

TRANSLATION

29th February 2024

Subject: Management Discussion and Analysis of the Consolidated Financial Statements
for the year 2023

To: President
The Stock Exchange of Thailand

Haadthip Public Company Limited (“the Company”) is regarding its financial the performance for the year 2023 ending 31st December 2023 and details are as follows;

1. Revenue from sale of goods

In reference to the operating results for the year 2023 that the Auditor has audited, the Company’s consolidated financial statements of the period shows revenue from sale of Baht 7,806.0 million, an increase of Baht 932.4 million or 13.6% from the same period of last year of Baht 6,873.5 million. Total beverage sales volume increased by 8.5%, from 64.3 million unit cases in 2022 to 69.8 million unit cases in 2023. This was due to;

- I. Growth in the tourism sector, as indicated by data from the Ministry of Tourism and Sports, reveals that the number of foreign tourists in Thailand for the year 2023 reached 28.2 million persons, marking a significant increase of 154.4% compared to the corresponding period of the previous year, during which 11.1 million persons were recorded. Additionally, data from the Bank of Thailand showed that the proportion of foreign guests in hotels in the South of Thailand stood at 42.4%, surpassing the national rate of 21.2%.
- II. The Company implemented Revenue Growth Management Initiatives through pack and channel mix in prompt response to increasing demand for single-serve packages. Particularly noteworthy is the growth observed in the HORECA and convenience store segments, where sales volumes increased by 46% and 19%, respectively.
- III. The Company has implemented a price increase in selected pack-sizes in August 2022, resulting in an overall price increase of approximately 6%. Additionally, in April 2023, the company enacted another price increase, resulting in an overall increase of approximately 1.5%.
- IV. Zero sugar sparkling beverages continued to grow with new flavors introductions, refinement to the existing ones, and the launch of a new product under the new

brand name OOHA. This innovative, featuring a soda fruit flavor with zero sugar. As a result, the category experienced a sales volume increase of 31.1%, with its share of the total sales volume stood at 3.1%.

For 2023, the Company maintained its leadership in Sparkling Soft Drink (SSD) market shares for the south at 79.3%.

2. Cost of sales of goods and gross profit margin

The cost of sales of goods was Baht 4,515.6 million, an increase of Baht 455.2 million or 11.2% from the same period of last year of Baht 4,060.4 million, as a consequence of the rise in sales volume by 8.5%. The gross profit amounted to Baht 3,290.3 million, an increase of Baht 477.2 million from the same period of last year of Baht 2,813.1 million, represented a growth of 17.0% as a result of;

- I. The Company has implemented a price increase in selected pack-sizes in August 2022, resulting in an overall price increase of approximately 6%. Additionally, in April 2023, the company enacted another price increase, resulting in an overall increase of approximately 1.5%
- II. The lower packaging material prices compared with the same period last year, resulted from the reduction of commodity prices and oil prices.
- III. Production efficiency by reducing the overall production overheads in the production process.

Gross profit margin was 42.2%, an increase of 1.3 percentage points from 40.9% from the same period of last year.

3 Distribution costs and administrative expenses

The Company reported distribution costs of Baht 1,603.3 million, an increase of Baht 182.9 million or 12.9% from the same period of last year, and administrative expenses of Baht 992.3 million, an increase of Baht 157.3 million or 18.8% from the same period of last year. In total, SG&A expenses were Baht 2,595.6 million, an increase of Baht 340.2 million or 15.1%, compared to Baht 2,255.4 million in the same period of last year. The increase was mainly due to:

- I. Sales promotion and marketing expenses increased by 10.9%, mainly due to the shifting distribution channels and the additional investments to support the market and tourism growth.
- II. Employees expenses increases driven by adjustments to the employee compensation and benefit plans in consideration of high inflations as well as additional headcounts to support our recovery and growth plans in tourism-related distribution channels (Food shops, hotels, convenience stores, supermarkets, and hypermarkets) and traditional trade.
- III. One-time expenses from the asset impairment and unused machines in the amount of Baht 17.0 million.

4.Finance costs and income tax expenses

Finance costs were Baht 12.7 million, which increased by Baht 4.3 million or 51.4% as the Company has a long-term loan for infrastructure and machines of PET line 3 production, Punpin Plant, Suratthani. While, income tax expenses was Baht 122.2 million an increase of Baht 27.1 million or 28.5% from the same period of last year of Baht 95.1 million due to the higher earning before tax at 25.6%.

5.Net profit and net profit margin

Net profit of the Company was Baht 598.0 million compared to Baht 431.0 million in the same period of last year, an increase of Baht 167.1 million or 38.8%. Net profit margin was 7.7%, a growth of 1.4 percentage points from the same period of last year of 6.3%.

Net profit for the Parent Company was Baht 564.3 million, compared to Baht 447.0 million from the same period of last year, representing an increase of Baht 117.3 million or 26.2%

6. Profitability and Efficiency Ratios

Ratio	2023	2022
Gross Profit Margin (%)	42.2	40.9
Net Profit Margin (%)	7.7	6.3
Return on Equity (%)	15.9	11.7
Return on Assets (%)	12.3	9.4

- Gross profit margin for 2023 was 42.2% compared to the same period of last year of 40.9% representing an increase of 1.3 percentage point, due mainly to the implementation of selling price adjustments, reduced packaging material costs, and decreased overhead costs.
- Net profit margin for 2023 was 7.7% compared to the same period last year of 6.3% representing an increase of 1.4 percentage points. This was higher gross profit, and the efficiency in SG&A management.
- Return on Equity for 2023 was 15.9%, an increase of 4.2 percentage points from the same period last year of 11.7%, This improvement directly correlates with the Company's net profit.
- Return on Assets for 2023 was 12.3%, an increase of 2.9 percentage points from the same period last year of 9.4%, as a direct result of an increase in the Company's earnings before tax.

For your acknowledgment and further dissemination

Best regards,

(Maj Gen. Patchara Rattakul)

Chief Executive Officer

Office of Company Secretary

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