

Taokaenoi Food and Marketing Public Company Limited



**Management Discussion
and Analysis (MD&A)**

FOR QUARTER 4/2023



February 22, 2024

To President
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the Fourth Quarter ended December 31, 2023

Taokaenoi Food and Marketing Public Company Limited (the “**Company**”) would like to clarify the revenues from sales and net profit in the consolidated financial statements for the three-month and twelve-month periods ended December 31, 2023, which may be summarized as follows:

Consolidated Financial Statements	4th Quarter (October - December)				
	Q4/ 2023		Q4/ 2022		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,339.5	100.0 %	1,231.5	100.0 %	8.8 %
Cost of Sales	(839.9)	(62.7 %)	(852.9)	(69.3 %)	(1.5 %)
Gross Margin	499.6	37.3 %	378.6	30.7 %	32.0 %
Distribution Costs	(190.3)	(14.2 %)	(149.6)	(12.1 %)	27.2 %
Administrative Expenses	(114.7)	(8.6 %)	(75.6)	(6.1 %)	51.6 %
Profit before Income Tax Expenses	177.8	13.3 %	135.2	11.0 %	31.5 %
Income Tax Expenses	(9.3)	(0.7 %)	(14.0)	(1.1 %)	(33.4 %)
Net Profit : Owners of the Parent	167.2	12.5 %	121.2	9.8 %	38.0 %

Consolidated Financial Statements	12M (January - December)				
	12M/ 2023		12M/ 2022		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	5,323.4	100.0 %	4,366.6	100.0 %	21.9 %
Cost of Sales	(3,508.7)	(65.9 %)	(3,111.4)	(71.3 %)	12.8 %
Gross Margin	1,814.7	34.1 %	1,255.3	28.7 %	44.6 %
Distribution Costs	(632.9)	(11.9 %)	(493.3)	(11.3 %)	28.3 %
Administrative Expenses	(405.5)	(7.6 %)	(309.4)	(7.1 %)	31.1 %
Profit before Income Tax Expenses	795.6	14.9 %	474.1	10.9 %	67.8 %
Income Tax Expenses	(48.2)	(0.9 %)	(39.4)	(0.9 %)	22.2 %
Net Profit : Owners of the Parent	743.0	14.0 %	434.7	10.0 %	70.9 %

บริษัท เต้าแก๋น้อย ฟู๊ดแมนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นครปฐม 11120
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนา : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
โทร. 0 3592 3055

โรงงานนพวงศ์ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
Tel. +66 2108 6888



**Consolidated
Financial Statements**

	4th Quarter (October - December) vs. 3rd Quarter (July-September)				
	Q4/ 2023		Q3/ 2023		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,339.5	100.0 %	1,436.0	100.0 %	(6.7 %)
Cost of Sales	(839.9)	(62.7 %)	(958.0)	(66.7 %)	(12.3 %)
Gross Margin	499.6	37.3 %	477.9	33.3 %	4.5 %
Distribution Costs	(190.3)	(14.2 %)	(158.0)	(11.0 %)	20.4 %
Administrative Expenses	(114.7)	(8.6 %)	(102.0)	(7.1 %)	12.4 %
Profit before Income Tax Expenses	177.8	13.3 %	231.7	16.1 %	(23.3 %)
Income Tax Expenses	(9.3)	(0.7 %)	(15.1)	(1.0 %)	(38.1 %)
Net Profit : Owners of the Parent	167.2	12.5 %	214.9	15.0 %	(22.2 %)

Revenue from Sales

The Company has revenue from sales in the fourth quarter in the amount of 1,339.5 million Baht, **increased by 8.8 percent** from the same quarter of the previous year (decreased by 6.7 percent from Q3 / 2023), due to the growth in domestic sales at 8.2 percent thanks to the growing demand for seaweed consumption in the country as a result of sales promotional and marketing activities as well as continued new product launch, including the growing demand from more tourists than last year; and due to growth in international sales at 9.1 percent from major countries in which the Company focused on sales promotional and marketing activities, both online and offline channels with consumers and the expansion of the distribution channels.

Domestic sales in the fourth quarter accounted for 39 percent while international sales represented 61 percent.

The Company has revenue from sales in the year 2023 in the total amount of 5,323.4 million Baht, increased by 21.9 percent or 957 million Baht from the same period of the previous year. The Company's sales growth remained strong and continued for the second year from 2021, with the sales growth representing 20.9 percent after the declining COVID-19 situations, and generating the highest net profit over the past 6 years. In 2023, the net profit amounted to 743.0 million Baht or representing 14% to sales. The success in 2023 was caused by the policy on business management via the 3GO strategies (Go Firm, Go Broad, Go Global), and the commitment of our personnel to continuously implement the 3GO strategies in the business administration and management throughout the entire year. Last year's success has caused the Company to receive "Thailand's Best Managed Companies" awards for the year 2023 from Deloitte (Deloitte Thailand) for the first time, which are given to organizations with successful and excellent business management. The Company's implementation of the 3GO strategies last year may be summarized in essence as follows:

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวงศ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



1. **GO FIRM** refers to corporate restructuring to be compact, cost reduction and cost control for productivity, whereby the ongoing and key GO FIRM strategy last year includes the following activities:

- The continuous improvement of work procedure and production process with efficiency by introducing machinery to increase productivity while resources remain unchanged, thereby reducing the production costs, particularly labor costs per unit;
- The reduction of costs in the factory by way of solar roof implementation in late 2022, which not only promotes the business operations with sustainability in respect of alternative energy, but also helps the Company reduce the costs of power consumption in the factory by over 15%, not to mention that this also minimizes the storage of raw materials and finished products at the volume suitable for the current circumstances, which also helped reduce the overall costs in the factory;
- Other than the reduction of costs and expenses, the enhancement of sales efficiency also forms a part of the GO FIRM strategy, through portfolio management, focused on profitability analysis of each product and channel, and deletion of slow-moving or unpopular products from portfolio for the purpose of cost management and improvement of the Company's profitability as a whole.

2. **GO BROAD** represents an expansion of its business foundation to be wider and create value, including branding:

- The Company has been focusing on market promotion for brand awareness in every market, particularly in major markets, i.e., Thailand, China, Indonesia and USA, to build its growth through online and offline channels to reach consumers through a variety of strategies, e.g., Co-Brand to create attractiveness to seaweed products like Pokémon; social media content by providing information, product suggestions, and marketing activities for recognition and sales promotion; introduction of presenters to reach target groups broadly and rapidly, including on-ground activities, for both seaweed consumers and those new to seaweed products.

The marketing success in the past has caused the Company to receive Thailand Social Awards and as Superbrands 2023 last year.

- The research to understand consumers' demand and develop new products to accommodate and fulfill consumers' preferences worldwide by a variety of seaweed snacks, namely, crispy, grilled, roasted and tempura seaweeds. Last year, the Company launched new flavored products in response to the popular trend, such as Thai Street Foods, which was popular and well-received both in the country and abroad.

3. **GO GLOBAL** leads to an expansion to international markets to ensure quality and sustainability:

- The Company focused on the quality of its products by selective raw materials of good quality and through its production process that meets standards recognized worldwide for consumers;
- The Company also focused on the sustainable growth through its management strategy based on engagement with social and environmental contribution by way of financial sponsorship, support of products, and activities or donations of goods for special relief events. Moreover, last year, the Company initiated a project to assist cacao farmers in Mae Hong Son Province in their sales and usage of their cacao products in the Company's Just Drink milk tea products.

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคีตำบล อำเภออุทัย พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานพวงมณี :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



Domestic Sales: Revenue from sales in the fourth quarter is 518.4 million Baht, **increased by 8.2 percent** from the same quarter of the previous year (increased by 5.3 percent from Q3/2023). Such activities in the fourth quarter that accounted for the sales growth included the launch of new product in collaboration with Pokémon from Japan, the launch of special edition products with limited Pokémon cards for Pokémon character collectors, which were highly popular among consumers, including the sales growth from the Himalayan Pink Salt Flavor seaweed launched around the end of the third quarter, which was also well-received. In addition, the growing number of tourists in the fourth quarter and the forthcoming New Year's festival partially boosted sales, let alone the fact that our collaboration with Major Cineplex by producing Major Popcorn products for Major for distribution in the market and convenience stores in Q4 also helped generated more revenue to the Company.

Total domestic sales for the year 2023 amount to 1,949.0 million Baht, **increased by 17.3 percent** from the same quarter of the previous year, which continued to grow in every quarter due to various contributing factors, which may be summarized as follows:

- The consumers' base grew from marketing through launch of new products in 2023, which were popular among consumers, such as, long sheet seaweed, Himalayan Pink Salt Flavor seaweed, new products presented by Khun Zee-Nunew who jointly created their preferred flavors such as Khao Soi and Salmon with Japanese sauce, Street Foods in 4 flavors, Taokaenoi Seaweed x Pokémon", including tempura seaweed with trending flavors in the market, Mala and Spicy Shrimp flavors that match with consumers' popular trend nowadays.
- The marketing activities were conducted via online channel and on-ground activities to reach consumers. The online channel has become a media of significant interest to consumers, especially our target group of consumers aged between 15-30 years primarily using social media more than other media. Therefore, the online marketing activities, including KOLs, YouTuber and Review pages, which directly communicate with target consumers, are the key factors to create recognition and promote purchases of our products. In addition, the on-ground activities to reach various groups of consumers were carried out in parallel, most notably in the last year including such activities organized in several hundreds of suburban schools, provincial roadshows to boost awareness and purchases, sponsorships in major events, e.g., our magnificent booth in Thailand Game Show 2023 with over two hundred thousand participants, or Siam Music Festival with over two hundred thousand teenagers and young generation attending at the year end, including our very own big event to celebrate our 20th anniversary, "TKN Global Fun Fair," where our Brand Ambassadors and Influencers from various countries gathered to bring good vibes and new experience to fan clubs, which was well-received.
- The distribution channels were expanded and the product display was improved in every channel, i.e., Modern Trade, such as Convenience Store, Supermarket, Hypermarket, and Traditional Trade. Particularly, Modern Trade via 7-Eleven convenience stores displayed newly 100% of Taokaenoi products. As for Traditional Trade, after the use of 14 local distributors, the Company continued to develop and broaden the distribution system by focusing on eye-catching and attractive product presentation, both retail and wholesale stores.

บริษัท เต้าแก๋น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนา :	55/5 หมู่5 ตำบลสามัคคีตำบล อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวงศ์ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



- The number of tourists in 2023 increased up to 28 million tourists, as compared to 11 million tourists in 2022, thereby resulting in a partial increase in the purchasing power from tourists, including purchases through Taokaenoi Land as souvenir shop reopened by the Company last year with the first shop at Asiatique.

As a result of these activities by the Company, namely new product development (NPD) in every segment, marketing activities and sales promotion through various channels, the number of seaweed snack consumers significantly increased, as evidenced by marketing data that showed the growing figures of seaweed snack consumption by up to 25% as compared to the previous year, and relatively more than other snacks.

International Sales: Revenue from sales in the fourth quarter is 821.2 million Baht, **increased by 9.1 percent** from the same quarter of the previous year (decreased by 13.0 percent from Q3/2023). Despite the decline in international sales from the third quarter due to selling price increase in various countries effective in the fourth quarter, and the change of distributor in Indonesia for future growth, sales in the fourth quarter continued to grow as compared to the previous year. Such growth was accounted for in China at 0.7 percent and other countries at 16.1 percent, namely in USA, CLMV and Hong Kong, where new distributors managed to increase their distribution channels.

International sales in Q4/2023 represented 61 percent of total sales, in respect of which China accounted for 26 percent and other countries for 36 percent.

Total sales in 2023 amount to 3,374.4 million Baht, **increased by 24.7 percent** from the same period of the previous year, whereby China accounted for 1,343.2 million Baht, increased by 21.0 percent from the same period of the previous year, and other international markets for 2,031.2 million Baht, increased by 27.3 percent from the same period of the previous year.

The Company generated international sales with the continued growth up to 25 percent as the second year after the declining COVID-19 situations, thanks to the contributing factors as follows:

- The marketing activities continued and new products were launched to promote consumption, for example, in 2023, the Company launched Thai Street Foods products in 4 flavors, i.e., crispy seaweed in Stir Fried Chicken with Basil (Kaphrao Kai) Flavor, grilled seaweed in Boat Noodle Flavor, seasoned laver Pad Thai Flavor, and tempura seaweed in Thai Papaya Salad with Salted Egg (Som Tum Kai Kem) Flavor, for sale in various countries such as China, USA, Singapore and Malaysia, etc.
- The distribution channels were expanded in major markets, such as, USA, via major channels, i.e., Costco or Wholefood, thereby resulting in significant growth in USA.
- The growth of seaweed consumption increased in several countries, particularly in major countries, e.g., China, Indonesia and Malaysia, caused by marketing activities, both online channels and on-ground activities, to reach consumers, by focusing on brand recognition and product presentations to boost sales.
- The sales growth via online channels increased by ongoing Live Streaming activities, including sales via E-Commerce channel, both in Flagship Store and other online channels.

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนมณฑลวิถี ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
โทร. 0 3592 3055

โรงงานนพวงศ์ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
Tel. +66 2108 6888



The overview of sales growth and strategies in major international markets, namely, China, Indonesia and USA, in 2023 may be summarized as follows:

- **China** continues to be our largest international market, which accounted for 1,343 million Baht, representing an increase by 21 percent from the previous year, with the growth in 2022 at 12 percent from that of 2021. Despite the fact that China's economy did not recover like before the COVID-19 outbreak, the Company continued to focus on both existing and new consumers and generated growth from 1) new products: As grilled seaweed was highly popular among Chinese consumers, the Company introduced wave grilled seaweed products, as our new grilled seaweed products, to China, and besides, the popular Big Roll products were also offered in three new flavors, most notably the Scented Candle Blossom, in response to the Chinese trend of coconut consumption; 2) increase in product distribution: The Company's distributor in China was able to increase target areas particularly via Modern Trade, which focused on online distribution of products; 3) marketing activities: In 2023, the Company initiated Hybrid Events, which would be conducted both online and offline in parallel for each activity, which better engaged consumers to brand love. In addition, the Seaweed Cart Tour in 5 major cities, i.e., Shanghai, Hangzhou, Beijing, Wuhan and Changsha, also enabled us to comprehend consumers' behavior for further development of new products for local consumers.
- **USA and Canada:** The Company applied its strategy to expand these markets by offering new products and initiating new distribution channels. For Taokaenoi brand products, last year, the Company was able to expand its distribution channels via Costco up to 4 regions out of all 8 regions, and by the year end, also managed to distribute its products via other main channels, e.g., Stater Bros., and expand to the Hispanic market. With regard to NORA, the "Better for you" segment, the products were available in the health channels, e.g., Wholefood Supermarket and other Supermarkets like Target, Vons, Albertsons etc. or Sobey in Canada.
- **Indonesia** is a Muslim market where seaweed consumption is growing over the last year. The Company continuously conduct marketing activities, such as, Food Truck event at various locations in Indonesia to promote seaweed consumption with meals, by suggesting seaweed with various dishes. Moreover, during the Ramadan fasting, the Company communicated with consumers through Muslim Key Opinion Leader (KOLs) or Influencers to give assurance to Muslim consumers, and added media in various stores during the fasting. As the Company realizes the significance and potential growth in Indonesia, last year, the Company decided to change its local distributor to expand the distribution channels and promote its products to reach more consumers.

Gross Margin

The Company has gross profit in the fourth quarter in the amount of 499.6 million Baht, representing 37.3 percent of revenue from sales. The ratio of gross profits to sales revenue is **increased by 6.6 percent** from the same quarter of the previous year, and increased by 4.0 percent as compared to that of Q3/2023. In the fourth quarter, the significant increase in gross margin was caused by two key factors, namely the first factor is the

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนมณฑลวิถี ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวงศ์ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



reclassification (one-time) of the costs of complimentary goods for the year 2023 as part of sales promotion from the costs of goods to the distribution costs, which affected the ratio of gross margin to sales to increase by 1.9 percent in the fourth quarter, and the second factor is the increase in product prices in the fourth quarter in several countries, while the Company was able to manage variable and fixed costs to decrease as compared to the same period of the previous year, thereby improving the gross profit both from the same period of the previous year and better than the third quarter.

In 2023, the Company has gross profit in the total amount of 1,814.7 million Baht, representing the ratio of gross profits to sales revenue at 34.1 percent of revenue from sales. The ratio of gross profits to sales revenue is **increased by 5.3 percent** from the same period of the previous year. Such factors that caused the ratio of gross profits to sales revenue to significantly increase are as follows:

- The labor costs per unit decreased thanks to the development of work procedures to improve productivity while resources remained unchanged, and the continued use of machinery to increase production efficiency.
- Sales in 2023 increased by 21.9 percent or 957 million Baht, which utilized more production capacity than the previous year, thereby causing the fixed costs per unit to decrease from the economy of scale at Rojana Factory.
- Product prices were increased in the fourth quarter and profitable products were promoted, including the reduction or discontinuation of non-performing products, whereby the Portfolio Management helped improve the gross profit on average.
- The costs in the factory were properly managed and the solar roof panels were used to substitute power consumption in the factory, thereby minimizing power costs by more than 15% throughout the year 2023.

Distribution Costs

The Company has the distribution costs in the fourth quarter in the amount of 190.3 million Baht, representing 14.2 percent of revenue from sales. The ratio of distribution costs to sales revenue is **increased by 2.1 percent** from the same quarter of the previous year (increased by 3.2 percent from Q3/2023), due to the reclassification of the costs of complimentary goods for the entire year 2023 as part of sales promotion from the costs of goods to the distribution costs, which affected the ratio of distribution costs to sales to increase by 1.9 percent, and the one-time expenses due to closure of 3 Hinoya branches and 15 Bomber Dog branches in late 2023 as they did not generate profits, thereby incurring removal costs and compensation for termination of employment.

The total distribution costs in 2023 amount to 632.9 million Baht, representing 11.9 percent, **increased by 0.6 percent** from the same period of the previous year, due to the allocation of more budgets for sales promotional and marketing, both in the country and abroad, to increase the offline distribution of products in other provinces, including the organization of booth events, Live Streaming for sales of products, in major markets, namely Thailand, China, USA and Indonesia, to boost sales, and due to the costs of overseas trips to understand and analyze strategies applicable to the respective countries, including more visits and meetings with sales counterparts.

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน :	337 ถนนมณฑลวิถี ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี	โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนา :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
	โทร. 0 3592 3055
โรงงานนพวง :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office :	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani	Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
	Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
	Tel. +66 2108 6888



Administrative Expenses

The Company has the administrative expenses in the fourth quarter in the amount of 114.7 million Baht, representing 8.6 percent of revenue from sales. The ratio of administrative expenses to sales revenue is **increased by 2.4 percent** from the same period of the previous year (increased by 1.5 percent as compared to Q3/2023). Such increased expenses were in part due to closure of 3 Hinoya branches and 15 Bomber Dog branches in late 2023, and recorded as loss from impairment in value and disposal of assets at the closed branches as one-time expenses, and caused the administrative expenses to increase by 0.7 percent of revenue from sales. There were other expenses increased, such as, expenses for IT system development by way of modern operating systems, increase in personnel for future growth.

Net Profit: Owners of the Parent

The Company has the net profit in the fourth quarter in the amount of 167.2 million Baht, representing 12.5 percent of revenue from sales. The net profit increased by 38 percent from the same quarter of the previous year (decrease by 22.2 percent from Q3/2023), as a result of the sales growth at 8.8 percent, together with the business management based on the 3GO strategies, which have enabled the Company to improve its profitability, control costs proportionate to sales, thereby increasing its profit in this quarter by up to 38 percent.

The Company has the net profit in 2023 in the total amount of 743.0 million Baht, representing 14.0 percent of revenue from sales, **or increased by 70.9 percent** as compared to the net profit from the same period of the previous year, thanks to the continued implementation of the 3GO strategies throughout the year.

Business Trends and Challenges in 2024

2024 is a year in which the world economy tends to grow, although at a relatively lower rate than 2023, with different directions for different countries. In this respect, the Company anticipates challenges from various fluctuations, and sets out our growth strategies in 2024 as follows:

1. The Company has increased its product prices in the fourth quarter of 2023 in China and some international markets, and adjusted the volume of products in domestic market to accommodate the rising prices of seaweed in 2024, which are tentatively higher than 2023.
2. The Company changes its distributor in Indonesia with a new distributor capable of distributing products better in Indonesia in the fourth quarter of 2023. Therefore, in 2024, the Company expects a sales growth of over 30 percent in Indonesia.
3. China's economic growth tends to slow down from the previous year, which is expected to be around 4.6% in 2024. The domestic consumption will continue to be the primary factor that drives China's economy in 2024, coupled with the economic stimulus measures from the government. However, China is a major country which accounts for up to 25 percent of the Company's total sales. Therefore, the Company still focuses on expanding

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : เมืองทองธานี	337 ถนนพหลโยธิน ตำบลบางพูด อำเภอปากเกร็ด นครปฐม 11120 โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210 โทร. 0 3592 3055
โรงงานนพวงศ :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140 โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office : Muang Thong Thani	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120 Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210 Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140 Tel. +66 2108 6888



the distribution channels and diversifying its products in parallel to marketing promotions, with a target sales growth at 15% in 2024.

4. In 2024, the number of tourists to visit Thailand is forecast at over 33 million tourists. Such increased number of tourists will serve as a positive factor for domestic sales to grow along with our strategy to promote domestic consumption through extensive distribution of products and new product launch with trendy flavors in response to consumers' demand.
5. USA and Canada remain target markets where the Company anticipates sales growth at over 15% in 2024 despite the tentative economic slowdown in line with declining private sector investment. However, given the increasing seaweed consumption in those countries, along with the expansion of distribution channels to Canada, the Company expects an increase in sales growth from this country.

As a whole, in 2024, the Company has planned for its sales growth at a total rate of over 15% as compared to the same period of the previous year following the continued growth in the past two years at 20.9 percent in 2021 and 21.9 percent in 2022, and expects to generate more profit accordingly. Even though the profit growth may be relatively less than sales due to challenges in respect of tentative increase in various costs of raw materials, including the increase in minimum wages in 2024, the Company has a policy to adapt its operation plan in response to changing circumstances during the year to accommodate any change and to achieve our expected goals.

Please be informed accordingly.

Yours sincerely,

(Mr. Jirapong Suntipiromkul)

Deputy Managing Director

Authorized to sign on behalf of the Company

Taokaenoi Food and Marketing PCL

บริษัท เต้าแก่น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนมณฑลศึก ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
โทร. 0 3592 3055

โรงงานนพวงสี : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited

Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
Tel. +66 3592 3055

Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
Tel. +66 2108 6888