

May 10th, 2024

Subject: Management Discussion and Analysis for the first quarter of the year 2024, Ending March 31st, 2024

Dear: Directors and Managers

The Stock Exchange of Thailand

Thai Coconut Public Company Limited and its subsidiaries (“the Company”) would like to clarify the operating results from the consolidated financial statements for the first quarter of the year 2024 ended on March 31st, 2024, with details as follows:

Unit: million baht

Profit & Loss Statement	1Q2024	%	1Q2023	%	4Q2023	%	Inc. (Dec.)			
							Chang YoY	% YoY	Chang QoQ	% QoQ
Total Revenue from sale of goods	1,397.62	101.77	861.76	100.58	1,440.00	103.12	535.86	62.18	(42.38)	(2.94)
Revenue from sale and services	1,373.27	100.00	856.77	100.00	1,396.49	100.00	516.50	60.28	(23.22)	(1.66)
Interest and Other income	4.35	0.32	2.43	0.28	11.83	0.85	1.92	79.01	(7.48)	(63.23)
Net gain on foreign exchange	20.00	1.46	2.56	0.30	0.00	0.00	17.44	681.25	20.00	0.00
Gain on derivatives fair value remeasurement	0.00	0.00	0.00	0.00	31.68	2.27	0.00	0.00	(31.68)	(100.00)
Costs of sale of goods and services	1,007.13	73.34	640.60	74.77	1,025.30	73.42	366.53	57.22	(18.17)	(1.77)
Gross profit	366.14	26.66	216.17	25.23	371.19	26.58	149.97	69.38	(5.05)	(1.36)
Selling and administrative expenses	177.01	12.89	141.30	16.49	204.82	14.67	35.71	25.27	(27.81)	(13.58)
Distribution costs	72.43	5.27	59.53	6.95	88.28	6.32	12.90	21.67	(15.85)	(17.95)
Administrative expenses	95.44	6.95	67.40	7.87	90.01	6.45	28.04	41.60	5.43	6.03
Net loss on foreign exchange	0.00	0.00	0.00	0.00	26.53	1.90	0.00	0.00	(26.53)	(100.00)
Loss on derivatives fair value remeasurement	9.14	0.67	14.37	1.68	0.00	0.00	(5.23)	(36.40)	9.14	0.00
Profit from operating activities	213.48	15.55	79.86	9.32	209.88	15.03	133.62	167.32	3.60	1.72
Finance costs	(8.57)	(0.62)	(7.97)	(0.93)	(8.97)	(0.64)	(0.60)	7.53	0.40	(4.46)
Share of loss of a joint venture accounted for using equity method	(0.26)	(0.02)	(1.03)	(0.12)	(4.30)	(0.31)	0.77	(74.76)	4.04	(93.95)
Profit before income tax expense	204.65	14.90	70.86	8.27	196.61	14.08	133.79	188.81	8.04	4.09
Tax expense	(1.01)	(0.07)	(3.96)	(0.46)	(7.57)	(0.54)	2.95	(74.49)	6.56	(86.66)
Profit for the period	203.64	14.83	66.90	7.81	189.04	13.54	136.74	204.39	14.60	7.72

Overview of Business Operations

Operating results of the Company according to the consolidated financial statements for the first quarter of the year 2024, the Company had a total revenue of 1,397.62 million baht, which is an increase by 62.18% as compared to the same quarter of the previous year. This is because of the growth of revenue from

sales and services, and the sales of all types of products, especially, coconut water products and pet food products. The Company can expand the distribution channels in all marketing channels. However, the total revenue decreased by 2.94% as compared to the previous quarter because the revenues from interest and other revenues decreased. The revenues from sales and services slightly decreased, which aligned to the seasonal or low season of the sale of coconut water product.

Costs of sale of goods and services was equal to 1,007.13 million baht or equivalent to 73.34% of the revenue from sales and service, which value increased at 366.53 million baht that accord with an increase of the revenue from sales and services. But when compare with the percent rate of the revenue from sales and services, it was noticeable that the revenue from sales and services decreased by 1.43% as compared to the same quarter of the previous year, and slightly decreased by 0.08% as compared to the previous quarter. The main reason was that the Company can control the price and quantity of main raw material, manage the production processes, and adjust technical production according to the expected goals.

Selling and administrative expenses (excluding the net foreign exchange losses and losses from fair value adjustments of derivatives) were 167.87 million baht. When considered the value, it increased at 40.94 million baht as compared to the same quarter of the previous year or representing an increase by 32.25%. However, when compared to the previous quarter, the value decreased at 10.42 million baht or representing a decrease by 5.84%. The proportion of expenses of sales and services was 12.22% of the revenue from sales and services, which decreased by 2.59% as compared to the same quarter of the previous year, and decreased by 0.55% when compared to the previous quarter. It is noticeable that the Company can control the cost of selling and administrative expenses efficiency according to the increased sale.

For overview of the first quarter of the year 2024, the Company had a net profit around 203.64 million baht, or accounted for 14.83% of sales and service revenue, and an increase at 136.74 million baht as compared to the same quarter of the previous year, or increased by 204.39%. It was an increase at 14.60 million baht from the previous quarter or equivalent to an increase by 7.72%.

Revenue from sales and services

The Company's revenue from sales and services in the first quarter of the year 2024 was 1,373.27 million baht, which increased from the same quarter of the previous year at 516.50 million baht, or representing an increase by 60.28%. When compared to the previous quarter, the revenue from sales and

services decreased at 23.22 million baht or decreased by 1.66% by separating into the revenue from sales and services in domestics and overseas as follows:

Revenue from sales and services in overseas in the first quarter of the year 2024 was 1,181.17 baht million, which increased at 505.60 million baht, or increased by 74.84% as compared to the same quarter of the previous year. Because the Company is able to increase sales for all products. In addition, the Company also sees continued growth due to the increase in the order quantity of current customers. the Company has planned sales, increased the marketing strategies, given the importance to maintaining relationships with existing customers and found the new customers in overseas by joining the exhibitions and surveying the foreign beverage markets in order to continuously expand distribution channels. However, when compared to the previous quarter, the revenue from sales and services in overseas decreased at 66.89 million baht or decreased by 5.36% due to a slight decrease in revenue from coconut products, which accord with the seasonal or low season of sale for the beverage business group.

Domestic sales and service revenue in the first quarter of the year 2024 was 192.10 million baht, which increased at 10.89 million baht or increased by 6.01% as compared to the same quarter of the previous year, and increased at 43.67 million baht when compared to the previous quarter, or representing an increase by 29.42% due to the growth of revenue from the sale of coconut milk products and other products, and the growth of the revenue of the subsidiary in selling pet food products under the Moochie brand, and an increase in selling under customer brands (OEM). This is because the Company 's marketing strategy in expanding the existing customer to be able to expand the additional destination channels, especially the channel for the sale in retail stores with branches throughout the country.

For the first quarter of the year 2024, the Company's export proportion accounted for 86.01% of revenue from sale and services. When compared to the same quarter of the previous year, it was noticeable that the Company's sales from the Asian region increased by 74.51%, sales from the American region increased by 74.00%, and sales from African region increased by 46.53%. However, when compared to the previous quarter, it was found that sales have decreased in line with the low season for coconut water products in the first quarter. Furthermore, the Company still sees an opportunity for increase growth in the consumption of coconut water products, which are popular products from Thailand among existing customers and new customers in Asian countries. The Company has surveyed and studied in the beverage market, it is expected that sales and service revenue will grow, and including pet food products are likely to continue to grow.

Moreover, the Company has interest revenue and other revenue in the first quarter of the year 2024 equal to 4.35 baht million, which increased from the same quarter of the previous year equal to 1.92 million baht, or equivalent to an increase by 79.01% due to the revenue from blue corner compensation. This is revenue from compensatory taxes for exporting products in overseas, especially coconut water products that sales increased. But when compared to the previous quarter, it decreased at 7.48 million baht, or representing a decrease by 63.23%, because in the fourth quarter of the year 2023, the Company had interest revenue from the initial public offering of additional common shares (IPO).

Costs of sale of goods and services

The Company's cost of sales and services in the first quarter of the year 2024 was 1,007.13 million baht, which increased at 366.53 million baht or 57.22% as compared to the same quarter of the previous year. This corresponded to an increase in sales and service revenue. The proportion of sales and service costs when compared to sales and service revenue decreased from 74.77% to 73.34% since the Company has a plan for raw material management. Consequently, the Company can control the price of raw materials to meet the expected target. Including internal management and other cost reduction. For example, planning for increasing the production rate, which led to an economy of scale, and various cost reduction projects such as the solar rooftop installation project. However, when compared to the previous quarter, it decreased at 18.17 million baht or decreased by 1.77%, which corresponds to revenue from sale and services that decreased.

Revenue from sale and service and gross profit margin separated by products

Unit: million baht

Revenue type	1Q2024	%	1Q2023	%	4Q2023	%	Inc. (Dec.)			
							Chang YoY	% YoY	Chang QoQ	% QoQ
Revenue from sale of goods										
Coconut milk products	572.86	41.72	490.16	57.21	556.08	39.82	82.70	16.87	16.78	3.02
Coconut water products	625.49	45.55	267.22	31.19	722.93	51.77	358.27	134.07	(97.44)	(13.48)
Pet food products	138.70	10.10	68.14	7.95	84.42	6.05	70.56	103.55	54.28	64.30
Other products	36.22	2.64	31.25	3.65	33.06	2.37	4.97	15.90	3.16	9.56
Total Revenue from sale of goods and services	1,373.27	100.00	856.77	100.00	1,396.49	100.00	516.50	60.28	(23.22)	(1.66)
Gross Profit										
Coconut milk products	145.98	25.48	132.60	27.05	156.70	28.18	13.38	10.09	(10.72)	(6.84)
Coconut water products	176.54	28.22	76.76	28.73	193.21	26.73	99.78	129.99	(16.67)	(8.63)
Pet food products	39.10	28.19	1.78	2.61	17.83	21.12	37.32	2,096.63	21.27	119.32
Other products	4.52	12.48	5.03	16.10	3.46	10.47	(0.51)	(10.14)	1.06	30.52
Gross Profit Margin	366.14	26.66	216.17	25.23	371.20	26.58	149.97	69.38	(5.06)	(1.36)

The Company had the revenue from sales and services in the first quarter of the year 2024 equal to 1,373.27 million baht and the gross profit margin rate increased by 26.66% as compared to the same quarter of the previous year, with a gross profit margin at 25.23%. And when compared to the previous quarter, the gross profit margin was 26.58%, which agile to an increase of sales and service revenue, resulting in an Economy of Scale in production capacity. In addition, the Company has cost management and can more efficiently control sales and service costs.

1. Coconut milk products

The Company had revenue from sales and services of coconut milk products in the first quarter of the year 2024 equal to 572.86 million baht, or accounted for 41.72% of the revenue from sales and services. When compared the value, it was noticeable that there was an increase at 82.70 million baht or accounted for 16.87% as compared to same quarter of previous year. The value increased at 16.78 million baht or accounted for 3.02% as compared to previous quarter. The revenue from sale of coconut milk products grown as compared to same quarter of the previous year and the previous quarter, although the first quarter is low season for coconut milk products.

The Company had a gross profit margin of revenue from sales and service from coconut milk products in the first quarter of the year 2024 was 25.48%, which decreased as compared to the same quarter of the previous year. This is because the proportion of revenue from sales and services increased from coconut milk product group which has lower profit than other packaging in the product group.

2. Coconut water products

The Company's revenue from sales and services of coconut water products in the first quarter of the year 2024 was equal to 625.49 million baht, which is an increase at 134.07% as compared to the same quarter of the previous year because the popularity trend of coconut water drinks in the international markets, especially in China. However, the revenue from sales decreased by 13.48%, when compared to the previous quarter. This is result from seasonal and the gross profit margin of coconut water products was equal to 28.22% or decrease by 0.51% as compared to the same quarter of the previous year. However, the gross profit margin increased by 1.50% compared to the previous quarter because strategic management in sourcing coconut water since the end of 2023, which led to be able to control the price of raw material according to forecasted price. Including the internal management and production process management efficiency.

3. Pet food products

The company's revenue from sales and services of pet food products in the first quarter of year 2024 was equal to 138.70 million baht, which was an increase in growth by 103.55% as compared to the same quarter of the previous year, and increased by 64.30% as compared to the previous quarter. This is because the ability in to expanding continuously sales channels and increasing the sales from existing customers according to the growth of the pet food industry, especially in retail stores from existing customers. As a result, The Company had revenue from an increase in selling products under customer brands (OEM) and selling via online channels under the Mochie brand. There was a gross profit margin of pet food products equal to 28.19% or increased by 25.58% as compared to the same quarter of the previous year, and increase by 7.07% as compared to the previous quarter because the production rate has increased, which led to an economy of scale.

Distribution costs

The Company had distribution costs in the first quarter of the year 2024 equal to 72.43 million baht, which increased at 12.90 million baht or accounted for 21.67% as compared to the same quarter of the previous year. The proportion of distribution costs to revenue from sales and services was equal to 6.95%, which decreased by 1.68% as compared to the same quarter of the previous year, and decreased by 1.05% as compared to the previous quarter according to increased sales and efficiency in internal management, cost controlling, and cost reduction in other areas. The distribution costs consist of sales promotion expenses, marketing media expenses, attending various exhibition expenses, and building brand expenses.

Administrative expenses

The Company had administrative expenses in the first quarter of year 2024 equal to 95.44 million baht, which increased at 28.04 million baht or accounted for 41.60% as compared to the same quarter of the previous year. When compared to the previous quarter, the administrative expenses increased at 5.43 million baht or accounted for 6.03% due to employee benefit expenses.

Financial costs

The Company had financial costs for the first quarter of the year 2024 equal to minus 8.57 million baht, which increased at 0.60 million baht or accounted for 7.53% as compared to the same quarter of the previous year because there was increased use of working capital from banks which caused from an increase of revenue from sales and services. However, when compared to previous quarter, it decreased at 0.40 million baht or accounted for 4.46%.

Net Profit

The Company had a net profit in the first quarter of the year 2024 equal to 203.64 million baht, which increased at 136.74 million baht or accounted for 204.39% as compared to the same quarter of the previous year. The net profit increased at 14.60 million baht or accounted for 7.72%, when compared to previous quarter. This is a result from the increase in the Company's sales revenue, the ability to control production costs, and effectively managing distribution costs and administrative expenses.

Statement of the company's financial position

Unit: million baht

Consolidated Statement Financial	March 31 st , 2024	December 31 st , 2023	Change (+/-)	% Inc. (Dec.)
Total Assets	5,452.72	5,098.54	354.18	6.95
Total Debts	1,891.77	1,741.23	150.54	8.65
Total Shareholders' Equity	3,560.95	3,357.31	203.64	6.07
Debt to Equity Ratio (D/E Ratio): times	0.53	0.52	0.01	2.43

Asset

As of March 31st, 2024, the Company had total assets equal to 5,452.72 million baht, which increased at 354.18 million baht or accounted for 6.95% when compared to December 31st, 2023 due to an increase in remaining inventories amount 82.67 million baht or accounted for 10.81% from an increase sourcing the coconut raw material in order to support orders and control raw material prices, and the increase in land, buildings, and equipment increased at 462.60 million baht, or accounted for 21.13%. This is because the investments in machinery and machinery installation systems to support the production in coconut milk and coconut water products. Including, the increase in buildings and structures to support the coconut water production line, the increase in solar rooftop phase no. 2 installation project, and an increase in work during installation of machinery that is currently in progress.

Liabilities

As of March 31st, 2024, the Company had total liabilities equal to 1,891.77 million baht, which increased at 150.54 million baht or accounted for 8.65 % as compared to December 31st, 2023. This is because there was an increase in short-term loans from financial institutions around 155.73 million baht, or accounted for 17.97 % in order to use as the working capital in business, trade payables, and other current payables increased at 67.89 million baht or equivalent to 10.20% which corresponded to increased sales.

Shareholder's equity

As of March 31st, 2024, the Company had shareholders' equity equal to 3,560.95 million baht, which increased at 203.64 million baht or equivalent to 6.07% since there is an increase in retained earnings, which cause from the Company's profitability.

Please be informed accordingly.

Yours sincerely,



(Miss Pattara Tasjun)

Chief Financial and Information Officer
Thai Coconut Public Company Limited