



TRANSLATION

14th May, 2024

Subject: Management Discussion and Analysis of the Consolidated Financial Statements
of Quarter 1 end of 31st March 2024

To: President
The Stock Exchange of Thailand

Haadthip Public Company Limited ("the Company") would like to provide the explanation on the performance of Quarter 1, end of 31st March 2024 as follows;

1. Revenue from sales

In reference to the operating results of Q1/2024 that was reviewed by the Auditor, the Company's consolidated financial statements of the period showed revenue from sales of Baht 2,129.1 million, increased by Baht 78.7 million or 3.8 % from the same period of last year of Baht 2,050.4 million, driven by the beverage sales volume in an amount of 19.1 million unit cases in Q1/2024, increased by 4.0% from 18.3 million unit cases in Q1/2023. The sales revenue and volume growth drivers were:

I. The robust growth in tourism and hotel businesses due to an increase in the number of foreign tourists visiting Thailand. Data from the Bank of Thailand (BOT) showed that the number of foreign tourists visiting Thailand in Q1/2024 was 9.4 million persons, compared with 6.5 million persons during the same period last year. The hotel occupancy rate in the South was significantly higher at 82.0% compared to 74.5% during the same period last year. Additionally, the proportion of foreign tourists in hotels in the South of Thailand was at 47.9%.

Data from Nielsen Thailand presented that the South Non-Alcoholic Ready- to- Drink (NARTD) market grew at 14.5% while total Thailand growth was 11.3%.

- II. The Company implemented Revenue Growth Management Initiatives through pack and channel mix to increase demand for the sales of single serve packages, particularly through high-growth channels.
- III. Zero sugar sparkling beverages continued to grow with new flavor introduction: Coke Zero Sugar Lime Flavored and Coca-Cola Coke K -Wave Fruity Fantasy Zero Sugar.
- IV.

The Company continued to maintain its leadership in Non-Alcoholic Ready-to-Drink (NARTD) with market share of 25.1% and Sparkling Soft Drink (SSD) with market share of 79.2% in Q1/2024.

2. Cost of sale of goods and gross profit margin

The cost of sale of goods amounted to Baht 1,269.9 million, an increase of Baht 88.8 million or 7.5% from the same period of last year. The gross profit amounted to Baht 859.3 million, a decrease of Baht 10 million from the same period of last year of Baht 869.3 million, represented a reduction of 1.2% as a result of a 19% increase in liquid sucrose costs compared to the same period last year. Thus, the gross profit margin was 40.4%, reflecting a decline of 2.0 percentage points from 42.4% in the same period of last year.

Furthermore, the Company has plans to mitigate the aforementioned impacts through improving production efficiency and revenue growth management strategies for the remaining period of the year.

3. Distribution costs and administrative expenses

Distribution costs amounted to Baht 415.1 million, an increase of Baht 14.2 million or 3.5% from the same period last year. Administrative expenses totaled Baht 218.3 million, reflecting a decrease of Baht 6.0 million or 2.7% % from the same period last year. Overall, SG&A expenses reached Baht 633.4 million, representing a 1.3% increase compared to Baht 625.2 million in the same period last year. This increase was primarily attributed to a 1.3% rise in sales promotion and marketing expenses, driven mainly by shifts in distribution channels and additional spending to support the growth in market demand and tourism.

4. Finance costs and income tax expenses

Finance costs amounted to Baht 4.2 million, an increase of Baht 2.3 million or 121.6% due to the interest payment for a long-term loan for the new production line of PET line 3, Punpin, Suratthani.

Income tax expenses were Baht 44.8 million, an increase of Baht 5.2 million compared with the same period last year of Baht 39.6 million or 13.2%. This resulted from the group of companies receiving promotional certificates from the Board of Investment for its semi-plastic bottle (Preform) and plastic bottle (PET) businesses during the year 2023, which granted exemptions or reductions from income tax payments on related profits. However, these privileges expired at the end of September 2023.

5. Net profit and net profit margin

Net profit of the Company was Baht 183.0 million, a decrease of Baht 16.3 million or 8.2%, compared with Baht 199.3 million of the same period of last year. Net profit margin was 8.2%, decreased from 9.7% in the same period of last year.

6. Profitability and Efficiency Ratios

Ratio	2024	2023
	Quarter 1	Quarter 1
Gross Profit Margin (%)	40.4	42.4
Net Profit Margin (%)	8.6	9.7
Return on Equity (%)	14.4	13.8
Return on Assets (%)	10.7	10.5

- Gross profit margin for Q1/2024 decreased by 2.0 percentage points due mainly to the rising in liquid sucrose cost.
- Net profit margin for Q1/2024 decreased by 1.1 percentage points as a result of the lower gross profit margin.
- Return on Equity (12-month operating results) increased by 0.6 percentage points as a direct result of an increase in the Company's net profit for the last 12 months (1st April 2023 - 31st March 2024).
- Return on Assets (12-month operating results) increased by 0.2 percentage points as a direct result of an increase in the Company's earnings before tax for the last 12 months (1st April 2023 - 31st March 2024).

For your acknowledgement and further dissemination

Best regards,

Maj Gen.

(Patchara Rattakul)

Chief Executive Officer

Office of the Chief Executive Officer

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