



บริษัท ที เอส ฟลาวมิลล์ จำกัด (มหาชน)  
T S FLOUR MILL PUBLIC COMPANY LIMITED

“เราคือ ผู้ผลิตแป้งสาลีชั้นนำ โดยมุ่งเน้นการพัฒนาสู่ความเป็นเลิศ ทั้งในด้านพาณิชย์และคุณภาพผลิตภัณฑ์อย่างยั่งยืนมืออาชีพ”

November 14, 2023

Subject: Clarification on the cause of changes in operating results.

To: Director and Manager  
The Stock Exchange of Thailand

According to T S Flour Mill Public Company Limited ("the Company"), the financial statements for Q3/2023 Ended on September 30, 2023. The company's financial statement showed net profit of 1.29 million baht. Compared to Q3/2022, net profit decreased by 38.13 million baht or 96.7%. The Company would like to clarify as follows :

Unit : Thousand Baht

Description	Q3/2023		Q3/2022		Q2/2023 compare with Q3/2022	
	Amount	%	Amount	%	More (Less) Amount	%
<u>Average Capacity Utilization</u>		<u>75.44%</u>		<u>70.06%</u>		<u>5.38%</u>
Revenue from sales	505,237	100.0%	519,419	100.0%	(14,182)	(2.7%)
Cost of sales	(464,990)	(92.0%)	(430,824)	(82.9%)	34,166	7.9%
Gross Profit	40,247	8.0%	88,595	17.1%	(48,348)	(54.6%)
Gain from Exchange Rate	(957)	(0.2%)	21,819	4.2%	(22,776)	(104.4%)
Gain on Derivatives	(1,612)	(0.3%)	(20,105)	(3.9%)	18,493	(92.0%)
Other income	662	0.1%	321	0.1%	341	106.2%
Selling expenses	(8,753)	(1.7%)	(10,018)	(1.9%)	(1,265)	(12.6%)
Administrative expenses	(23,016)	(4.6%)	(26,914)	(5.2%)	(3,898)	(14.5%)
Finance cost	(4,630)	(0.9%)	(4,060)	(0.8%)	570	14.0%
Profit before income tax	1,941	0.4%	49,638	9.6%	(47,697)	(96.1%)
Income tax expenses	(651)	(0.1%)	(10,221)	(2.0%)	(9,570)	(93.6%)
Profit for the period	1,290	0.3%	39,417	7.6%	(38,127)	(96.7%)
Basic earnings per share	-	Baht	0.10	Baht	(0.10)	(100.0%)

The Company's revenue from sales in the 3rd quarter of 2023 decreased by 2.7% compared to the same period last year. Wheat flour sales revenue decreased by 4.2% and wheat bran sales revenue increased by 1.4%, as well as sales volume of wheat flour and wheat bran which increased by 7.3% and 12.4%. The average selling price decrease was 11.2% and 1.1% respectively.

Gross profit margin in 3Q/2023 decreased by 9.1% compared to the same period last year. This was a result of the selling price of wheat flour decreasing by 11.2%, but costs increasing by 0.3%.

And from the financial statements for the 9-month period ending September 30, 2023, it appears that the company's financial statements show a net profit of 56.84 million baht when compared to the same period of the previous year. There was a decrease in net profit of 34.51 million baht, or 37.8%. The company would like to clarify as follows :



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Unit : Thousand Baht

Description	9 months/2023		9 months/2022		9m/2023 compare with 9m/2022	
	Amount	%	Amount	%	More (Less) Amount	%
Average Capacity Utilization		67.20%		69.69%		(2.49%)
Revenue from sales	1,430,752	100.0%	1,446,165	100.0%	(15,413)	(1.1%)
Cost of sales	(1,255,343)	(87.7%)	(1,232,776)	(85.2%)	22,567	1.8%
Gross Profit	175,409	12.3%	213,389	14.8%	(37,980)	(17.8%)
Gain from Exchange Rate	(5,804)	(0.4%)	15,634	1.1%	(21,438)	(137.1%)
Gain on Derivatives	12,459	0.9%	(2,679)	(0.2%)	15,138	(565.1%)
Other income	1,526	0.1%	1,101	0.1%	425	38.6%
Selling expenses	(26,926)	(1.9%)	(28,979)	(2.0%)	(2,053)	(7.1%)
Administrative expenses	(72,142)	(5.0%)	(71,849)	(5.0%)	293	0.4%
Finance cost	(12,774)	(0.9%)	(10,645)	(0.7%)	2,129	20.0%
Profit before income tax	71,748	5.0%	115,972	8.0%	(44,224)	(38.1%)
Income tax expenses	(14,908)	(1.0%)	(24,619)	(1.7%)	(9,711)	(39.4%)
Profit for the period	56,840	4.0%	91,353	6.3%	(34,513)	(37.8%)
Basic earnings per share	0.14	Baht	0.23	Baht	(0.09)	(39.1%)

The company's sales revenue for the 9-month period of 2023 decreased by 1.1% compared to the same period of the previous year. Revenue from selling wheat flour decreased by 1.9%, while income from selling wheat bran increased by 0.8%. This was due to sales volumes of wheat flour and wheat bran decreasing 4.0% and 5.6%, although the selling prices of wheat flour and rice bran The average wheat crop will increase by 2.0% and 12.2%.

Gross profit margin decreased by 2.5% compared to the same period last year. This was a result of the average selling price of wheat flour increasing by only 2.0%, but the average cost increased by 6.5%.

### Current situation

Due to last year Wheat and wheat flour market prices have increased considerably. But nowadays, the wheat market price has started to decline since the end of the first quarter, causing some mills to accelerate the release of old rice stocks at high prices by agreeing to sell at a loss. And make many customers bring the price they get to negotiate with the company. However, the company has to reduce the selling price of flour to customers in order to maintain the relationship. Although the reduced market price has not yet reflected the current cost. As a result, the gross profit margin decreased in the second quarter.

However, the company still has to adjust its strategy in both production and distribution in order to maintain profitability close to the target set in 2023.

### Sustainable Business Development Strategy Drive



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The Company is committed to conducting business growth in conjunction with creating social and environmental value, based on the foundation of good corporate governance. It integrates sustainable development practices seamlessly into its business, aligning with its continuous vision. This is consistently carried out through the implementation of strategies in the third quarter as follows;

## Strategy 1: Good Corporate Governance for Sustainable Growth

In this quarter, the Company has been recognized as an outstanding dividend-paying company consecutively for 10 years, ranking 11th among all companies listed on the Market for Alternative Investment (MAI). Additionally, it has been evaluated through the Annual General Meeting Checklist (AGM Checklist) project organized by the Thai Investors Association and the Federation of Thai Capital Market Organizations for the year 2023, receiving the highest score of 100 points, signifying "excellent" performance. This reflects the Company's commitment to conducting business with good corporate governance, transparency, equal treatment of stakeholders, and promoting shareholder participation in management. The Company aims to maintain and improve the efficiency of shareholder meetings in each subsequent year. The assessment results for the registered company under corporate governance indicate that the company has received a 4-star rating, signifying "Very Good." from the Thai Institute of Directors Association (IOD)'s assessment. This reinforces the operational potential of the company, which is committed to sustainable business growth, taking into consideration its responsibility to the economy, society, environment, and ethical practices.

On September 6, 2023, the Company continued its investor relations activities by participating in Opportunity Day, regularly providing information about its business and operations to securities analysts, investors, and the general public to enhance communication and transparency regarding the company's financial status through an additional channel.

## Strategy 2: Operate with Responsibility for the Quality of Life and Safety of Employees, Society, and Communities

The Company continues to provide ongoing training for employees as part of the continuous development of their capabilities. There are three training courses available as follows;

- IQA Internal Audit for (Internal Quality Control) for GHPs/HACCP/ISO22000/FSSC22000 Course

The objective of this course is to enhance the capabilities of employees responsible for controlling various quality systems in the food industry, including GHPs/HACCP/ISO22000/FSSC22000 standards. This is to instill confidence in the safety of products for all stakeholders throughout the food chain, from initial producers to end consumers. The training involves the participation of all relevant employees, totaling 34 people.

- Management of Pests and Vectors in the Workplace Course

The Company places great importance on maintaining health and cleanliness, which is crucial in the highly competitive food industry. This commitment extends from the production processes to various operational stages and up to the point of sale to customers. It is imperative to ensure that these processes are free from disturbances caused by pest infestations that could impact customers. Therefore, the company conducts training to develop the skills of operational employees, teaching them how to plan and control pest management effectively at every stage. This includes addressing the risk of encountering bacteria from pests, such as Salmonella spp, and providing guidance to prevent issues. The training involves the participation of all relevant employees, totaling 36 people.

- Forklift Safe Control & Driving Training



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Training on forklift operation is crucial to ensure compliance with current laws and regulations. Forklifts play a significant role in the Company's industry, whether it is for the movement or arrangement of heavy goods. Additionally, it is essential for preventing accidents and diseases that may arise from operating the machinery. Employees responsible for operating forklifts, totaling 15 people, participate in this training.

In the field of Safety, Security, Health, and Environment Management System (SSHE MS) in the third quarter of the year 2023, the Company has maintained a continuous record of zero accidents for 2,364 days.

### Strategy 3: Operate with Environmental Responsibility

In this quarter, the Company has announced its participation in the waste separation project "Ting, Too, Trash", which the aim is to enhance employees' understanding, emphasize the importance of waste separation, and enable accurate separation of waste from the source to the destination. The Company promotes collaboration within the organization to reduce greenhouse gas emissions. This project serves as a link for waste separation to employees' households, fostering cooperation.

Additionally, the Company continues to work on reducing greenhouse gas emissions according to the plan and explores opportunities through technological advancements. It increases the use of renewable energy and seeks new clean energy solutions for operational areas.

Please be informed accordingly.

Yours sincerely,

Waewta Kullachothhada

( Ms. Waewta Kullachothhada )

Chief Financial Officer & Company Secretary