



TRANSLATION

15th May, 2023

Subject: Management Discussion and Analysis of the Consolidated Financial Statements
of Quarter 1 end of 31st March 2023

To: President
The Stock Exchange of Thailand

Haadthip Public Company Limited ("the Company") would like to provide the explanation on the performance of Quarter 1, end of 31st March 2023 as follows;

1. Revenue from sales

In reference to the operating results of Q1/2023 that was reviewed by the Auditor, the Company's consolidated financial statements of the period showed revenue from sales of Baht 2,070.5 million, increased by Baht 384.4 million or 22.8 % from the same period of last year of Baht 1,686.0 million, driven by the beverage sales volume in an amount of 18.3 million unit cases in Q1/2023, increased by 16.8% from 15.7 million unit cases in Q1/2022. The sales revenue and volume growth drivers were:

- I. The tourism businesses recovered well from an increase in the number of foreign tourists visiting Thailand. Data from BOT displayed that the number of foreign tourists visiting Thailand in Q1/2023 was 6.5 million persons, compared with the same period last year was at 0.5 million persons. South hotels occupancy rate was significantly higher at 74.5% compared with the same period last year of 25.9%. Data from Nielsen Thailand presented that the South Non-Alcoholic Ready- to-Drink (NARTD) market grew at 27.3% while total Thailand growth was 13.1%.

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- II. The Company implemented Revenue Growth Management Initiatives through pack and channel mix to increase demand for the sales of single serve packages, especially in HORECA and Convenience Stores (CVS) channels.
- III. Zero sugar sparkling beverages continued to grow with new flavor introduction: Sprite Zero Sugar and Coca-Cola Move, along with the improvement of current products: Minute Maid Pulpy C-Boost with 200% Vitamin C and new taste for all Fanta products.
- IV. The Company has implemented a price increase in selected pack-sizes since August 2022, with the overall price increase of approximately 6%.

The Company continued to maintain its leadership in Non-Alcoholic Ready-to-Drink (NARTD) with market share of 25.3% and Sparkling Soft Drink (SSD) with market share of 80.5% in Q1/2022.

2. Cost of sales and gross profit margin

The cost of sales amounted to Baht 1,200.3 million, an increase of Baht 174.0 million or 17.0% from the same period of last year as a consequence of the rise in sales volume by 16.8%. The gross profit amounted to Baht 870.1 million, an increase of Baht 210.4 million from the same period of last year of Baht 659.7 million, represented a growth of 31.9% as a result of;

- I. The Company has implemented a price increase in selected pack-sizes since August 2022, with the overall price increase of approximately 6%.
- II. The lower packaging material prices compared with the same period last year, resulted from the reduction of commodity prices and oil prices.
- III. Production efficiency by reducing the overall production overheads in the production process.

Gross profit margin was 42.0%, an increase of 2.9 percentage points from 39.1% from the same period of last year.

3. Distribution costs and administrative expenses

Distribution costs were Baht 407.9 million, increased by Baht 60.9 million or 17.5% from the same period of last year. Administrative expenses were Baht 233.4 million, increased by Baht 34.1 million or 17.1%. In total, SG&A expenses were Baht 641.3 million, increased by

17.4%, compared to Baht 546.4 million in the same period of last year. The increase was mainly due to:

- I. Sales promotion and marketing expenses increased by 5.0%, mainly due to the shifting in the distribution channels and the additional spending to support the partial recovery of market and tourism.
- II. Transportation costs increased by 17.6% from the same period in 2022 due to a rise in sales volume that drove the demand for transportation.
- III. Personnel expenses increases driven by adjustments to the employee compensation and benefit plans in consideration of high inflations as well as additional headcounts to support our recovery and growth plans in tourism-related distribution channels (food shops, hotels, convenience stores, supermarkets, and hypermarkets) and traditional trade.

4. Finance costs and income tax expenses

Finance costs were Baht 2.3 million, decreased by Baht 0.6 million or 20.6% as a result of the loan principal repayment from the Company. Income tax expenses were Baht 39.6 million, an increase of Baht 20.8 million compared with the same period last year of Baht 18.8 million or 110.6%. as a result of a 95.9% increase in earnings before tax.

5. Net profit and net profit margin

Net profit of the Company was Baht 199.3 million, an increase of Baht 96.1 million or 93.2%, compared with Baht 103.2 million of the same period of last year. Net profit margin was 9.6%, increased from 6.1% in the same period of last year. Profit attributable to owners of the parent was Baht 199.8 million, an increase of Baht 96.1 million or 92.7%, compared with Baht 103.7 million from the same period of last year.

6. Profitability and Efficiency Ratios

Ratio	2023	2022
	Quarter 1	Quarter 1
Gross Profit Margin (%)	42.0	39.1
Net Profit Margin (%)	9.6	6.1
Return on Equity (%)	13.8	13.4
Return on Assets (%)	10.5	10.4

- Gross profit margin for Q1/2022 increased by 2.9 percentage points due mainly to the selling price increase and the lower packaging material costs.
- Net profit margin for Q1/2022 increased by 3.5 percentage points as a result of the higher gross profit margin and the efficiency in SG&A management.
- Return on Equity (12-month operating results) increased by 5.0 percentage points as a direct result of a decrease in the Company's net profit for the last 12 months (1st April 2022 - 31st March 2023).
- Return on Assets (12-month operating results) increased by 0.4 percentage points as a direct result of an increase in the Company's earnings before tax for the last 12 months (1st April 2022 - 31st March 2023).

For your acknowledgement and further dissemination

Best regards,

Maj Gen.

(Patchara Rattakul)

Chief Executive Officer

Company Secretary Office

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