

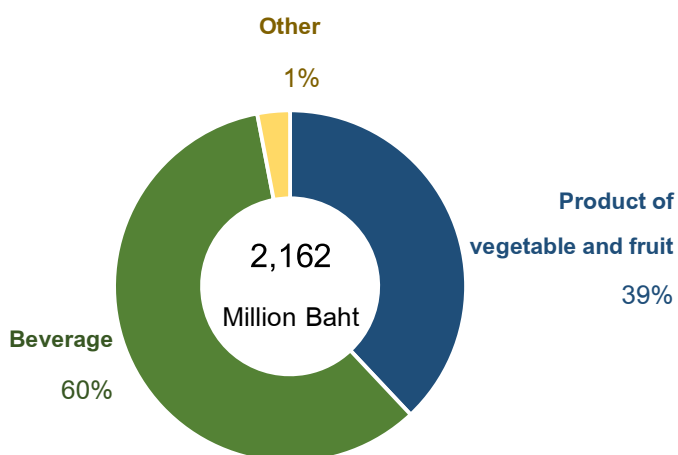


Tipco 035/2022

Management Discussion and Analysis Tipco Foods Public Company Limited**Performance in the 3rd quarter of 2022 and the nine-month period ended 30 September 2022****1. Consolidated statements of comprehensive income****For the three-month and nine-month periods ended 30 September 2022 and 2021**

Unit: Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2022	Q3 2021	Increase (Decrease)	%	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%
Sales	735,933	666,743	69,190	10%	2,162,206	1,790,970	371,236	21%
Other income	18,530	14,128	4,402	31%	86,038	60,471	25,567	42%
Total revenues	754,463	680,871	73,592	11%	2,248,244	1,851,441	396,803	21%
Total expenses	817,263	662,550	154,713	23%	2,399,389	1,925,692	473,697	25%
Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses	(62,800)	18,321	(81,121)	443%	(151,145)	(74,251)	(76,894)	(104%)
Share of profit (loss) from investment in associate	119,393	88,684	30,709	35%	307,607	390,914	(83,307)	(21%)
Profit (loss) before finance cost and income tax expenses	56,593	107,005	(50,412)	(47%)	156,462	316,663	(160,201)	(51%)
Finance Income	2	2	-	0%	7	8	(1)	(13%)
Finance cost	(10,789)	(9,479)	1,310	14%	(31,261)	(29,460)	1,801	6%
Profit (loss) before income tax expenses	45,806	97,528	(51,722)	(53%)	125,208	287,211	(162,003)	(56%)
Income tax benefit (expenses)	6,297	3,409	(2,888)	(285%)	16,714	20,906	4,192	(20%)
Profit (loss) for the period	52,103	100,937	(48,834)	(48%)	141,922	308,117	(166,195)	(54%)

Operating Revenues Structure for the nine-month period ended 30 September 2022**Product of vegetable and fruit**

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

BeverageRevenue 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	
	Q3 2022	Q3 2021	Increase (Decrease)	%	Q3 2022	Q3 2021	Increase (Decrease)	%	Q3 2022	Q3 2021	Increase (Decrease)	%	Q3 2022	Q3 2021	Increase (Decrease)	%
Sales	233	249	(16)	(6%)	495	410	85	21%	8	8	-	0%	736	667	69	10%

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%
Sales	841	649	192	30%	1,299	1,128	171	15%	22	14	8	57%	2,162	1,791	371	21%

In the 3rd quarter of 2022, the Company and its subsidiaries reported Sales of Baht 736 million, an increase of 10% from the same period last year. Major sales come from 2 businesses 1) Sales from beverages increased by Baht 85 million from the 3rd quarter of 2021, this was mainly due to the increase of export sales products and new product releases (NPD) through its own sales channels (Self-Distribution) in addition to selling through the distributor. As a result, the overall revenue of the beverage business increased by Baht 171 million or 15% compared to the same period of the previous year.

2) Sales from vegetables and fruit products decreased by Baht 16 million from the 3rd quarter of 2021, mainly due to a decrease in herbal product group revenue, especially for the Andrographis paniculate extract which generate sales during the COVID period. While the overall revenue of vegetable and fruit products increased by Baht 192 million or 30% compared to the same period last year. The main reason is an increase in export sales of processed fruit products.

1.2 Operating Expenses

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2022	Q3 2021	Increase (Decrease)	%	For the nine-month 2022	For the nine-month 2021	Increase (Decrease)	%
Cost of sales	567,331	485,974	81,357	17%	1,712,094	1,372,745	339,349	25%
Selling and distribution expenses	140,139	70,265	69,874	99%	361,840	235,212	126,628	54%
Administrative expenses	109,793	105,018	4,775	5%	325,455	303,830	21,625	7%
Loss on exchange	-	1,293	(1,293)	100%	-	13,905	(13,905)	(100%)
Total expenses	817,263	662,550	154,713	23%	2,399,389	1,925,692	473,697	25%

In the 3rd quarter of 2022, the Company and its subsidiaries reported a total operating expense of Baht 817 million increase of 23% compared to the same period of last year, the main reasons are as follows.

- Cost of sales increased by Baht 81 million, in the same direction as the increase in revenue and from the impact of raw material costs that increased significantly compared to the same period of the previous year.

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- Selling and distribution expenses increased by Baht 70 million, mainly due to the change in the distribution policy. This has resulted in an increase in sales and distribution expenses and including sales team management expenses.
- Administrative expenses increased by Baht 5 million, mainly due to expenses related to production that were not in the operational plan.

For the nine-month of 2022, the Company and its subsidiaries reported operating expenses of Baht 2,399 million which increased by 25% from the same period of the previous year. The main reason is from

- An increase in costs of sales in line with increases in sales revenue and the impact of material costs have increased compared to the same period of the previous year.
- Selling and distribution expenses increased by Baht 127 million, mainly due to the change in distribution policy at the end of the 1st quarter of 2022, selling expenses through its own channel (Self-Distribution).
- Administrative expenses increased by Baht 22 million, mainly due to unplanned expenses in the 3rd quarter of 2022.

1.3 Share of profit from investment in associate

In the 3rd quarter of 2022, the Company reported a share of profit from investment in associate of Baht 119 million increased by 35% compared to the same period of last year.

For the nine-month period of 2022, the Company reported a share of profit from investment in associate of Baht 308 million decreased by 21% compared to the same period of last year.

1.4 Finance cost

In the 3rd quarter of 2022, the Company and its subsidiaries reported financial cost of Baht 11 million, or an increase by 14% compared to the same period of last year.

For the nine-month of 2022, the Company and its subsidiaries reported financial cost of Baht 31 million or an increase of 6% compared to the same period of last year.



2. Consolidated statements of financial position as of 30 September 2022

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Sep-22	31-Dec-21	Increase (Decrease)	%
Assets				
Current assets	1,131,388	1,119,600	11,788	1%
Non-current assets	5,386,876	5,318,505	68,371	1%
Total assets	6,518,264	6,438,105	80,159	1%
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,740,825	1,528,317	212,508	14%
Non-current liabilities	288,713	508,893	(220,180)	(43%)
Total liabilities	2,029,538	2,037,210	(7,672)	(0%)
Shareholders' equity				
Total shareholders' equity	4,488,726	4,400,895	87,831	2%
Total liabilities and shareholders' equity	6,518,264	6,438,105	80,159	1%

2.1 Assets

As of 30 September 2022, the Company and its subsidiaries reported total assets of Baht 6,518 million.

A decrease of Baht 80 million from Baht 6,438 million at the end of 2021 was mainly due to

- An increase in investment in associate of Baht 221 million.
- Net inventories decreased by Baht 19 million, mainly from the net increase of Baht 35 million in inventories of the beverage business and from the net decrease of Baht 67 million in inventories of processed fruit under products of vegetables and fruit.
- An increase in net trade accounts receivable of Baht 26 million, which mainly came from the beverage business.
- Property, plant and equipment decreased from normal depreciation for the period of Baht 194 million.

2.2 Liabilities

As of 30 September 2022, the Company and its subsidiaries reported total liabilities of Baht 2,030 million.

A decrease of Baht 8 million from Baht 2,037 million at the end of 2021 was mainly due to

- A net increase in short-term loans from financial institutions amounting to Baht 260 million for liquidity management within the Group.
- Long-term loans from financial institutions decreased by Baht 206 million from normal repayment as scheduled.

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2.3 Shareholders' equity

As of 30 September 2022, the Company and its subsidiaries' equity increased by Baht 88 million from Baht 4,401 million at the end of 2021 to Baht 4,489 million at the end of the 3rd quarter of 2022, mainly as a result of

- Net profit for the nine-month period of 2022 amounting to Baht 142 million.
- The Company paid dividends to shareholders of Baht 280 million in the 2nd quarter of 2022.

3. Consolidated cash flow statement for the nine-month period ended 30 September 2022

Unit : Thousand Baht

Cash flow statement	Consolidated financial statements 9 months ended 30 Sep 2022
Cash flows from operating activities	
Net cash flows from operating activities	83,974
Cash flows from investing activities	
Net cash flows from investing activities	219,493
Cash flows from financing activities	
Net cash flows used in financing activities	(297,772)
Net increase in cash and cash equivalents	5,695
Cash and cash equivalents at beginning of period	78,109
Cash and cash equivalents at end of period	83,804

For the nine-month period ended 30 September 2022, the Company and its subsidiaries reported a net increase in cash and cash equivalents of Baht 84 million from 3 main activities:

- Net cash from operating activities of Baht 84 million mainly comes from operating profit.
- Net cash from investing activities amounted to Baht 219 million. The main cash flow came from dividend income from associates of Baht 296 million.
- Net cash used in financing activities of Baht 298 million, consisting of an increase in short-term loans of Baht 260 million, dividends paid to shareholders of Baht 280 million, and repayment of long-term loans from financial institutions of Baht 253 million.

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**4. Financial Ratio from consolidated financial statements****For the nine-month period ended 30 September 2022 and 2021**

Profitability ratios	Consolidated financial statements		Changes
	For the nine-month	For the nine-month	
	30 Sep 22	30 Sep 21	
Gross Profit Margin	21%	23%	(3%)
EBITDA Margin	19%	33%	(15%)
Net Profit Margin	6%	17%	(10%)
Return on Equity	3%	7%	(4%)
The Ability to pay and liquidity ratios	30-Sep-22	31-Dec-21	Changes
Debt to equity ratio (Times)	0.45	0.46	(0.01)
Liquidity ratio (Times)	0.65	0.73	(0.08)

The Company and its subsidiaries' gross profit margin decreased from 23% for the nine-month period ended 30 September 2021 to 21% for the nine-month period ended 30 September 2022, mainly due to the impact of material prices, packaging and transportation expenses being higher compared to the same period of the previous year.

EBITDA Margin drop from 33% for the nine-month period ended 30 September 2021 to 19% for the nine-month period ended 30 September 2022, mainly due to a decrease of Baht 83 million in the share of profit from investment in an associated company or 21% 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 2022 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.

The financial ratios regarding the ability to pay and liquidity ratios for the nine-month period ended 30 September 2022 were slightly changed from the end of 2021.

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