



TACC-011/2024

August 8, 2024

Subject: Management Discussion and Analysis for the Second Quarter ended June 30, 2024

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited (“the Company”) and its subsidiary would like to clarify the operating results for the second quarter ended June 30, 2024 as follows:

Sales and service income

Separate financial statements

In the 2nd quarter of 2024, the Company achieved a sales and service income of Baht 493.70 million. This had an increase of Baht 48.70 million or equivalent to 10.94% from the same period of the previous year (Baht 445.06 million). The revenue has grown from (A) an increase of consumption of students, office staffs and tourists than last year, including promotion of 7-11 store to stimulate sales, (B) increasing of domestic sales from increase of main customer’s stores.

For the six-month period of 2024, the Company achieved a sales and service income of Baht 946.41 million. This had an increase of Baht 123.74 million or equivalent to 15.04% from the same period of the previous year (Baht 822.66 million). The revenue has grown from (A) an increase of consumption of students, office staffs and tourists than last year and E-Receipt project in the beginning of the year, (B) promotion of 7-11 store to stimulate sales, (C) increasing of domestic sales from increase of main customer’s stores.

Consolidated financial statements

For the 2nd quarter and the six-month period of year 2024, the Group achieved a sales and service income Baht 497.69 and 955.63 million, respectively. This had an increase of Baht 50.67 and 128.71 million (equivalent to 11.34% and 15.57%) from the same period of the previous year (Baht 447.02 and 826.92 million). The revenue has grown from the increase in the revenue of the Company and the subsidiary.

Cost of Sales and services

Separate financial statements

For the 2nd quarter and the six-month period of year 2024, the Company had the cost of sales and services amounting to Baht 330.18 and 629.77 million, respectively, which increased Baht 30.30 and 71.12 million (equivalent to 10.10% and 12.73%) from the same period of previous year (Baht 299.88 and 558.65 million). This is equivalent to 66.87% and 67.38% of revenue of the 2nd quarter of year 2024 and 2023 respectively (decrease 0.51% from last year), and equivalent to 66.54% and 67.91% of revenue of six-month period of year 2024 and 2023 (decrease 1.37% from last year). The amount of cost of sales and services increase follows

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the increase of sales and services revenues from last year and the increase of raw material price from last year. However, the Company can manage other cost of sales component e.g., cost of logistic, resulting to decrease in cost of sales portion from last year.

Consolidated financial statements

For the 2nd quarter and the six-month period of year 2024, the Group had the cost of sales and services amounting to Baht 322.35 and 635.17 million, respectively, which increased Baht 31.39 and 74.41 million (equivalent to 10.43% and 13.27%) from the same period of previous year (Baht 300.96 and 560.76 million). This is equivalent to 66.78% and 67.33% of revenue of the 2nd quarter of year 2024 and 2023 respectively (decrease 0.55% from last year), and equivalent to 66.47% and 67.81% of revenue of six-month period of year 2024 and 2023 (decrease 1.34% from last year). The amount of cost of sales and services follows the increase of sales and services revenues of the Company and the subsidiary from last year, including the increase of raw material price of the Company from last year. However, the Company can manage other costs of sales component e.g., cost of logistic, resulting to decrease in cost of sales portion from last year.

Gross profit

Separate financial statements

For the 2nd quarter and the six-month period of the year 2024, the Company had a gross profit margin at 33.13% and 33.46%, respectively, which increase 0.51% and 1.36% from the previous year, which had gross profit margin at 32.62% and 32.09%. The increase in the gross profit margin is because an increasing of the Company's revenue from last year and efficiency of cost management during the period.

Consolidated financial statements

For the 2nd quarter and the six-month period of the year 2024, the Group had a gross profit margin at 33.22% and 33.53%, respectively, which increase 0.55% and 1.35% from the previous year, which had gross profit margin at 32.67% and 32.19%. The increase in the gross profit margin is because an increasing of the Company and the subsidiary's revenue from last year and efficiency of cost management during the period.

Selling and distribution expenses

Separate financial statements

In the 2nd quarter of 2024, the Company has selling and distribution expenses amounting to Baht 39.22 million, which decreased Baht 0.36 million or equivalent to 40.84% from the same period of the previous year (Baht 39.58 million). This is equivalent to 7.94% and 8.89% of revenue of the 2nd quarter of year 2024 and 2023, respectively (increase 0.95% from last year).

For the six-month period of the year 2024, the Company has selling and distribution expenses amounting to Baht 78.00 million, which increased Baht 10.89 million or equivalent to 16.22% from the same period of the previous year (Baht 67.11 million). This is equivalent to 8.24% and 8.16% of revenue of year 2024 and 2023, respectively (increase 0.08% from last year). The increase in





the expenses amount is because of the increase in promotional expenses, which in line with sales amount, and advertising expenses to stimulate the Company's product awareness in the 1st quarter.

Consolidated financial statements

In the 2nd quarter of 2024, the Group has selling and distribution expenses amounting to Baht 44.23 million, which decreased Baht 0.80 million or equivalent to 1.74% from the same period of the previous year (Baht 45.02 million). This is equivalent to 8.89% and 10.07% of revenue of the 2nd quarter of year 2024 and 2023, respectively (decrease 1.18% from last year).

For the six-month period of the year 2024, the Group has selling and distribution expenses amounting to Baht 88.21 million, which increased Baht 14.53 million or equivalent to 19.72% from the same period of the previous year (Baht 73.68 million). This is equivalent to 9.23% and 8.91% of revenue of year 2024 and 2023, respectively (increase 0.32% from last year). The increase in the expenses amount is because of the increasing of selling expenses of the Company and the subsidiary.

Administrative Expenses

Separate financial statements

For the 2nd quarter and the six-month period of year 2024, the Company had administrative expenses amounting to Baht 35.96 and 71.13 million, respectively, which increased Baht 6.15 and 6.85 million (equivalent to 20.63% and 10.65%) from the same period of previous year (Baht 29.81 and 64.28 million). This is equivalent to 7.28% and 6.70% of revenue of the 2nd quarter of year 2024 and 2023 respectively (increase 0.58% from last year), and equivalent to 8.24% and 8.16% of revenue of six-month period of year 2024 and 2023 (increase 0.08% from last year). The amount of administrative expenses increases due to the Company's annual salary increase, increase in number of management from last year, re-group the executives' salaries from selling expenses to administrative expenses due to the rotation of executives' duty, and operating expenses increase from last year.

Consolidated financial statements

For the 2nd quarter and the six-month period of year 2024, the Company had administrative expenses amounting to Baht 39.95 and 77.96 million, respectively, which increased Baht 5.34 and 7.68 million (equivalent to 15.69% and 10.94%) from the same period of previous year (Baht 34.01 and 70.27 million). This is equivalent to 7.91% and 7.61% of revenue of the 2nd quarter of year 2024 and 2023 respectively (increase 0.30% from last year), and equivalent to 8.16% and 8.50% of revenue of six-month period of year 2024 and 2023 (decrease 0.34% from last year). The amount of administrative expenses increases due to the expenses of the Company and the subsidiary, which increase from last year.

Share of loss from investment in associate

The Group does not recognize the share of loss from investment in associate in this period because the Group had already recorded the provision for impairment in associate company in full amount in year 2023.

Net Profit





Separate financial statements

For the 2nd quarter and the six-month period of the year 2024, the Company had a net profit amounting to Baht 73.73 and 139.37 million, respectively, which increase 11.33 and 30.53 million (or equivalent to 18.15% and 28.05%) from the previous year that had net profit amounting to Baht 62.41 and 108.84 million. This is equivalent to net profit margin of 14.93% and 14.73%, which increase 0.91% and 1.50% from the same period of previous year that had net profit margin at 14.02% and 13.23%. The increase in the net profit is because an increasing of the Company's revenue from last year and efficiency of cost management during the period.

Consolidated financial statements

For the 2nd quarter and the six-month period of the year 2024, the Group had a net profit amounting to Baht 68.35 and 128.72 million, respectively, which increase 15.17 and 33.23 million (or equivalent to 28.54% and 34.08%) from the previous year that had net profit amounting to Baht 53.18 and 95.49 million. This is equivalent to net profit margin of 13.73% and 13.47%, which increase 1.83% and 1.92% from the same period of previous year that had net profit margin at 11.90% and 11.55%. The reasons for the increase in consolidated net profit are (a) the net profit of the Company increase Baht 11.33 million from the same period of previous year, (b) the Group does not need to record share of loss from investment in associate, and (c) the subsidiary has net loss less than the same period of previous year amounting to Baht 1.16 million.

Business Plan 2024

The Group sets the 2024 target to grow around 10% from last year through strategies such as adding value to core products, expanding the customer base, introducing new products aligned with health-conscious consumer trends, and developing new product categories to enhance sales opportunities. Additionally, there will be efforts to improve cost management efficiency.

Sustainability Management

The Company recognizes the importance of sustainability supervision to be in accordance its vision, which is "We will be one of the leading lifestyle products and beverage and companies in SEA which promptly deliver customer satisfaction and establish mutually beneficial and long-lasting relationship with all key stakeholders". The Company has carried out sustainability activities as follows;

Sustainability Management in the Environmental Dimension

The Company has used innovative packaging "Green Carton" By SCG Packaging, which is an environmentally friendly packaging made from used paper waste through the storage process and recycled starting from used the packaging including Cold Beverages Dispenser such as Iced Coffee and Milk Tea, and Non-Coffee Menu at All Café corner such as Green Tea, Milk Tea, Lemon Tea, and Taiwan Milk Tea. To show that the Company considers the importance of environmental protection to all the stakeholders. Moreover, The Company realizes the importance to Greenhouse gas management covering the value chain which as been certificate Standard TGO Guidance of the Carbon Footprint for Organization. The Company has a plan to install solar panels on some parts of the roof of its factory located in Ban Beung District, Chonburi Province. This initiative aims to utilize clean energy for the Company's factory, and there are plans to expand the installation area in the future. Additionally, the Company's partners also install solar panels at their factories.





Sustainability Management in the Social Dimension

The Company operates its business by adhering to and emphasizing on duties and responsibilities to society and stakeholders, including, Shareholders, Customers, Business Partners, Employees, Communities and Surrounding Society. This is to create business sustainability, to be able to manage the business to stably grow and to be accepted in the society, as well as to plant these ideas among employees at all levels. There are guidelines for implementation such as:

- The Company values and respects human rights as it equitably, equally, and fairly treats employees regardless of differences in race, religion, gender, or physical condition. The Company establishes a connection with employees through the use of an application, enabling direct understanding and resolution of employee issues. The objective is to ensure that all employees work happily.
- The Company's factory has been certified with the Food Safety System Certification (FSSC 22000), which is a standard for food safety management systems in the food and beverage manufacturing industry. This certification ensures that the production processes meet high-quality, health, and safety standards for consumers.

Sustainability Management in the Governance Dimension

The Company has been assessed in the Corporate Governance Report of Thai Listed Companies for the year 2023 at the level of 5 stars or Excellent CG Scoring, reflecting the continuous good corporate governance, and transparent information disclosure. Additionally, consider the impact on environment, society, and all stakeholders including the importance to operate sustainable business.

Sincerely yours,

Chatchawe Vatanasuk

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

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