

11 August 2023

Re Management Discussion and Analysis for the second quarter and six months period 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 second quarter and six months period 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 months period (April - June)		Change		Six months period (January - June)		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
Revenue from sales and rendering services	1,056.02	978.35	77.66	7.94%	2,111.81	1,962.58	149.23	7.60%
Cost of goods sold and rendering services	(668.31)	(643.43)	24.88	3.87%	(1,342.60)	(1,258.12)	84.48	6.71%
<b>Gross profit</b>	<b>387.71</b>	<b>334.92</b>	<b>52.78</b>	<b>15.76%</b>	<b>769.21</b>	<b>704.46</b>	<b>64.75</b>	<b>9.19%</b>
Gain (loss) on exchange rate	3.69	2.10	1.59	75.96%	(7.64)	14.20	(21.84)	-153.82%
Other income	5.12	0.78	4.35	559.84%	6.63	5.01	1.62	32.38%
Selling expenses	(66.61)	(62.74)	(3.87)	6.17%	(130.35)	(124.82)	5.53	4.43%
Administrative expenses	(138.21)	(127.03)	(11.18)	8.80%	(268.30)	(249.31)	18.99	7.62%
Reversal of (loss from) net impairment losses on financial assets	(0.19)	1.56	(1.75)	112.23%	(0.66)	2.58	(3.24)	-125.38%
Finance costs	(2.27)	(2.32)	0.05	-2.03%	(4.61)	(4.61)	0.00	-0.10%
<b>Profit before Share of profit of joint ventures accounted for using the equity method</b>	<b>189.24</b>	<b>147.27</b>	<b>41.97</b>	<b>28.50%</b>	<b>364.29</b>	<b>347.50</b>	<b>16.79</b>	<b>4.83%</b>
Share of profit of joint ventures accounted for using the equity method	1.44	-	1.44	100.00%	2.41	-	2.41	100.00%
<b>Profit before income tax expense</b>	<b>190.68</b>	<b>147.27</b>	<b>43.41</b>	<b>29.48%</b>	<b>366.69</b>	<b>347.50</b>	<b>19.19</b>	<b>5.52%</b>
Income tax expense	(38.40)	(30.98)	7.41	23.93%	(67.38)	(65.50)	1.88	2.87%
<b>Profit for the year</b>	<b>152.28</b>	<b>116.28</b>	<b>36.00</b>	<b>30.96%</b>	<b>299.31</b>	<b>282.00</b>	<b>17.31</b>	<b>6.14%</b>
Profit (loss) attributable to:								
Non-controlling interests	(1.00)	0.99	(1.99)	-200.36%	(0.71)	3.85	(4.55)	-118.34%
Owners of the parent	153.28	115.29	37.99	32.95%	300.02	278.16	21.86	7.86%

### **Revenues from Sales and Services in the Second Quarter of Year 2023**

In the second quarter of year 2023, the Group had revenues from sales and services of Baht 1,056.02 million, which increased by Baht 77.66 million or YoY 7.94%, when compared with the second quarter of year 2022, which had revenues from sales and services of Baht 978.35 million.

The main reasons for the increase in revenues from sales amounting to Baht 77.66 million are as follows:

- 1) The source of the revenues
  - From export sales, increased by Baht 104.95 million (YoY 50.66%)
- 2) Product groups
  - From the Food Coating Group, increased by Baht 62.03 million (YoY 14.45%)
  - From the Flavour, Fragrance & Color Group, increased by Baht 59.63 million (YoY 19.22%)
- 3) Customer groups
  - From sales of Industrial Customers, amounting to Baht 36.44 million (YoY 4.31%)
  - From sales of General Retail Business Customers, amounting to Baht 31.22 million (YoY 51.73%)
  - From sales of Large Retail Business Customers, amounting to Baht 10.00 million (YoY 13.74%)

The increase in export sales amounting to Baht 104.95 million, mainly resulted from industrial customer of the Flavour, Fragrance & Color products amounting to Baht 85.50 million and industrial customer of the Food Coating products amounting to Baht 18.32 million.

### **Revenues from Sales and Services in the Six Months Period of Year 2023**

For the six months period of year 2023, the Group had revenues from sales and services of Baht 2,111.81 million, which increased by Baht 149.23 million or YoY 7.60%, when compared with the same period of year 2022, which had revenues from sales and services of Baht 1,962.58 million.

The main reasons for the increase in revenues from sales amounting to Baht 149.23 million are as follows:

- 1) The source of the revenues
  - From export sales, increased by Baht 185.80 million (YoY 46.20%)
- 2) Product groups
  - From the Food Coating Group, increased by Baht 146.54 million (YoY 17.27%)
  - From the Flavour, Fragrance & Color Group, increased by Baht 77.96 million (YoY 11.92%)
- 3) Customer groups
  - From sales of General Retail Business Customers, amounting to Baht 81.42 million (YoY 68.74%)
  - From sales of Industrial Customers, amounting to Baht 41.23 million (YoY 2.43%)
  - From sales of Large Retail Business Customers, amounting to Baht 26.58 million (YoY 18.43%)

The increase in export sales amounting to Baht 185.80 million, mainly resulted from industrial customer of the Flavour, Fragrance & Color products amounting to Baht 150.47 million and industrial customer of the Food Coating products amounting to Baht 30.57 million.

### **Gross Profit for the Second Quarter of Year 2023**

Three months period (April - June)			Change	YoY
(In Million Baht)	2023	2022		
Gross profit	387.71	334.92	52.78	15.76%
Proportion to revenue from sales and rendering services	36.71%	34.23%		

The expansion of both domestic and international markets made the Group's gross profit for the second quarter of year 2023 increased by Baht 52.78 million.

The increase in average gross margin was mainly because the proportion of revenues from sales of product groups with high gross margin had higher growth rate than those with low gross margin.







### **Cash Flow Statements**

Statement of cash flows for six months period ended 30 June 2023 were as follows:

- 1) Net cash flows provided by operating activities of Baht 379.76 million.
- 2) Net cash flows used in investing activities of Baht 260.09 million, mainly due to cash paid for purchase of property, plant and equipment of Baht 260.66 million.
- 3) Net cash flows used in financing activities of Baht 209.99 million, mainly due to dividend paid to the shareholders of the Company of Baht 200.00 million and subsidiary's dividend paid to its shareholders (non-controlling interests) of Baht 6.15 million and cash paid for the principal under lease agreements of Baht 3.84 million.
- 4) Cash and cash equivalents as of 30 June 2023 amounting to Baht 579.90 million and as at 31 December 2022 amounting to Baht 666.46 million.

### **Financial Ratios as at 30 June 2023**

Compared with Financial Ratios as of 31 December 2022

- 1) Liquidity Ratios
  - 1.1 The liquidity ratio as of 30 June 2023 was at 5.32 times, indicating that the liquidity management was good when compared with the liquidity ratio as of 31 December 2022, which was averaged at 4.94 times, due to decreased of current liabilities.

Financial Ratios	Six months period ended 30 June 2023	For the year ended 31 December 2022
<b><u>Liquidity Ratio</u></b>		
Current Ratio (Time)	5.32	4.94
Quick Ratio (time)	2.96	2.81
Average Collection Period (Day)	84	83
Average Sale Period (Day)	166	154
Average Payment Period (Day)	46	51
Cash Cycle (Day)	204	186

- 2) Profitability Ratios
  - 2.1 The gross profit margin rate for six months period ended 30 June 2023 was 36.42%, which was higher than gross profit margin rate for six months period ended 30 June 2022 was 35.89%. The increase in average gross margin was mainly because the proportion of revenues from sales of product groups with high gross margin had higher growth rate than those with low gross margin.
  - 2.2 The return on equity as of 30 June 2023 was 11.58%, which was higher than the return on equity as of 31 December 2022, which was 11.22%.

