

Subject: Management Discussion and Analysis for the nine-month period ended September 30th, 2023.

To: Director and Manager
Stock Exchange of Thailand

Thai Coconut Public Company Limited and its subsidiaries (“the company”) would like to inform the consolidated operating results for the nine-month period ended September 30th, 2023. The details are as follows:

Income statement (Unit: Million Baht)	For the nine-month period ended September 30 th ,				Change (+/-)	
	2022	%	2023	%	Amount	%
Revenues						
Sales Revenue	2,557.24	97.90	3,245.03	99.19	687.79	26.90
Service Revenue	23.74	0.91	13.59	0.42	(10.15)	(42.75)
Other Revenues	10.39	0.40	12.80	0.39	2.41	23.20
Net gain from foreign exchange	20.79	0.80	0.00	0.00	(20.79)	(100.00)
Total Revenues	2,612.16	100.00	3,271.42	100.00	659.26	25.24
Expenses						
Cost of sales	1,945.98	74.50	2,400.88	73.39	454.90	23.38
Cost of services	23.07	0.88	8.80	0.27	(14.27)	(61.86)
Distribution expenses	143.76	5.50	199.44	6.10	55.68	38.73
Administrative expenses	201.34	7.71	245.52	7.50	44.18	21.94
Net Loss from foreign exchange	0.00	0.00	2.68	0.08	2.68	N.A.
Loss on derivatives fair value remeasurement	35.05	1.34	33.29	1.02	(1.76)	(5.02)
Total Expenses	2,349.20	89.93	2,890.61	88.36	541.41	23.05
Profit from operating activities	262.96	10.07	380.81	11.64	117.85	44.82
Financial cost	(20.59)	(0.79)	(28.90)	(0.88)	(8.31)	40.36
Share of loss from investments in joint ventures	(0.94)	(0.04)	(2.40)	(0.07)	(1.46)	155.32
Profit before income tax expense	241.43	9.24	349.51	10.68	108.08	44.77
Tax income	3.91	0.15	1.13	0.03	(2.78)	(71.10)
Profit for the period	245.34	9.39	350.64	10.72	105.30	42.92

Revenue from sales and services

For the nine-month period of 2023, the company had sales and services revenue of 3,258.62 million baht, increased by 677.64 million baht or accounting for 26.26% compared to the same period last year due to the significant rising of sale revenues of coconut water products in China, and the growth of sale revenue both coconut water and pet food products in Thailand.

Other revenues

For the nine-month period of 2023, the company had other revenues of 12.80 million baht, increased by 2.41 million baht or accounting for 23.20% compared to the same period last year because the company earned income from the blue corner compensation, which is the income from the tax compensation for exporting products overseas, especially increased sales from coconut water products.

Cost of sales and services

For the nine-month period of 2023, the company had cost of sales and services of 2,409.68 million baht, increased by 404.63 million baht or accounting for 22.38% compared to the same period last year, which corresponded to the increasing of the revenues of sales and services. The proportion of the costs of sales and services declined from 76.29% to 73.95% of the sales and service revenues compared to the same period last year. This is because the company is able to control the raw material costs and enhance production processes continuously, which has led to a decrease in costs and quantity of raw materials in production processes as compared to the same period last year.

Distribution expenses

For the nine-month period of 2023, the company had distribution expenses of 199.44 million baht, increased by 55.68 million baht or accounting for 38.73% compared to the same period last year because the expenses of sales promotion and exhibition, and the expenses of marketing increased by 14.79 and 9.64 million baht or accounting for 89.02% and 83.14% respectively as compared to the same period last year. These expenses involved marketing activities, exhibitions and building the company brand, which paralleled the growth of sale revenues.

Administration expenses

For the nine-month period of 2023, the company had administration expenses of 245.52 million baht, increased by 44.18 million baht or accounting for 21.94% compared to the same period last year because the rising of the benefits of employees and the cost of research and development were 33.87 and 4.61 million baht or accounting for 44.85% and 43.22% respectively as compared to the same period last year. In addition,



the fees of consulting and public relations increased by 6.19 and 4.55 million baht or accounting for 166.06% and 350.82% respectively as compared to the same period last year. These expenses related to the Initial Public Offering (IPO) and listed the company in the Stock Exchange of Thailand.

Financial cost

For the nine-month period of 2023, the company had financial costs of 28.90 million baht, increased by 8.31 million baht or accounting for 40.36% compared to same period last year. This was a result of the rising of the interest of packing payment, the interest on long term loan, and the interest on short-term promissory note, which increased by 4.57, 2.49, and 2.85 million baht or accounting for 109.04%, 26.25% and 103.02% respectively as compared to the same period last year.

Gross Profit Margin and Net Profit

For the nine-month period of 2023, the company's gross profit margin from sales increased to 26.01% compared to the same period last year, which there is gross profit margin of sales accounted for 23.90% since the company have sold coconut water products more than coconut milk products, which the coconut water products have a higher gross profit margin than coconut milk products. The company also had gross profit margin from the services of producing coconut water products for the nine-month period of 2023. The ratio of gross profit margin of services was 35.21%, which significantly increased as compared to the same period last year and incurred to the Economy of scale in the service revenues.

For the nine-month period of 2023, the company had net profit of 350.65 million baht, increased by 105.30 million baht or accounting for 42.92% compared to the same period last year. The reason of the rising of net profit is the growth of sale revenues because the company could expand the selling coconut water products to China market. As a result, the company's net profit increased compared to the same period last year.

Company's financial statement

Consolidated statement of financial position (Unit: Million Baht)	As of		Change (+/-)	
	December 31, 2022	September 30, 2023	Amount	%
Total Assets	3,113.32	5,661.41	2,548.09	81.84
Total Liabilities	1,780.72	2,199.04	418.32	23.49
Total Equity	1,332.60	3,462.37	2,129.76	159.82
Debt to Equity Ratio: Times	1.34	0.64	(0.70)	(52.47)

Assets

As of September 30th, 2023, the company had total assets of 5,661.41 million baht, increased by 2,548.09 million baht or accounting for 81.84% compared to the end of the year 2022 because the company issued shares through Initial Public Offering (IPO). As a result, the cash and cash equivalents of the company increased by 1,730.74 million baht or accounting for 581.91%. The trade and other current receivables of company also increased by 333.21 million baht or accounting for 68.47% as compared to the end of the year 2022, which corresponding to the growth of the sales revenues and an increase in of property, plant, and equipment with 455.51 million baht or accounting for 32.54% compared to the end of the year 2022. This is because the company expended the capacity of production machines, which support the production of coconut milk and coconut water products. Moreover, the company has project in the installation of solar rooftop phase 2 and building and other constructions for subsidiary companies.

Liabilities

As of September 30th, 2023, the company had total liabilities of 2,199.04 million baht, increased by 418.32 million baht or accounting for 23.49% compared to the end of the year 2022 because the company had the short-term loans from financial institutions, which increased by 149.70 million baht or accounting for 18.25% compared to the end of the year 2022. The main reason for increasing liabilities is that the company requires more working capital in the business in order to support the growth of sale revenues. The lists of trade payables and other current payables also increased by 262.44 million baht or accounting for 60.57% compared to the end of the year 2022 in order to buy packaging for supporting the growth of the sales of coconut water products.

Total Equity

As of September 30th, 2023, the company had total shareholders' equity of 3,462.37 million baht, increased by 2,129.76 million baht or accounting for 159.82% because the company issued and paid-up new share capital for Initial Public Offering (IPO) around 370 million shares at 5.50 baht per share for public offering on September 14th, 2023. As a result, the company had an increase in paid-up registered capital around 185.00 million baht, totaling at 735.00 million baht, and the premium on common shares increased at 1,792.60 million baht. In addition, the company had retained earnings, which increased by 151.04 million baht compared to the end of the year 2022 due to positively perform in the nine months of 2023.

Financial structure ratio

As of September 30th, 2023, the ratio of the debt to equity of the company decreased from the end of the year 2022. The main reason is the company issued shares for Initial Public Offering (IPO) and there is an increase in retained profits because of the positive performance of the company in the nine-month period of



2023. As a result, shareholder's equity increased by 2,129.76 million baht or accounting for 159.82%. Total liabilities of the company increased by 418.32 million baht or accounting for 23.49% because the trade payables and other current payables increased by 262.44 million baht or accounting for 60.57% for supporting the growth of sales revenue of coconut water products. Short-term loans from financial institutions increased by 149.70 million baht or accounting for 18.25% since the company required more working capital in the business in order to support the growth of sale revenues, which lead to the decreasing the ratio of debt to equity from 1.34 times in the end of the year 2022 to 0.64 times as of 30th September 2023.

Please be informed accordingly,

Yours sincerely,

(Miss Pattara Tasjun)

Chief Financial and Information Officer
Thai Coconut Public Company Limited