

9 August 2022

Re Management Discussion and Analysis for the second quarter and 6-months period of 2022 (Amended)
 Attn. The President
 The Stock Exchange of Thailand (SET)

R&B Food Supply Public Company Limited and its subsidiaries would like to notify the operating results stated in consolidated financial statements for the second quarter and 6-months period of year 2022 with the following details:

Revenues Structure

The revenues of manufacturing and distributing of Food Ingredients that are classified into 6 categories as follows:

- 1.1. Flavour, Fragrance & Color
- 1.2. Food Coating
- 1.3. Dry
- 1.4. Frozen
- 1.5. Packaging (Plastic)
- 1.6. Trading Goods

Analysis of Operating Results

Profit or Loss (In Million Baht)	Three months period (April - June)		Change		Six months period (January - June)		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
	Revenue from sales and rendering services	978.35	788.35	190.01	24.10%	1,962.58	1,633.29	329.29
Cost of goods sold and rendering services	(643.43)	(489.25)	(154.18)	31.51%	(1,258.12)	(989.41)	(268.71)	27.16%
Gross profit	334.92	299.10	35.83	11.98%	704.46	643.88	60.58	9.41%
Gain (loss) on exchange rate	2.10	1.40	0.70	50.15%	14.20	(0.81)	15.00	-1861.78%
Other income	0.78	0.41	0.36	88.41%	5.01	1.81	3.20	176.78%
Selling expenses	(62.74)	(49.52)	(13.23)	26.72%	(124.82)	(104.42)	(20.40)	19.54%
Administrative expenses	(127.03)	(108.86)	(18.17)	16.69%	(249.31)	(220.02)	(29.29)	13.31%
Net impairment losses on financial assets	1.56	(8.46)	10.02	-118.44%	2.58	(10.73)	13.31	-124.08%
Finance costs	(2.32)	(1.83)	(0.49)	27.00%	(4.61)	(3.56)	(1.05)	29.61%
Profit before income tax expense	147.27	132.24	15.02	11.36%	347.50	306.15	41.35	13.51%
Income tax expense	(30.98)	(27.66)	(3.33)	12.03%	(65.50)	(62.83)	(2.66)	4.24%
Profit for the period from continuing operations	116.28	104.59	11.69	11.18%	282.00	243.32	38.69	15.90%
Gain (loss) from discontinued operations - net of tax	-	3.85	(3.85)	-100.00%	-	(58.74)	58.74	-100.00%
Profit for the period	116.28	108.44	7.84	7.23%	282.00	184.58	97.42	52.78%
Profit attributable to:								
Non-controlling interests	0.99	0.46	0.53	114.58%	3.85	1.58	2.27	143.34%
Owners of the parent	115.29	107.98	7.31	6.77%	278.16	183.00	95.16	52.00%

- 3) Increase in trade account receivable and other account receivable of THB 100.92 million, mainly due to
 - the increase in trade account receivable of THB 57.50 million, mainly from the increase in both domestic and oversea sales;
 - the increase in advance payment of THB 30.53 million, mainly from advance payment to suppliers and the deposit account for machineries from both of Thailand and oversea subsidiaries;
 - the increase in prepaid expenses of THB 3.63 million, which was mainly from the renewal of compulsory fire insurance policy.
- 4) Increase in property, plant, and equipment of THB 82.95 million, mainly due to an increasing in the investment in both of Thailand and abroad for machinery, equipment, land and asset under construction of THB 170.99 million and net offset with depreciation during in period of THB 91.38 million
- 5) Increase in the investment in a joint venture ,RBS - TU Food Ingredients Private Limited of THB 18.22 million
- 6) Decrease in right-of-use assets of THB 5.75 million, mainly derived the depreciation charged for the period of THB 12.99 million, the termination of the old right-of-use assets of THB 2.69 million, and the additional of new right-of-use assets of THB 9.94 million.

Liabilities

As at 30 June 2022, the Group had the total liabilities of THB 847.12 million, which was 16.73% of the total assets, increased by THB 78.16 million (YoY 10.16%) compared to 31 December 2021 which the total liabilities were THB 768.97 million, equaled to 15.36% of the total assets. The significant changes in liabilities caused from

- 1) the increase in trade account payables of THB 27.52 million mainly due to an increase in purchasing in raw materials and finished goods in order to support the increase in sales;
- 2) the increase in other account payables of THB 14.68 million mainly due to investment in machineries, equipment and construction in progress;
- 3) the increase in income tax payable of THB 27.24 million;
- 4) the increase in accrued expenses of THB 11.40 million mainly due to payable for salary base increment and accrued sale commission resulted from increased in sales;
- 5) net offset with the decrease in other current liabilities of THB 4.39 million.

Financial Ratios for the period as at 30 June 2022

compared to Financial Ratios as at 31 December 2021

1) Liquidity ratio

1.1 As at 30 June 2022, the current ratio was at 4.78 times, indicating that liquidity management is good and decreased compared to the current ratio as of 31 December 2021, which averaged at 5.50 times, because during the first 6 months of 2022, the cash balance decreased from the investment for business expansion in domestic and its subsidiaries and joint venture in foreign countries. In addition, the current liabilities increased from the increase in trade accounts payable and income tax payable.

1.2 As at 30 June 2022, the cash cycle was 181 days, a decreased of 6 days compared to the cash cycle as of 31 December 2021 was 187 days. The improvement came from better debt collection by 10 days.

Financial Ratios	Six months period as at 30 Jun. 2022	For the year as at 31 Dec. 2021
<u>Liquidity Ratio</u>		
Current Ratio (Time)	4.78	5.50
Quick Ratio (Time)	2.81	3.67
Average Collection Period (Day)	78	88
Average Sale Period (Day)	157	150
Average Payment Period (Day)	54	51
Cash Cycle (Day)	181	187

2) Profitability ratio

2.1 As at 30 June 2022, the Gross profit margin was at 35.89% decreased from 37.18% of gross profit margin as of 31 December 2021. Declining average gross margin came from the proportion of the sales revenue in the low-margin product group increased more than the sales revenue of high-margin product group. In addition, the higher cost of some raw materials of Flavour, Fragrance & Color category and Food Coating category due to the price adjustment in the world market resulted in the higher cost of both categories.

2.2 As at 30 June 2022, Return on Equity (ROE) was at 12.60% increased from 10.10% of Return on Equity as of 31 December 2021.

3) Efficiency ratio

3.1 As at 30 June 2022, the Return on Asset (ROA) was at 13.36% increased from 12.27% of Return on Asset as of 31 December 2021.

Financial Ratios	Six months period as at 30 Jun. 2022	For the year as at 31 Dec. 2021
<u>Profitability Ratio</u>		
Gross Profit Margin (%)	35.89	37.18
Operating Profit Margin (%)	16.83	17.60
Net Profit Margin (%)	14.33	12.47
Return on Equity (ROE%)	12.60	10.10
<u>Efficiency Ratio</u>		
Return on Asset (ROA%)	13.36	12.27
<u>Financial policy Ratio</u>		
Debt to Equity Ratio (Time)	0.20	0.18

Yours Sincerely

Suranart Kittirattanadetch
Chief Financial Officer
R&B Food Supply Public Company Limited