

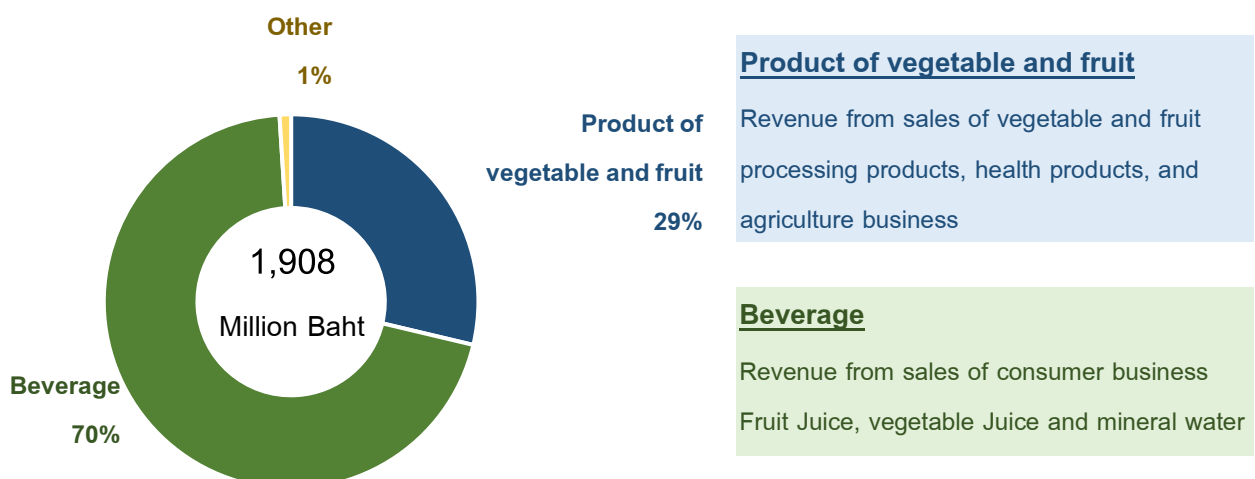


Tipco 019/2023

Management Discussion and Analysis Tipco Foods Public Company Limited**Performance in the 3rd quarter of 2023 and for the nine-month period ended 30 September 2023****1. Consolidated statements of comprehensive income****for the three-month and nine-month periods ended 30 September 2023 and 2022**

Unit: Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2023	Q3 2022	Increase (Decrease)	%	For the nine- month 2023	For the nine- month 2022	Increase (Decrease)	%
Sales	618,171	735,933	(117,762)	(16%)	1,907,679	2,162,206	(254,527)	(12%)
Other income	31,432	18,530	12,902	70%	108,467	86,038	22,429	26%
Total revenues	649,603	754,463	(104,860)	(14%)	2,016,146	2,248,244	(232,098)	(10%)
Total expenses	712,941	817,263	(104,322)	(13%)	2,192,556	2,399,389	(206,833)	(9%)
Operating loss	(63,338)	(62,800)	(538)	(1%)	(176,410)	(151,145)	(25,265)	(17%)
Share of profit from investment in associate	47,265	119,393	(72,128)	(60%)	486,005	307,607	178,398	58%
Profit (loss) before finance cost and income tax expenses	(16,073)	56,593	(72,666)	(128%)	309,595	156,462	153,133	98%
Finance Income	-	2	2	(100%)	4	7	153,133	98%
Finance cost	(16,888)	(10,789)	6,099	57%	(45,968)	(31,261)	14,707	47%
Profit (loss) before income tax expenses	(32,961)	45,806	(78,767)	(172%)	263,631	125,208	138,423	111%
Income tax benefit (expenses)	3,898	6,297	(2,399)	(162%)	6,671	16,714	(10,043)	(60%)
Profit (loss) for the period	(29,063)	52,103	(81,166)	(156%)	270,302	141,922	128,380	90%

Operating Revenues Structure in the nine-month period ended 30 September 2023

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1.1 Sales and gross margin

Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q3 2023	Q3 2022	Increase (Decrease)	%	Q3 2023	Q3 2022	Increase (Decrease)	%	Q3 2023	Q3 2022	Increase (Decrease)	%	Q3 2023	Q3 2022	Increase (Decrease)	%
Revenues from sales of goods	178	233	(55)	(24%)	433	495	(62)	(13%)	7	8	(1)	(13%)	618	736	(118)	(16%)
Gross profit (loss)	2	27	(25)	(93%)	112	140	(28)	(20%)	3	2	1	50%	117	169	(52)	(31%)
Gross Profit (loss) Margin	1%	12%	(10%)		26%	28%	(2%)		43%	25%	18%		19%	23%	(4%)	

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the nine-month 2023	For the nine-month 2022	Increase (Decrease)	%	For the nine-month 2023	For the nine-month 2022	Increase (Decrease)	%	For the nine-month 2023	For the nine-month 2022	Increase (Decrease)	%	For the nine-month 2023	For the nine-month 2022	Increase (Decrease)	%
Revenues from sales of goods	553	841	(288)	(34%)	1,334	1,299	35	3%	21	22	(1)	(5%)	1,908	2,162	(254)	(12%)
Gross profit (Loss)	(17)	111	(128)	(115%)	357	332	25	8%	8	7	1	14%	348	450	(102)	(23%)
Gross Profit (Loss) Margin	(3%)	13%	(16%)		27%	26%	1%		38%	32%	6%		18%	21%	(3%)	

In the 3rd quarter of 2023, the Company and its subsidiaries reported total sales revenues of Baht 618 million, a decrease of Baht 118 million or 16% from the same period last year. This comes from 2 major businesses as follows.

(1) Sales revenues from product of vegetables and fruit

Sales revenues decreased by Baht 55 million, or 24%, from the 3rd quarter of 2022, this was mainly due to the overview global economic situation and the economic activity in the USA market still slowing down and the main customers still have remaining stocks on hand from ordering in the past quarters lead to a decrease in overall export volume compared to the same period last year. As a result, overall sales revenues for the nine-month period of 2023 decreased by Baht 288 million or 34% compared to the total revenues in the same period of the previous year.

(2) Sales revenues from beverages

Sales revenues decreased by Baht 62 million, or 13%, from the 3rd quarter of 2022, this was mainly due to a decrease in export sales of fruit juice products. Moreover, the domestic market is in a downtrend. As a result, the overall sales volume of fruit juice products decreased. However, natural mineral water products continue to grow well across all channels. Therefore, the overall sales revenues for the nine-month period of 2023 increased by Baht 35 million, or 3%, compared to the same period last year.

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1.2 Operating Expenses

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2023	Q3 2022	Increase (Decrease)	%	For the nine- month 2023	For the nine- month 2022	Increase (Decrease)	%
Cost of sales	501,312	567,331	(66,019)	(12%)	1,559,929	1,712,094	(152,165)	(9%)
Selling and distribution expenses	105,407	140,139	(34,732)	(25%)	339,250	361,840	(22,590)	(6%)
Administrative expenses	106,222	109,793	(3,571)	(3%)	274,945	325,455	(50,510)	(16%)
Impairment loss on machinery and equipment	-	-	-		18,432	-	18,432	100%
Total expenses	712,941	817,263	(104,322)	(13%)	2,192,556	2,399,389	(206,833)	(9%)

In the 3rd quarter of 2023, the Company and its subsidiaries reported total operating expenses of Baht 713 million, a decrease of Baht 104 million or 13% compared to the same period of last year. The main reasons are as follows.

1. Cost of sales decreased by Baht 66 million, in line with sales revenue decreased in the 3rd quarter of 2023. However, due to the relatively dry climate factor resulted in the quality and volume of agricultural products leading to the higher cost of raw materials compared to the same period last year. Gross profit margin has therefore decreased from 23% in the 3rd quarter of 2022 to 19% in the 3rd quarter of 2023.
2. Selling and distribution expenses decreased by Baht 35 million, mainly due to a decrease in trade agreement costs, the cost of expired products, logistics, and sea freight.
3. Administrative expenses decreased by Baht 4 million, mainly due to a depreciation expense for machinery in the 3rd quarter of 2022 while no such item in the current year.

Overall, for the nine-month period, the Company and its subsidiaries reported operating expenses of Baht 2,193 million, a decrease of Baht 207 million or 9% from the same period of the previous year. The main reasons are as follows.

1. Costs of sales decreased by Baht 152 million in line with a decrease in sales revenue. However, raw material costs tend to continually increase compared to the same period of the previous year. As a result, the gross profit margin dropped from 21% in the nine-month period of 2022 to 18% in the nine-month period of 2023.
2. Selling and distribution expenses decreased in line with decreases in sales revenue. The main expenses come from distribution center fees, advertising, and event marketing expenses.
3. Administrative expenses decreased by Baht 51 million due to a depreciation expense for the machinery of Baht 54 million in the nine-month period of 2022 while no such item in the current year.

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1.3 Share of profit from investment in associate

In the 3rd quarter of 2023, the Company recognized a share of profit from investment in associate of Baht 47 million, which decreased by 60% compared to the same period of last year. On the other hand, the Company recognized a share of profit from investment in associate of Baht 486 million in the nine-month period of 2023, an increase of 58% from the same period last year.

2. Consolidated statements of financial position as at 30 September 2023

Unit: Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Sep-23	31-Dec-22	Increase (Decrease)	%
Assets				
Current assets	1,070,205	1,219,222	(149,017)	(12%)
Non-current assets	5,252,166	5,320,362	(68,196)	(1%)
Total assets	6,322,371	6,539,584	(217,213)	(3%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,829,272	1,942,973	(113,701)	(6%)
Non-current liabilities	198,721	236,023	(37,302)	(16%)
Total liabilities	2,027,993	2,178,996	(151,003)	(7%)
Shareholders' equity				
Total shareholders' equity	4,294,378	4,360,588	(66,210)	(2%)
Total liabilities and shareholders' equity	6,322,371	6,539,584	(217,213)	(3%)

2.1 Assets

As of 30 September 2023, the Company and its subsidiaries reported total assets of Baht 6,322 million. A decrease of Baht 217 million from total assets of Baht 6,540 million at the end of 2022 with the main reasons as follows.

1. A decrease in net trade accounts receivable of Baht 131 million, which mainly came from the vegetable and fruit products business.
2. Net inventories decreased by Baht 19 million, mainly from the vegetable and fruit products business.
3. An increase in investment in an associate of Baht 25 million due to an increase in profit sharing from investment in an associate.

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- Property, plant, and equipment net decreased by Baht from 100 million from normal depreciation for the period of Baht 168 million, In addition, to an increase from the acquisition by Baht 89 million.

2.2 Liabilities

As of 30 September 2023, the Company and its subsidiaries reported total liabilities of Baht 2,028 million. A decrease of Baht 151 million from total liabilities of Baht 2,179 million at the end of 2022 with the main reasons as follows.

- A decrease in trade and other payables of Baht 103 million, which mainly came from the vegetable and fruit products business.
- An increase in bank overdrafts and short-term loans from financial institutions amounting to Baht 168 million is intended to be used in liquidity management within the Group.
- Long-term loans from financial institutions decreased by Baht 206 million from normal repayment as scheduled.

2.3 Shareholders' equity

The Company and its subsidiaries' equity decreased by Baht 66 million from Baht 4,361 million at the end of 2022 to Baht 4,294 million at the end of the 3rd quarter of 2023, mainly a result of

- Net profit for the nine-month period of 2023 amounts to Baht 270 million.
- The Company paid dividends to shareholders of Baht 338 million in the 2nd quarter of 2023.

**3. Consolidated cash flow statement for the nine-month period ended September 30, 2023**

Unit : Thousand Baht

Cash flow statement	Consolidated For the nine-month period end 30 September 2023
Cash flows from operating activities	
Net cash flows used in operating activities	(7,075)
Cash flows from investing activities	
Net cash flows from investing activities	396,481
Cash flows from financing activities	
Net cash flows used in financing activities	(391,249)
Net decrease in cash and cash equivalents	(1,843)
Cash and cash equivalents at beginning of period	72,602
Cash and cash equivalents at end of period	70,759

For the first nine-month of 2023, the Company and its subsidiaries reported a net decrease in cash and cash equivalents of Baht 2 million from 3 main activities:

- 1) Net cash used in operating activities of Baht 7 million.
- 2) Net cash from investing activities amounted to Baht 396 million. The main cash flow came from dividend income from an associate of Baht 462 million.
- 3) Net cash used in financing activities of Baht 391 million, consisting of an increase in bank overdrafts and short-term loans of Baht 168 million, dividends paid to shareholders of Baht 338 million, and repayment of long-term loans from financial institutions of Baht 206 million.

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4. Financial Ratio from consolidated financial statements for the nine-month period ended 30September 2023

Profitability ratios	Consolidated financial statements		Changes
	For the nine-month 30 September 2023	For the nine-month 30 September 2022	
Gross Profit Margin	18%	21%	(3%)
EBITDA Margin	24%	16%	8%
Net Profit Margin	13%	6%	7%
Return on Equity	6%	3%	3%
The Capacity to pay and liquidity ratios	30-Sep-23	31-Dec-22	Changes
Debt to equity ratio (Times)	0.47	0.50	(0.03)
Liquidity ratio (Times)	0.59	0.63	(0.04)

The Company and its subsidiaries' gross profit margin decreased from 21% in the nine-month period of 2022 to 18% in the nine-month period of 2023. The main reason is that overall export revenue decreased while raw material costs were higher compared to the same period of last year.

EBITDA Margin increased from 16% in the nine-month period of 2022 to 24% in the nine-month period of 2023, mainly due to an increase in the share of profit from investment in an associated company by Baht 178 million or 58% compared to the same period last year. This is the same reason that both net profit margin and return on equity were higher compared to the same period last year.

Debt to equity ratio slightly decreased from 0.50 times at the end of 2022 to 0.47 times at the end of the 3rd quarter of 2023, mainly due to a decrease in long-term borrowings from financial institutions. while the shareholders' equity decreased from an increase in dividends paid to shareholders.

The liquidity ratio slightly decreased to 0.59 times at the end of the 3rd quarter of 2023 from 0.63 times at the end of 2022, due to an increase in short-term borrowings from financial institutions.

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