

TACC003/2023

February 10, 2023

Subject: Management Discussion and Analysis for the year ended December 31, 2022

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited ("the company") would like to clarify the operating results for the year ended December 31, 2022 as follows:

Revenues

Sales and service income

For the year 2022, the company achieved a sales and service income of Baht 1,523.34 million. This had an increase of Baht 182.20 million or equivalent to 13.59% from the same period of previous year (Baht 1,341.14 million). The revenue has grown from (A) revenue from sales in 7-11 rebound because the COVID-19 pandemic situation is better from last year resulting in people, business sectors and organizations are back to operate normally, including an increase in the number of tourists, (B) increasing in Co-develop new B2B products (7-11 and non 7-11) and expanded of modern trade customers and Food service, and (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

Other income and gain on exchange rate

For the year 2022, the company achieved other income of Baht 9.24 million, which increase at Baht 4.51 million or equivalent to 95.25% from previous year (Baht 4.73 million), because of gain from selling of domestic and oversea private funds. Meanwhile, the company achieved gain on exchange rate of Baht 3.79 million, which decreases at Baht 3.24 million from previous year (Baht 7.03 million), because the company sold investment in private fund held in US Dollar during the year.

Cost of Sales and services

For the year 2022, the company had the cost of sales and services amounting to Baht 987.10 million, which increase Baht 155.85 million or equivalent to 18.75% from the same period of previous year (Baht 831.25 million). The portion of cost of sales and services to sales and services income increase by 2.82% from last year (2022: 64.80%, 2021: 61.98%), resulting to decreasing of gross profit margin by 2.82% from last year (2022: 35.20%, 2021: 38.02%). The gross profit margin for year 2022 decreases from the year 2021 is because increasing in raw material cost during the year.

Selling and distribution expenses

For the year 2022, the selling and distribution expenses increase amounting to Baht 5.16 million or equivalent to 3.14% from previous year (2022: Baht 169.47 million, 2021: Baht 164.31 million), and the portion of selling and distribution expenses to sales and services income is decrease by 1.13% from previous year (2022: 11.12%, 2021: 12.25%). This because the increasing in expenses amount was from promotion and advertising expenses to boost sales after the relaxation of COVID-19 situation, meanwhile the portion of expenses to sales decrease because of increasing of sales amount from last year.

Administrative Expenses

For the year 2022, the company has administrative expenses amounting to Baht 83.56 million, which decrease Baht 4.50 million or equivalent to 5.11% from previous year (Baht 88.06 million). This because the company setup allowance for impairment of equipment amounting to Baht 6.2 million. In addition, the employee-related expenses increase from last year, which in line with increasing in number of employees in this year.

Share of loss from investment in joint venture

For Financial statements in which the equity method, the company have realized the share of loss from investment in joint venture from take equity in TCI, that invested at 1 April 2021.

Finance income

For the year 2022, the company has finance income amounting to Baht 0.84 million, which increase Baht 0.24 million from previous year. This was due to increasing in cash at bank balance and interest rate.

Finance Costs

For the year 2022, the company has finance costs amounting to Baht 1.15 million, which increase Baht 0.01 million from previous year as a result of a deferred interest for a financial lease.

Net Profit

For the year 2022, the company has net profit in financial statements in which the equity method and separate financial statements amounting to Baht 235.15 million and Baht 236.52 million respectively, which increase Baht 20.91 million and Baht 20.89 million or equivalent to 9.76% and 9.69% from the same period of previous year at Baht 214.24 million and Baht 215.62 million respectively. The company achieved net profit margin of 15.44% and 15.53% respectively, which decrease 0.54% and 0.53% from last year at 15.97% and 16.08% respectively. The main reason for the increase in net profit amount from last year was due to the COVID-19 pandemic situation is better than last year, and expansion of both domestic and international markets in year 2022. However, net profit margin slightly decrease from last year because of increasing in raw material price during the year.

Business Plan 2023

The company sets the 2023 target to grow around 10% by creating value of existing portfolio and continue to drive cost and operation efficiency and continue to creating new product in high growth & potential markets and new consume trends and expand the channel of sale.



T.A.C. Consumer PCL.

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Sincerely yours,

Chatchawe Vatanasuk

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

