' gross profit margin slightly decreased from 21% in the first half of 2021 to 20% in the first half of 2022, mainly due to the price of raw materials, packaging and transportation costs being higher compared to the same period of the previous year.

EBITDA Margin drop from 36% in the first half of 2021 to 19% in the first half of 2022, mainly due to a decrease in the share of profit from investment in an associated company to Baht 114 million or 38% compared to the same period last year. This is the same reason that both net profit margin and return on equity were lower compared to the same period last year.

Debt to equity ratio increased from 0.46 times at the end of 2021 to 0.52 times at the end of the 2nd quarter of 2022, mainly due to an increase in short-term borrowings from financial institutions. while the shareholders' equity decreased due to the decrease in profit sharing from the associated company.

Liquidity ratio slightly decreased to 0.71 times at the end of 2nd quarter of 2022 from 0.73 times at the end of 2021, due to an increase in short-term borrowings from financial institutions.

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