

12 May 2023

Re Management Discussion and Analysis for the first quarter of year 2023
Attn. The President
The Stock Exchange of Thailand (SET)

R&B Food Supply Public Company Limited and its subsidiaries would like to clarify the financial performance and financial information for the first quarter of year 2023 with the following details:

Revenue Structure

Group revenue structure derived from the business of manufacture and distribution of raw materials used as Food Ingredients by dividing into 6 types:

- 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 Financial Performance

| Profit or Loss (In Million Baht) | Three month period (January - March) | | Change | |
|-------------------------------------------------------------------------------------------|-----------------------------------------|---------------|----------------|----------------|
| | 2023 | 2022 | Amount | % |
| Revenue from sales and rendering services | 1,055.79 | 984.23 | 71.57 | 7.27% |
| Cost of goods sold and rendering services | (674.29) | (614.69) | (59.60) | 9.70% |
| Gross profit | 381.50 | 369.53 | 11.97 | 3.24% |
| Gain (loss) on exchange rate | (11.33) | 12.10 | (23.43) | -193.69% |
| Other income | 1.51 | 4.23 | (2.72) | -64.35% |
| Selling expenses | (63.74) | (62.08) | (1.66) | 2.67% |
| Administrative expenses | (130.09) | (122.28) | (7.81) | 6.39% |
| Reversal (Net impairment losses) on financial assets | (0.46) | 1.02 | (1.49) | -145.45% |
| Finance costs | (2.34) | (2.30) | (0.04) | 1.84% |
| Profit before share of loss from investments accounted for using the equity method | 175.05 | 200.23 | (25.18) | -12.58% |
| Share of loss from investments accounted using the equity method | 0.96 | - | 0.96 | 100.00% |
| Profit before income tax expense | 176.01 | 200.23 | (24.22) | -12.10% |
| Income tax expense | (28.98) | (34.52) | 5.53 | -16.03% |
| Profit for the year | 147.03 | 165.72 | (18.69) | -11.28% |
| Profit attributable to: | | | | |
| Non-controlling interests | 0.29 | 2.85 | (2.56) | -89.76% |
| Owners of the parent | 146.74 | 162.87 | (16.13) | -9.90% |

Revenues from Sales and Services in the First Quarter of Year 2023

In the first quarter of Year 2023, the Group had revenues from sales and services of Baht 1,055.79 million, which increased by Baht 71.57 million or YoY 7.27%, when compared with the first quarter of Year 2022, which had revenues from sales and services of Baht 984.23 million.

The main reasons for the increase in revenues from sales amounting to Baht 71.57 million are as follows:

- 1) The source of the revenues
 - From export sales, increased by Baht 80.85 million (YoY 41.46%)
- 2) Product groups
 - From the Food Coating Group, increased by Baht 84.51 million (YoY 20.16%)
- 3) Customer groups
 - From sales of General Retail Business Customers, amounting to Baht 50.20 million (YoY 86.40%)
 - From sales of Large Retail Business Customers, amounting to Baht 16.58 million (YoY 23.21%)
 - From sales of Industrial Customers, amounting to Baht 4.79 million (YoY 0.56%)

The increase in export sales amounting to Baht 80.85 million, mainly resulted from industrial customer of the Flavour, Fragrance & Color products amounting to Baht 64.97 million and industrial customer of the Food Coating products amounting to Baht 12.25 million.

Gross Profit for the First Quarter of Year 2023

| Three month period (January - March) | | | Change | YoY |
|---------------------------------------------------------|--------|--------|--------|-------|
| (In Million Baht) | 2023 | 2022 | | |
| Gross profit | 381.50 | 369.53 | 11.97 | 3.24% |
| Proportion to revenue from sales and rendering services | 36.13% | 37.55% | | |

The expansion of both domestic and international markets made the Group's gross profit for the first quarter of year 2023 increased by Baht 11.97 million, mainly from the gross profit of the Flavour, Fragrance & color group amounting to Baht 24.22 million.

The decrease in average gross margin was affected by the Russia-Ukraine war situation that occurred in the beginning of 2022. This caused a significant increase in raw material prices as Russia and Ukraine were the world's top grain producers and exporters. In addition, Baht depreciation until the beginning of 2023 affected costs of goods. And the Large retail business which has low gross margin has grown. Moreover, the Group has business expansion by exporting goods to joint venture at low gross margin rate in order to launch the market until such joint venture can start its production plant.

Selling and Administrative Expenses for the First Quarter of Year 2023

| Three month period (January - March) | | | Change | YoY |
|---------------------------------------------------------|--------|--------|--------|-------|
| (In Million Baht) | 2023 | 2022 | | |
| Selling and Administrative Expenses | 193.83 | 184.36 | 9.47 | 5.14% |
| Proportion to revenue from sales and rendering services | 18.36% | 18.73% | | |

The main reasons for the change in selling and administrative expenses comprised:

- An increase in the electricity expense of Baht 4.22 million resulted from number of units increase and the adjustment of the electricity bill.
- An increase in the sales promotion expense of Baht 3.78 million resulted from increase sales of Large retail business.
- An increase in local transportation expense and outbound transportation expense amounting to Baht 3.21 million resulted from increase in domestic and export sales
- An increase in depreciation of Baht 3.19 million resulted from tools and equipment and building improvements.

2) Profitability Ratios

2.1 The gross profit margin rate as of 31 March 2023 was 36.13%, which was lower than gross profit margin rate as of 31 March 2022 was 37.55%. The decrease in average gross margin was affected by the Russia-Ukraine war situation that occurred in the beginning of 2022. This caused a significant increase in raw material prices as Russia and Ukraine were the world's top grain producers and exporters. In addition, Baht depreciation until the beginning of 2023 affected costs of goods. And the Large retail business which has low gross margin has grown. Moreover, the Group has business expansion by exporting goods to joint venture at low gross margin rate in order to launch the market until such joint venture can start its production plant.

2.2 The return on equity as of 31 March 2023 was 10.47%, which was lower than the return on equity as of 31 December 2022, which was 11.22%.

3) Efficiency Ratio

3.1 Return on assets as of 31 March 2023 was 11.21%, which was lower than return on assets as of 31 December 2022, which was 12.01%.

| Financial Ratios | Three months period as at 31 March 2023 | For the year ended 31 December 2022 |
|--------------------------------------|-----------------------------------------|-------------------------------------|
| <u>Profitability Ratio</u> | | |
| Gross Profit Margin (%) | 36.13 | 33.97 |
| Operating Profit Margin (%) | 17.78 | 14.72 |
| Net Profit Margin (%) | 13.91 | 12.38 |
| Return on Equity (ROE %) | 10.47 | 11.22 |
| <u>Efficiency Ratio</u> | | |
| Return on Asset (ROA %) | 11.21 | 12.01 |
| <u>Financial policy Ratio</u> | | |
| Debt to Equity Ratio (Time) | 0.17 | 0.18 |

Yours Sincerely

(Mr. Suranart Kittirattanadetch)
 Chief Financial Officer
 R&B Food Supply Public Company Limited