

Management Discussion and Analysis For Quarter 3 Ended September 30, 2022

Summary of Performance	Q3/21	Q2/22	Q3/22	Change		M9/21	M9/22	Change
				+/-				+/-
Unit: Million Baht				%YoY	%QoQ			%YoY
Total Income	277.0	443.2	382.2	38.0%	-13.8%	765.4	1,215.7	58.8%
Gross Profit	83.2	140.1	117.0	40.6%	-16.5%	209.9	367.5	75.1%
EBITDA	39.3	109.2	78.5	99.8%	-28.1%	110.3	257.3	133.2%
Net Profit	22.3	77.3	53.0	137.3%	-31.5%	60.7	177.1	191.8%
Gross Profit Rate (%)	30.1%	32.3%	31.1%	3.4%	-3.5%	27.5%	30.7%	11.7%
EBITDA Rate (%)	14.2%	24.6%	20.5%	44.8%	-16.6%	14.4%	21.2%	46.8%
Net Profit Rate (%)	8.1%	17.4%	13.9%	72.0%	-20.6%	7.9%	14.6%	83.7%

Q3/2022 vs Q3/2021

Royal Plus Public Company Limited or PLUS (“the Company”) the Company's total revenue in the third quarter of 2022 was 382.2 million baht, an increase of 105.2 million baht or 38.0% from the third quarter of 2021. The Company's performance has grown steadily as since the end of 2021, customers have pre-orders and products are delivered to customers as planned. PLUS's products are increasingly demanded by customers in the Americas, thus continually increasing their sales.

- Gross profit was 117.0 million baht, an increase of 33.8 million baht or 40.6% compared to the third quarter of 2021, and this is consistent with the increased sales volume.
- Gross profit margin was 31.1%, an increase of 3.4 % compared to the third quarter of 2021 as per the ratio of the sales volume.
- Net profit was 53.0 million baht, an increase of 30.7 million baht or 137.3% compared to the third quarter of 2021 based on sales growth and effective cost and expense control.
- Net profit margin was 13.9 %, an increase of 72.0 % compared to the third quarter of 2021, The improvement was in line with sales revenue ratio as well as effective cost management and cost control and lower finance costs.

Q3/2022 vs Q2/2022

Royal Plus Public Company Limited or PLUS (“the Company”) the Company's total revenue in the third quarter of 2022 was 382.2 million baht, a decrease of 61.0 million baht or 13.8 % from the second quarter of 2022. Due to the vessel delay of the shipment at the end second quarter of 2022, the stock of customers in the United States is unable to be sold out as scheduled. This caused a slowdown in the purchase orders in the 3rd quarter. However, the company's operating results are still efficient and profitable.

- Gross profit was 117.0 million baht, a decrease of 23.1 million baht or 16.5% compared to the second quarter of 2022, in line with lower sales.
- Gross profit margin was 31.1%, a decrease of 3.5% compared to the second quarter of 2022, as per the ratio of the sales volume
- Net profit was 53.0 million baht, a decrease of 24.4 million baht or 31.5% compared to the second quarter of 2022 based on sales and effective cost and expense control.
- Net profit margin was 13.9%, decreased by 20.6% compared to the second quarter of 2022, less by sales ratio.

M9/2022 vs M9/2021

Royal Plus Public Company Limited or PLUS (“the Company”) the Company's total revenue for the 9-month period of 2022 was 1,215.7 million baht, an increase of 450.3 million baht or 58.8% over the same period of the previous year. The Company's performance has grown steadily because since the end of 2021, customers have pre-orders and deliveries to customers are on schedule. PLUS's products have become more popular and demanded by customers in the Americas, thus increasing the sales of products steadily.

- Gross profit was 367.5 million baht, an increase of 157.6 million baht or 75.1% compared to the same period of 2021, in line with increased sales.
- Gross profit margin was 30.7 %, an increase of 11.7% compared to the same period of 2021 in proportion to sales.
- Net profit was 177.1 million baht, an increase of 116.4 million baht or 191.8% compared to the same period of 2021 in line with sales growth and effective cost and expense control.
- Net profit margin was 14.6%, an increase of 83.7% compared to the same period of 2021, The improvement was in line with the sales revenue ratio as well as from effective cost management and cost control and lower finance costs.

Business Overview

Overall revenue growth for 9 months of 2022 has a growth from the same period of 2021, a growth of 58.8% especially coconut water and coconut milk products. This was due to lower freight rates and better vessel, especially in the United States, together with the depreciation of baht currency in 16 years, which was a positive factor that drove total revenue to above target.

In the 9-month total gross profit of 2022, accounted for 30.7% of total sales revenue. There was a growth of 75.1% from the same period of the year 2021 and the 9-month net profit of 2022 accounted for 14.6% of total revenue. There was 191.8% growth from the same period of 2021.

In the last 3 quarters, PLUS has continued to focus its strategy on Focus Customers, a group of large customers with potential to drive sales. But the impact of lockdown measure on customers in China has slowed down orders and there hasn't been any improvement in the situation. There has been a continuous impact from the first half of 2022, resulting in lower sales than target in China and PLUS has continued to follow up with customers in China. However, there are positive impact on the performance in this year, for example, the freight costs, especially to the Americas, has decreased freight charges before COVID-19 period, vessel's space has been increased and the depreciation of Thai baht against the US dollar has continued to depreciate and the currency is at the highest level in 16 years, etc. However, management continues to monitor other ongoing impacts such as inflation, economic recession, political and international economic conditions including the states of Russia-Ukraine, Taiwan-China and America-China, etc., as well as various emerging epidemic situations such as new strains of COVID-19 and monkey pox, etc.

PLUS remains committed to manage manufacturing costs in order to create economies of scale in production. This keeps the main production costs on target, although energy, packaging and raw material costs have partially increased, while the cost of key raw materials such as coconut water and coconut meat tend to be stable. However, such factors in the past 3 quarters have not significantly affected the overall cost of PLUS. However, the management continues to monitor and assess the situation closely

The Company's Performance

Performance	Q3/21	Q2/22	Q3/22	Change		M9/21	M9/22	Change
				+/-				
Unit: million Baht				%YoY	%QoQ			%YoY
Income from Sales	276.3	434.4	375.9	36.0%	-13.5%	762.5	1,195.3	56.8%
Sales Cost	193.1	294.3	258.9	34.1%	-12.0%	552.6	827.8	49.8%
Gross Profit	83.2	140.1	117.0	40.6%	-16.5%	209.9	367.5	75.1%
% of Gross Profit	30.1%	32.3%	31.1%			27.5%	30.7%	
Other income	0.7	8.8	6.3	800.0%	-28.4%	2.9	20.4	603.4%
Total revenues	277.0	443.2	382.2	38.0%	-13.8%	765.4	1,215.7	58.8%
Distribution expense	19.1	23.6	24.4	27.7%	3.4%	51.5	80.9	61.0%
Administrative expense	34.8	27.8	32.9	-5.5%	18.3%	78.5	82.7	5.4%
Profit from Operations	30.0	97.6	65.9	119.7%	-32.5%	82.8	222.3	168.5%
Financial cost	1.8	1.0	0.0	-100.0%	-100.0%	7.1	1.5	-78.9%
Income tax	5.9	19.3	12.9	118.6%	-33.2%	15.0	43.8	192.0%
Net Profit	22.3	77.3	53.0	137.3%	-31.5%	60.7	177.1	191.8%
% of Net Profit	8.1%	17.4%	13.9%			7.9%	14.6%	

Company results, overview of operating results for the third quarter of 2022

The Company's sales revenue was 375.9 million baht, an increase of 36.0% compared to the same period of the previous year. The Company's performance has grown steadily for both the Americas and Asia customers.

The Company's total cost of sales was 258.9 million baht, an increase of 34.1% compared to the same period of the previous year in accordance with the ratio of sales growth. However, the Company continued to control production costs and cost of sales to be efficient in accordance with the gross profit margin target.

The Company's gross profit was 117.0 million baht or 31.1%, an increase of 40.6% compared to the same period of the previous year. This corresponds to the increased revenue from the sale of products and the effective control of sales costs and production costs.

The Company's distribution expenses were 24.4 million baht, an increase of 27.7% compared to the same period of the previous year. This is due to the increase in export expenses and transportation costs, in line with the increasing sales proportion.

The Company had administrative expenses equal to 32.9 million baht, decreased by 5.5% compared to the same period of the previous year. This is because the Company is able to reduce costs related to its employees more efficiently.

The Company's operating profit is 65.9 million baht, increased by 119.7 percent compared to the same period of the previous year. This is mainly due to the management of production costs, cost of sales, and more efficient cost control.

The Company's financial cost was 0.0 million baht, a decrease of 100% compared to the same period of the previous year, a decrease due to early loan repayment during the past 2 quarters. In addition, the Company has better liquidity from operations, resulting in reduced use of short-term credit lines and no interest burden on such loans.

The Company's net profit for the third quarter of 2022 was 53.0 million baht, the net profit ratio was 13.9%, an increase of 30.7 million baht or 137.3% compared to the same period of the previous year, which has a net profit of 22.3 million baht and a net profit margin of 8.1%

The Company's Statement of Financial Position

(Unit : million Baht)	30 September 2022	31December 2021	% Change
Total current asset	943.8	231.3	308.0%
Total non-current asset	558.9	495.2	12.9%
Total Asset	1,502.7	726.5	106.8%
Total current liability	269.1	299.6	-10.2%
Total non-current liability	9.1	65.7	-86.2%
Total Liability	278.2	365.3	-23.8%
Capital	1,008.7	262.5	284.3%
Accumulated profit	215.8	98.7	118.6%
Total shareholders' equity	1,224.5	361.2	239.0%

Assets

As of September 30, 2022, the Company had total assets of 1,502.7 million baht, an increase of 106.8% from the end of 2021. Current assets amounted to 943.8 million baht, an increase of 308% from cash and cash equivalents. Trade accounts receivable are in line with increased product sales revenue and pre-packaged deposits to ensure production in the next quarter. Other current assets increased due to VAT benefits pending refund. Non-current assets amounted to 558.9 million baht, an increase of 12.9% from deposits and investments in assets according to the Company's capacity expansion plan for machinery and other assets to support the expanding market that is growing continuously.

Royal Plus Public Company Limited

Liabilities

As of September 30, 2022, the Company had total liabilities of 278.2 million baht, a decrease of 23.8% from the end of 2021. Current liabilities amounted to 269.1 million baht, a decrease of 10.2% due to the Company's liquidity from capital increase and the operation, therefore short-term loans are repaid and there is no overdraft with the bank, thereby reducing liabilities including payment of accrued expenses and other payables, accrued freight as well as accrued corporate income tax. However, the Company still has operating liabilities in respect of trade accounts payable from the procurement of raw materials used in production. Non-current liabilities amounted to 9.1 million baht, a decrease of 86.2% due to early repayment of long-term loans. Provision for employee benefits increased 10.8%.

Shareholders' equity

As of September 30, 2022, the Company has total shareholders' equity of 1,224.5 million baht, an increase of 239% from the end of 2021 because the company has increased registered capital and paid-up capital in the amount of 746.2 million baht. There was a dividend payment for the year 2021 in amount of 60 million baht, a retained operating profit of 177.1 million baht.

Significant Financial Ratios

Financial Ratio	Quarter 3		Quarter 2
	2022	2021	2022
Gross profit ratios (%)	31.11	30.13	32.26
Net profit ratio (%)	13.86	8.06	17.45
Earnings per Share (Baht)	0.08	0.04	0.12
Return on Asset (%)	18.12	9.30	15.35
Return on Equity (%)	25.48	20.48	22.36
Liquidity ratio (time)	3.51	0.58	3.05
Debt to Equity ratio (time)	0.23	0.96	0.29
Book Value per Share (Baht)	1.83	0.67	1.75

Liquidity and Capital Resources

Statement of Cash Flow (million Baht)	30 September 2022	30 September 2021	% Change
Cash flow from work activities			
Net cash from (spent in) work activities	207.2	108.7	90.7%
Cash flow from investment activities			
Net cash from (spent in) investment activities	(98.5)	(24.8)	297.7%
Cash flow from fundraising activities			
Net cash from (spent in) fundraising activities	548.6	(80.8)	(778.5%)
Net increase of cash and cash equivalent	657.3	3.1	(21,439.6%)
Cash and cash equivalent at the beginning	37.9	8.7	336.8%
Cash and cash equivalent at the end	695.2	11.7	5,827.4%

As of September 30, 2022, the Company has cash and net cash equivalents remaining amounting to 695.2 million baht, with net cash flow from operating activities 207.2 million-baht, net cash flow used in investing activities amounting to 98.5 million baht to purchase machines, software and assets, net cash flow from financing activities amounted to 548.6 million baht from the capital increase to be used as working capital in the Company and repayment of all long-term loans.