

February 21<sup>st</sup>, 2024

Subject: Management's Discussion and Analysis (MD&A) for the year ended December 31<sup>st</sup>, 2023

To Directors and Managers  
Stock Exchange of Thailand

Thai Coconut Public Company Limited ( the “ Company ” ) would like to clarify the operating results from the consolidated financial statements for the year ended December 31<sup>st</sup>, 2023, with details as follows.

Unit: Million baht

Profit & Loss Statement	4Q2023	%	4Q2022	%	3Q2023	%	% Inc. (Dec.)		2023	%	2022	%	% Inc. (Dec.)
							YoY	QoQ					
Income													
Revenue from sale of goods	1,392.68	96.71	776.06	93.43	1,281.53	98.71	79.46	8.67	4,637.71	99.10	3,333.30	98.41	39.13
Revenue from rendering of services	3.81	0.26	7.50	0.90	4.31	0.33	(49.20)	(11.60)	17.40	0.37	31.24	0.92	(44.30)
Other income	11.83	0.82	7.81	0.94	4.18	0.32	51.47	183.01	24.63	0.53	18.20	0.54	35.33
Gain on derivatives fair value remeasurement	31.68	2.20	39.30	4.73	8.21	0.63	(19.39)	285.87	-	-	4.25	0.13	(100.00)
<b>Total income</b>	<b>1,440.00</b>	<b>100.00</b>	<b>830.67</b>	<b>100.00</b>	<b>1,298.23</b>	<b>100.00</b>	<b>73.35</b>	<b>10.92</b>	<b>4,679.74</b>	<b>100.00</b>	<b>3,386.99</b>	<b>100.00</b>	<b>38.17</b>
<b>Gross profit</b>	<b>369.46</b>	<b>26.53</b>	<b>189.07</b>	<b>24.36</b>	<b>341.28</b>	<b>26.63</b>	<b>95.41</b>	<b>8.26</b>	<b>1,213.61</b>	<b>26.17</b>	<b>800.33</b>	<b>24.01</b>	<b>51.64</b>
Expenses													
Costs of sales of goods	1,023.22	71.06	586.99	70.66	940.25	72.43	74.32	8.82	3,424.10	73.17	2,532.97	74.79	35.18
Costs of rendering of services	2.08	0.14	6.10	0.73	2.65	0.20	(65.90)	(21.51)	10.88	0.23	29.17	0.86	(62.70)
Distribution costs	88.28	6.13	55.52	6.68	75.74	5.83	59.01	16.56	287.72	6.15	199.28	5.88	44.38
Administrative expenses	90.01	6.25	78.70	9.47	99.50	7.66	14.37	(9.54)	335.53	7.17	280.04	8.27	19.82
Net loss on foreign exchange	26.53	1.84	22.02	2.65	13.48	1.04	20.48	96.81	29.21	0.62	1.23	0.04	2,274.80
Loss on derivatives fair value remeasurement	-	-	-	-	-	-	-	-	1.61	0.03	-	-	N/A
<b>Total expenses</b>	<b>1,230.12</b>	<b>85.43</b>	<b>749.33</b>	<b>90.21</b>	<b>1,131.62</b>	<b>87.17</b>	<b>64.16</b>	<b>8.70</b>	<b>4,089.05</b>	<b>87.38</b>	<b>3,042.69</b>	<b>89.83</b>	<b>34.39</b>
<b>Profit from operating activities</b>	<b>209.88</b>	<b>14.58</b>	<b>81.34</b>	<b>9.79</b>	<b>166.61</b>	<b>12.83</b>	<b>158.03</b>	<b>25.97</b>	<b>590.69</b>	<b>12.62</b>	<b>344.30</b>	<b>10.17</b>	<b>71.56</b>
Finance costs	(8.97)	(0.62)	(7.39)	(0.89)	(11.45)	(0.88)	21.38	(21.66)	(37.87)	(0.81)	(27.98)	(0.83)	35.35
Share of loss of a joint venture accounted for using equity method	(4.30)	(0.30)	(1.84)	(0.22)	(1.12)	(0.09)	133.70	283.93	(6.70)	(0.14)	(2.78)	(0.08)	141.01
<b>Profit before income tax expense</b>	<b>196.61</b>	<b>13.65</b>	<b>72.11</b>	<b>8.68</b>	<b>154.04</b>	<b>11.87</b>	<b>172.65</b>	<b>27.64</b>	<b>546.12</b>	<b>11.67</b>	<b>313.54</b>	<b>9.26</b>	<b>74.18</b>
Tax expense	(7.57)	(0.53)	(10.78)	(1.30)	(1.29)	(0.10)	(29.78)	486.82	(6.44)	(0.14)	(6.87)	(0.20)	(6.26)
<b>Profit for the period</b>	<b>189.04</b>	<b>13.13</b>	<b>61.33</b>	<b>7.38</b>	<b>152.75</b>	<b>11.77</b>	<b>208.23</b>	<b>23.76</b>	<b>539.68</b>	<b>11.53</b>	<b>306.67</b>	<b>9.05</b>	<b>75.98</b>

## Overview of Business Operations

Operating results of the Company and its subsidiaries. According to the 2023 annual financial statement, the Company has a total income of Baht 4,679.74 million, which is an increase of 38.17% compared to the previous year due to the growth of foreign sales both in Asia and other regions, especially income from the increased sales of coconut water products sold to China and increased income from the Company can expand marketing channels mainly to oversea countries.

The proportion of the cost of sales in 2023 of sales revenue is 73.83% or decreased by 2.16% compared to the previous year. The main factor that makes the cost of sales improve comes from internal management whether controlling the purchasing price of raw materials and continuous adjustment of the Company's production techniques.

Overall, in the fourth quarter of the year 2023, the Company and its subsidiaries had a total income of Baht 1,440.00 million, an increase of 73.35% compared to the same quarter of the previous year, and a net profit of Baht 189.04 million, an increase compared to the same quarter of the previous year, amounting to Baht 127.71 million, or considered an increase 208.23%

### **Revenue from Sales and Services**

The Company has revenue from sale of goods in 2023 equal to Baht 4,637.71 million, which is an increase in revenue from sale of goods from the previous year by Baht 1,304.41 million, or an increase of 39.13%.

Revenue from sales of goods in the fourth quarter of the year 2023 is Baht 1,392.68 million or representing an increase of 79.46% compared to the same quarter of the previous year, or an increase of 8.67% as compared to the previous quarter.

Revenue from foreign sales in 2023 is Baht 4,016.18 million, an increase of Baht 1,366.98 million, equivalent to an increase of 51.60% compared to the previous year because in 2023 the Company was able to expand its customer base, and enhanced marketing strategies in order to increase foreign sales. Resulting in Revenue from Sales to China increased, especially coconut water products. In addition, the Company also increased its marketing channels. Product distribution channels cover many countries. As a result, a total of orders in Asia region significantly increased.

The Company's products that are most popular in the international market are coconut water products. In 2023, the proportion of exports is 85.82% of sales revenue as compared to sales growth in the year 2023 compared to the previous year in each region. It is noticeable that sales in Asia region increased by 131.42%, sales on the Middle East region increased 51.28% and There was a higher growth in Africa region of 8.82%. Moreover, in the fourth quarter, the Company's revenue from foreign sales increased significantly by 112.94% compared to the same quarter of the previous year. Although normally, the fourth quarter of every year is the low season for the beverage industry, the Company had significant increased orders in the fourth quarter of the year 2023., and in 2024 the Company still sees growth opportunities of increase in the amount of consumption of Coconut water products that are a popular product in Thailand of the original customer group and new customers with continuous investment plans and marketing strategies.

Revenue from domestic sales of the year 2023 is Baht 621.53 million, decreased by Baht 62.58 million or equivalent to a decrease 9.15% compared to the previous year due to a policy to reduce the production of coconut water products for sale in Thailand. This is because the Company has limitations in the production capacity of its factories that must support the rapidly growing production of the international market, which is consistent with the plan of expanding sales channels to oversea countries and planning of machinery for production capacity. However, the Company also sees an opportunity that there is a better recovery of the Thai economy and it is a channel for business growth in the future. For these reasons there is adjusted its plan to launch new products. For the year 2024, the Company expects that domestic sales revenue will return to growth from the marketing plan, and campaign in online and e-commerce channels within the country

The Company has service income in 2023 equal to Baht 17.40 million, a decrease of Baht 13.84 million from the previous year, or a decrease of 44.30%, because the temporarily policy of reducing domestic production in order to support the significant growth in international sales as described previously.

Furthermore, the Company has other income in 2023 equal to Baht 24.63 million, an increase from the previous year of Baht 6.43 million, or an increase of 35.33%, resulting from interest income from receiving money received from Initial public offering of additional common shares (IPO) and the Company receives income from blue corner compensation. This is income from compensation taxes for exporting products abroad. In particular, increase sales of coconut water products.

### **Cost of Sales**

The Company has the cost of sales in 2023 equal to Baht 3,424.10 million, an increase of Baht 891.13 million or an increase of 35.18% compared to the previous year, which corresponds to increased sales revenue. However, the proportion of sales costs decreased from 75.99% to 73.83% of sales revenue due to an increase in production capacity utilization rate, and continuous management of production costs, such as efficient production planning, reducing losses arising from the production process, and controlling the price of raw materials to reach the expected targets, etc. Currently, the Company is also considering reducing costs in other parts, such as the solar rooftop installation project to save on energy costs.

### Distribution costs

The Company has distribution costs in 2023 equal to Baht 287.72 million, an increase of Baht 88.44 million or an increase of 44.38% as compared to the previous year, due to the increase in promotional costs marketing media costs and marketing activities, such as expenses in exhibitions and brand building. Such expenses have grown in line with increased sales revenue.

### Administrative Expenses

The Company has administrative expenses in 2023 equal to Baht 335.53 million. Increased by Baht 55.49 million or an increase of 19.82% compared to the previous year, mainly due to employee benefit expenses and product research and development expenses (R&D) of the Company, including fees and consulting fees, public relations fees, which are expenses related to the initial public offering of additional common shares (IPO) and listing the Company on the Stock Exchange of Thailand. (SET)

### Financial Costs

The Company has financial costs in 2023 equal to Baht 37.87 million, an increase of 9.89 million baht or an increase of 35.35% compared to the previous year. This is a result of an increase in interest expenses on packing, interest expenses on short-term promissory notes, and increased interest payments on long-term loans, according to the direction of interest rates that have increased compared to the previous year.

### Gross Profit Margin

Unit: Million baht

Revenue type	4Q2023	%	4Q2022	%	3Q2023	%	% Inc. (Dec.)		2023	%	2022	%	% Inc. (Dec.)	
							YoY	QoQ					Chang YoY	YoY
<b>Gross Profit</b>														
Coconut milk products	156.70	28.18	139.13	28.18	172.73	32.44	12.63	(9.28)	606.11	28.81	644.14	24.96	(38.04)	(5.91)
Coconut water products	194.28	26.83	37.62	26.83	128.95	22.06	416.43	50.66	530.94	25.88	124.30	27.96	406.64	327.14
Pet food products	17.83	21.12	7.20	21.12	13.01	14.42	147.51	37.04	30.51	9.58	10.92	5.32	19.59	179.41
Other products	2.39	7.48	6.52	7.48	28.24	35.92	(63.31)	(91.53)	52.59	28.97	23.04	17.16	29.54	128.21
<b>Gross Profit Margin</b>	<b>371.20</b>	<b>26.58</b>	<b>190.48</b>	<b>26.58</b>	<b>342.93</b>	<b>26.67</b>	<b>94.88</b>	<b>8.24</b>	<b>1,220.14</b>	<b>26.21</b>	<b>802.41</b>	<b>23.85</b>	<b>417.73</b>	<b>52.06</b>

The Company's with gross profit margin from revenue from sale of goods and service in 2023 increased to 26.21% compared to the previous year with a gross profit margin of 23.85%, which is in line with increased revenue from sale of goods, especially coconut water products, whose sales have grown significantly. Resulting in an increase in the capacity utilization rate and the creation of the Economy of Scale.

The gross profit margin of revenue from sale of goods and service in the fourth quarter of the year 2023 was equal to 26.58% or an increase of 2.27% compared to the same quarter of the previous year. In the fourth quarter of the year 2023, the Company had Gross profit margin of coconut water products was 26.83% or an increase of 4.77% compared to the previous quarter. Because the Company Received a significant increase in orders for coconut water from customers in the Third quarter of the year 2023, continuing until the fourth quarter of the year 2023, while in the Third quarter of the year 2023, the Company is in the process of installing machinery. This causes the need to be hired temporarily and will end in the fourth quarter of the year 2023, resulting in the Company's gross profit margin decreased during the said quarter, while in the fourth quarter of the year 2023 the Company had gross profit margins for coconut water products return to normal. Currently, the Company the machinery was installed within the specified time frame. This makes it possible to support production capacity as targeted.

### Net Profit

The Company has a net profit in 2023 equal to Baht 539.68 million, an increase of Baht 233.01 million or an increase of 75.98 % compared to the previous year, because of the Company's increased sales revenue from expanding the international market, especially from increased sales of coconut water products in China. As a result, the Company's net profit increased as compared to the previous year.

### Company's Financial Statement

Unit: Million baht

Consolidated Statement Financial	December 31, 2023	December 31, 2022	Change (+/-)	% Inc. (Dec.)
Total Assets	5,098.54	3,114.84	1,983.70	63.69
Total Debts	1,741.23	1,780.72	(39.49)	(2.22)
Total Shareholders' Equity	3,357.31	1,334.12	2,023.19	151.65
Debt to Equity Ratio ( D/E Ratio) times	0.52	1.33	(0.81)	(60.90)

### Assets

As of December 31<sup>st</sup>, 2023, the Company and its subsidiaries have total assets around Baht 5,098. 54 million, an increase of Baht 1,983.70 million or an increase of 63.69% compared to 2022, because the Company sold additional shares to the public for the first time (IPO), which caused increase cash and cash equivalents by Baht 632.95 million or an increase of 211.73 % compared to 2022. Trade and other receivables increased by Baht 411.39 million or an increase of 85.40% compared to the year 2022, corresponds to an

increase in sales and an increase in land plots, buildings, and equipments of Baht 789.49 million or an increase of 56.40% compared to 2022. This is because an increase in machinery and machine installation system work to support the Company's growth, which is used in the production of coconut milk products and coconut water. The increase in the Solar Rooftop Phase 2 installation project and the increase in buildings and structures of the subsidiary are under construction.

### Liabilities

As of December 31<sup>st</sup>, 2023, total liabilities of Company and its subsidiaries were Baht 1,741.23 million, a decrease of Baht 39.49 million or 2.22% compared to 2022. As a result of the Company repaying long-term loans from financial institutions from the proceeds from the offering of common shares. Raising capital to the public for the first time (IPO)

### Equity

As of December 31<sup>st</sup>, 2023, the Company and its subsidiary's Shareholders' equity was Baht 3,357.31 million, an increase of Baht 2,023.19 million or 151.65% because the Company sold additional shares to the public for the first time (IPO) 370 million shares, at 5.50 baht per share on September 14<sup>th</sup>, 2023. Resulting, the Company's paid-up registered capital increased by Baht 185.00 million, for a total of Baht 735.00 million of paid-up registered capital, and there was an increase in the premium on common shares equal to Baht 1,792.51 million. Moreover, the Company has increased retained earnings due to the Company's ability to make profits in 2023.

Please be informed accordingly.

Yours sincerely,



(Miss Pattara Tasjun)

Chief Financial and Information Officer

Thai Coconut Public Company Limited