

TACC-003/2022

February 24, 2022

Subject: Management Discussion and Analysis for the year ended December 31, 2021

To: President
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited (“the company”) would like to clarify the operating results for the year ended December 31, 2021 as follows:

Sales and service income

In 2021, the sales and service income of the company was 1,341.14 million baht, increased by 2.01 % from 2020 when the sales and service income was 1,314.74 million baht. The sales and service income increase from expanded market share and launched many new products. However, the company effected the 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. So these have affected sales growth less from target budget sale. 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 increment size of products and, (B) increase in Co-develop new products B2B.

Gain on exchange and Other income

In 2021, the gain on exchange and other income were 11.77 million baht, increased by 487.55% from the previous year (being reported at 2.00 million baht). This was due to unrealized gain on exchange rate of investments in private fund and return on investments in mutual fund.

Cost of Sales and services

In 2021, the company had the cost of sales and services valued 831.25 million baht or 61.98% of sale deriving 38.02% gross margin (decreased by 4.40%), while in 2020, the company had the cost of sales and services valued 869.49 million baht or 66.13 % of sale or 33.87 % gross margin. The cost of sales and services decreased from managing the cost expenses more efficiency by controlling and developing cost of products. So that the gross margin were increase. Moreover, the company have increased in portion sale of products mix from high margin products.

Selling and Distribution Expenses

In 2021, the selling and distribution expenses were 164.31 million baht, increased by 16.60 % from the previous year being reported at 140.91 million baht. The majority of selling and distribution expenses came from sale promotion and advertising. The majority of selling and distribution expenses came from sale promotion and advertising. Moreover, the company have research and develop new future projects, so the consulting fee and personnel expense have increased.

Administrative Expenses

In 2021, the company had administrative expenses of 88.06 million baht increased by 21.78 % from the previous year when there were 72.31 million baht. This Administrative Expenses have been controlled by budget, that occurred as the operation business plan.

However, the other administrative expenses increase from. personnel expense and loss of impairment from asset, that not movement.

Share of loss from investment in joint venture

For Financial statements in which the equity method, the company have realized the share of loss from investment in joint venture from take equity in TCI, that invested at 1 April 2021.

Finance income

In 2021, the other income were 0.67 million baht, decreased by 69.43% from the previous year (being reported at 1.99 million baht). This was due to interest income, that be effected from interest rate decreased.

Finance Costs

In 2021, the company had finance cost valued 1.07 million baht compared to 1.18 million baht of the last year (decrease by 9.18%). This finance costs were from the deferred interest of a financial lease.

Net Profit

For Separate financial statements, In 2021, the company's net profit was 215.62 million baht (15.94% of sale) increased by 27.24 million baht (14.46%) from the previous year (188.38 million baht or 14.31 % of sale). 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.

For financial statements in which the equity method. In 2021, the company achieved 214.24 million Baht (15.84% of revenue), by the company realized loss from investment in amount of 1.38 million Baht.

Business Plan 2021

In 2021, TACC aims to grow between 15 % by creating value of existing portfolio and continue creating new product in high growth & potential markets and new trend customers.

Sincerely yours,

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

