

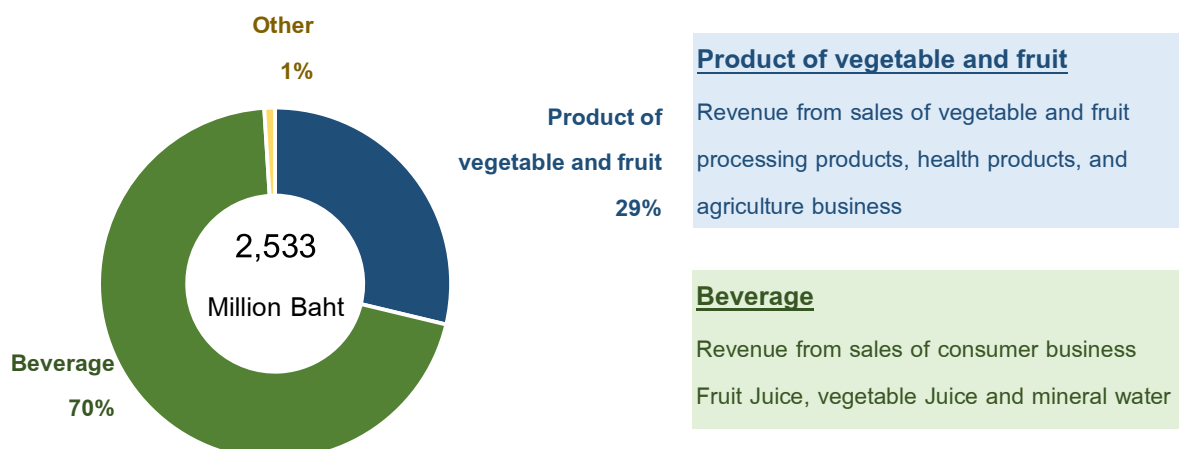


Tipco 003/2024

Management Discussion and Analysis Tipco Foods Public Company Limited**Performance in the year ended 31 December 2023****1. Consolidated statements of comprehensive income for the year ended 31 December 2023 and 2022**

Unit: Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes	
	For the year 2023	For the year 2022	Increase (Decrease)	%
Sales	2,533,137	2,895,342	(362,205)	(13%)
Other income	112,484	93,144	19,340	21%
Total revenues	2,645,621	2,988,486	(342,865)	(11%)
Total expenses	2,895,002	3,258,515	(363,513)	(11%)
Operating Loss	(249,381)	(270,029)	20,649	8%
Share of profit from investment in associate	540,287	554,580	(14,293)	(3%)
Profit before finance cost and income tax expenses	290,906	284,551	6,355	2%
Finance Income	6	8	3	(34%)
Finance cost	(63,468)	(43,238)	20,230	47%
Profit before income tax expenses	227,443	241,321	(13,877)	(6%)
Income tax benefit (expenses)	18,302	38,497	(20,195)	(52%)
Profit for the period	245,745	279,818	(34,072)	(12%)

Operating Revenues Structure in the year ended 31 December 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		Changes	
	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%	2023	2022	Increase (Decrease)	%
	Revenues from sales of goods	735	1,201	(466)	(39%)	1,771	1,664	107	6%	27	30	(3)	(10%)	2,533	2,895	(362)
Gross profit (Loss)	(9)	175	(184)	(105%)	453	397	56	14%	7	9	(2)	(22%)	451	581	(130)	(22%)
Gross Profit (Loss) Margin	(1%)	15%	(16%)		26%	24%	2%		26%	30%	-4%		18%	20%	(2%)	

In 2023, the Company and its subsidiaries reported total sales revenues of Baht 2,533 million, a decrease of Baht 362 million or 13% from the previous year.

Sales revenues from product of vegetables and fruit decreased by Baht 466 million, or 39% from 2022, this was mainly from the insufficient quantity of raw materials (fruit). In 2023, overall supply of pineapple in Thailand was not matched with the market demand resulting the price of fresh pineapple has been increased. Moreover, the effect from drought impacts the size of fresh pineapple which was not at standard causing the production output to be under expected especially in the second half of 2023. However, major products of the Company from vegetables and fruit business are still in high demand.

1.2 Operating Expenses

Unit : Thousand Baht

Expenses	Consolidated financial statements		Change	
	For the year	For the year	Increase	%
	2023	2022	(Decrease)	
Cost of sales and services	2,082,302	2,314,445	(232,144)	(10%)
Selling expenses	453,243	515,985	(62,742)	(12%)
Administrative expenses	359,457	428,085	(68,628)	(16%)
Total expenses	2,895,002	3,258,515	(363,513)	(11%)

In 2023, the Company and its subsidiaries reported operating expenses of Baht 2,895 million, a decrease of Baht 364 million or 11% from the previous year. The main reasons are as follows.

- Costs of sales decreased by Baht 232 million in line with a decrease in sales revenue. The gross profit margin dropped from 20% in 2022 to 18% in 2023 resulting from raw material price increasing. The Company focus on finding suitable sales and production mix, also seeking efficiency on production process, in order to serve high value product to the market.
- Selling and distribution expenses decreased in line with decreases in sales revenue. The main expenses comprised with distribution center fees, advertising, and marketing.
- Administrative expenses decreased by Baht 69 million from the fully depreciated of the machinery of Baht 72 million in 2022.

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1.3 Share of profit from investment in associate

In 2023, the Company recognized a share of profit from investment in associate of Baht 540 million, a decrease of 3% from the previous year.

2. Consolidated statements of financial position as at 31 December 2023

Unit: Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	31-Dec-23	31-Dec-22	Increase (Decrease)	%
Assets				
Current assets	1,120,889	1,219,222	(98,333)	(8%)
Non-current assets	5,249,135	5,320,362	(71,227)	(1%)
Total assets	6,370,024	6,539,584	(169,560)	(3%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,384,730	1,942,973	(558,243)	(29%)
Non-current liabilities	819,670	236,023	583,647	247%
Total liabilities	2,204,400	2,178,996	25,404	1%
Shareholders' equity				
Total shareholders' equity	4,165,624	4,360,588	(194,964)	(4%)
Total liabilities and shareholders' equity	6,370,024	6,539,584	(169,560)	(3%)

2.1 Assets

As of 31 December 2023, the Company and its subsidiaries reported total assets of Baht 6,370 million. A decrease of Baht 170 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 60 million, which mainly came from the vegetable and fruit products business.
2. Net inventories decreased by Baht 50 million, mainly from the vegetable and fruit products business.
3. Property, plant, and equipment net decreased by Baht from 116 million from normal depreciation for the period of Baht 226 million, In addition, to an increase from the acquisition by Baht 128 million.

2.2 Liabilities

As of 31 December 2023, the Company and its subsidiaries reported total liabilities of Baht 2,204 million. A decrease of Baht 25 million from total liabilities of Baht 2,179 million at the end of 2022 with the main reasons as follows.

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1. Net incremental of long-term loans from financial institutions by Baht 474 million from a loan facility granted by the financial institutions.
2. Repayment on bank overdrafts and short-term loans from financial institutions amounting to Baht 370 million.
3. Overall decrease in trade payables and other current liabilities of Baht 80 million.

2.3 Shareholders' equity

The Company and its subsidiaries' equity decreased by Baht 195 million from Baht 4,361 million at the end of 2022 to Baht 4,166 million at the end of 2023, mainly a result of

1. Net profit for 2023 amounts to Baht 246 million.
2. The Company paid dividends to shareholders of Baht 391 million in 2023.

3. Consolidated cash flow statement for year ended December 31, 2023

Unit : Thousand Baht

Cash flow statement	For the year 31 December 2023
Cash flows from operating activities	
Net cash flows used in operating activities	(49,319)
Cash flows from investing activities	
Net cash flows from investing activities	375,142
Cash flows from financing activities	
Net cash flows used in financing activities	(311,855)
Net decrease in cash and cash equivalents	13,968
Cash and cash equivalents at beginning of period	72,602
Cash and cash equivalents at end of period	86,570

For 2023, the Company and its subsidiaries reported a net increase in cash and cash equivalents of Baht 14 million from 3 main activities:

- 1) Net cash used in operating activities of Baht 49 million.
- 2) Net cash from investing activities amounted to Baht 375 million. The main cash flow came from dividend income from an associate of Baht 462 million and cash outflow for property plant and equipment of Baht 90 million.
- 3) Net cash used in financing activities of Baht 312 million, consisting of a repayment in bank short and long-term loans of Baht 646 million, dividends paid to shareholders of Baht 391 million, and borrowing of long-term loans from financial institutions of Baht 750 million.

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4. Financial Ratio from consolidated financial statements for year ended 31 December 2023

Profitability ratios	Consolidated financial statements		Changes
	For the year 31 December 2023	For the year 31 December 2022	
Gross Profit Margin	17.8%	20.1%	(2.3%)
EBITDA Margin	17.9%	16.7%	1.2%
Net Profit Margin	9.3%	9.4%	(0.1%)
Return on Equity	5.9%	6.4%	(0.5%)
Liquidity and The Capacity to pay ratios	31-Dec-23	31-Dec-22	Changes
Current ratio (Times)	0.81	0.63	0.18
Debt to equity ratio (Times)	0.53	0.50	0.03

The Company and its subsidiaries' gross profit margin decreased from 20.1% in 2022 to 17.8% in 2023. The major reason was from increasing in raw material costs comparing to 2022.

EBITDA Margin increased from 16.7% in 2022 to 17.9% in 2023, mainly due to a decrease in administrative expenses by Baht 69 million or 16% compared to the previous year.

Net Profit Margin slightly decreased from 9.4% in 2022 to 9.3% in 2023, mainly from the gross profit margin decreasing, an increase in financial cost by Baht 20 million or 47%. In addition, income tax benefits decreased by Baht 20 million compared to the previous year. Such decreasing in Net Profit Margin also caused the decrease in Return on Equity of 2023.

Current ratio increased to 0.81 times at the end of 2023 from 0.63 times at the end of 2022 from a decrease in short-term borrowings from financial institutions.

Debt to equity ratio slightly increased from 0.50 times at the end of 2022 to 0.53 times at the end of 2023, mainly due to an increase in long-term borrowings from financial institutions. while the shareholders' equity decreased from an increase in dividends paid to shareholders.

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