

TACC-025/2020

November 5, 2020

Subject: Management Discussion and Analysis for the Third Quarter ended September 30, 2020

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited ("the company") would like to clarify the operating results for the third quarter ended September 30, 2020 as follows:

Revenues

Sales

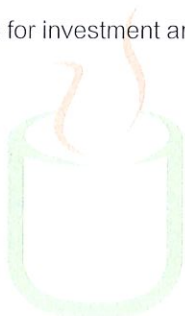
In the 3rd quarter of 2020, the company achieved a revenue of 345.15 million Baht. This had a decrease of 22.49 million Baht (6.12 %) from the 3rd quarter of 2019 (367.64 million Baht).

For sales in the nine-month period ended September 2020, the company achieved a revenue of 994.76 million Baht. This had a decrease of 128.23 million Baht (11.42%) from the same period of previous year (1,122.99 million Baht), due to COVID-19, that impact economics and effect sale decreased. However the company have growth revenue from (A) increase in number of outlets of All Café (a fresh coffee corner within the 7-Eleven store) where the non – coffee products, series of new seasonal flavors were sold and up size of products and, (B) increase in Co-develop new products B2B.

Other income

Other income were consist of Interest income, Gain on exchange rate and other income. In the 3rd quarter of 2020, the company had other income of 2.37 million Baht. This was decreased by 24.07% from the 3rd quarter of 2019 (3.12 million Baht).

For sales in the nine-month period ended September 2020, the company achieved other income of 6.60 million Baht. This had a decrease by 8.59 % from the same period of previous year (6.60 million Baht), due to unrealized gain exchange rate on private fund for investment and gain on disposal assets in prior year.



Cost of Sales

In the 3rd quarter of 2020, the company incurred expense of 234.05 million Baht in cost of goods sold (67.81% of sales) deriving 32.19% gross margin. For the 3rd quarter of last year, the company incurred expense of 252.98 million Baht in cost of sales (68.81% of sales) or 31.19% gross margin.

The cost of sales for the nine-month period ended September 2020 were 663.48 million Baht (66.70% of sale) or 33.30% gross margin. While the same period of previous year were 778.69 million Baht (69.34% of sale) or 30.66% gross margin. The gross margin increase was due to increasing in portion sale of products mix from the company have developed cost of products.

Selling Expenses

In the 3rd quarter of 2020, the company incurred a decrease in selling expense by 22.35%, from 46.97 million baht for the 3rd quarter of 2019 to 36.47 million baht for the 3rd quarter of 2020. However, if it was compared with total revenues, the company incurred a decrease the proportion 10.50% and 12.67% of total revenues in 2020 and 2019, in respectively.

For the nine-month period ended September 2020, the company incurred a decrease in selling expense by 24.98%, from 146.61 million Baht for the nine-month period of 2019 to 109.42 million Baht for the nine-month period of 2020. However, if it was compared with total revenues, the company would incur a decrease the proportion by 10.93% and 12.98% of total revenues in 2020 and 2019, in respectively. The majority of selling expenses came from sale promotion and advertising. The Selling Expenses decrease was due to the company control the expenditure of sale promotion and advertising both domestic and oversea to spend more efficiency.

Administrative Expenses

In the 3rd quarter of 2020, the company incurred an increase in administrative expense by 5.86%, from 17.66 million Baht for the 3rd quarter of 2019 to 18.69 million Baht for the 3rd quarter of 2020.

For the nine-month period ended September 2020, the company incurred an increase in administrative expense by 3.88 %, from 54.69 million Baht for the nine-month period of 2019 to 56.81 million Baht for the nine-month period of 2020. This Administrative Expenses have been controlled by budget.

Loss on disposal of investment in joint venture

For the nine-month period ended September 2019, The Company had recognized loss on disposal of investment in joint venture of Baht 5.2 million in the separate financial.

Finance Costs

In the 3rd quarter of 2020, the company derived an increase in finance cost of 178.62%, from 0.11 million Baht in the 3rd quarter of 2019 to 0.29 million Baht this year.

For the nine-month period ended September 2020, the company derived an increase in finance cost of 211.41 %, from 0.29 million Baht in the nine-month of 2019 to 0.91 million Baht this year, as a result of a deferred interest for a financial lease.

Net Profit

In the 3rd quarter of 2020 and 2019, the company achieved 46.72 million Baht (13.44% of sale) and 41.35 million Baht (11.15% of sale) respectively.

For the nine-month period ended September 2020 and 2019, the company achieved 137.14 million Baht (13.70% of sale) and 114.49 million Baht (10.14% of sale) respectively. The increase in net profit was driven by the increase of gross margin in portion sale of products mix, and developed costing and operation efficiency.

Business Plan 2020

The company expect sale target through 2020 may be decreased from previous year, due to the impact of Covid-19 that has effected the economy slow down until the end of the year. In the situation from applied "The New normal" in their businesses such as education sector, tourism sector etc. These have affected sales decline. However, the company has emphasized a strategy to maintain profits by 1) Focusing on selling high margin products, 2) Increasing operation efficiency and continuously developing costs, and 3) Launching new products and Co-develop products in B2B to create value for products.

Sincerely yours,



Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

