



TACC-003/2024

February 29, 2024

Subject: Management Discussion and Analysis for the year ended December 31, 2023

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 year ended December 31, 2023 as follows:

Preparation of consolidated financial statements

The Company established Health Inspired Planet Co., Ltd. on 18 January 2023, which operated since 1 March 2023. The Company invested 90% of its registered shares and has control over this company, thus this company is considered as a subsidiary of the Company. The Company, therefore, prepared consolidated financial statements since 1st quarter of 2023 to present the operating result of the Company and its subsidiary ("the Group"), including share of loss from investment in associate, instead of presented financial statements in which the equity method is applied in previous year.

Sales and service income

Separate financial statements

For the year 2023, the company achieved a sales and service income of Baht 1,702.91 million. This had an increase of Baht 179.57 million or equivalent to 11.79% from last year (Baht 1,523.34 million). The revenue has grown from (A) domestic sale continue increase since from last year, (B) increasing of sales orders from new customers since the second half of 2022, (C) expansion to new market in Cambodia in conjunction with expansion of branches of 7-11.

Consolidated financial statements

For the year 2023, the Group achieved a sales and service income at Baht 1,713.66 million respectively. This had an increase of Baht 10.75 million respectively from the separate financial statements from sales of subsidiary.

Gain on exchange rate

Separate and Consolidated financial statements

For the year 2023, the Group achieved gain on exchange rate at Baht 0.8 million, which decrease at Baht 3.00 million from last year (Baht 3.80 million). The decrease was due to the company selling investments in a US dollar-denominated fund at the end of 2022 and during the year 2023, resulting in a reduced number of US dollars in the account.





Other income

Separate and Consolidated financial statements

For the year 2023, the Group achieved other income as presented in consolidated and separate financial statements at Baht 12.26 and 12.03 million, which increase by Baht 3.02 and 2.79 million, respectively, from the same period of previous year (Baht 9.24 and 9.24 million, respectively), because of gain from selling of mutual funds.

Cost of Sales and services

Separate financial statements

For the year 2023, the Company had the cost of sales and services amounting to Baht 1,147.46 million, which increase Baht 160.36 million or equivalent to 16.25% from last year (Baht 987.10 million). The portion of cost of sales and services to sales and services income increase by 2.58% from last year (2023: 67.38%, 2022: 64.80%), resulting in decreasing of gross profit margin by 2.58% from last year (2023: 32.62%, 2022: 35.20%). The gross margins for the year 2023 decreased because of the increase in raw material prices since last year. As a result, the company has higher cost of sales this year.

Consolidated financial statements

For the year 2023, the Group had consolidated cost of sales and services amounting to Baht 1,153.07 million, equivalent to 67.29% of consolidated sales and services income, respectively, and had gross profit margin at 32.71%.

Selling and distribution expenses

Separate financial statements

For the year 2023, the Company has selling and distribution expenses decrease amounting to Baht 25.84 million or equivalent to 15.25% from the same period of the previous year (2023: Baht 143.63 million, 2022: Baht 169.47 million), and the portion of selling and distribution expenses to sales and services income is decrease by 2.69% from previous year (2023: 8.43%, 2022: 11.12%). The decrease in expenses amount was from decreasing of promotion and advertising programs during the 1st and 3rd quarters.

Consolidated financial statements

For the year 2023, the Group had consolidated selling and distribution expenses amounting to Baht 162.05 million, which increase Baht 18.42 million from separate financial statement, or equivalent to 9.46% of consolidated sales and services income from selling and distribution expenses of subsidiary.



Administrative Expenses

Separate financial statements

For the year 2023, the Company has administrative expenses amounting to Baht 146.84 million, which increase Baht 63.28 million or equivalent to 75.74% from the previous year (Baht 83.56 million), or equivalent to 8.62% and 5.49% of sales and services income of year 2023 and 2022, respectively. (Increase 3.13% from year 2022). The increase in expenses is because of the following.

- A. Increase in personal expenses, operation expenses, and travelling expenses because the COVID-19 pandemic situation is better than the same period of last year.
- B. The records provision for impairment of investment in associate company amounting to Baht 30 million in the fourth quarter of 2023, due to the associate company cannot operate according to the business plan, changes the business direction, and no profit from operations for a consecutive period of 3 years. In addition, the Company being in the process of selling its investment in the associate company, therefore, the Company considered recording the provision for impairment of investment in its entirety.

However, if no provision is made for impairment of investment in associate company, the Company would have administrative expenses of Baht 116.84 million, which increase Baht 33.28 million or equivalent to 39.82% from the previous year, or equivalent to 6.86% of the revenue from sales and services in 2566 (Increase 1.37% from year 2022).

Consolidated financial statements

For the year 2023, the Group has administrative expenses amounting to Baht 145.53 million, which increase Baht 61.97 million or equivalent to 74.17% from the previous year (Baht 83.56 million), or equivalent to 8.49% and 5.49% of sales and services income of year 2023 and 2022, respectively. (Increase 3.00% from year 2022). The increase in expenses is because of the following.

- A. The administrative expenses of the subsidiary amounting to Baht 11.25 million.
- B. The records provision for impairment of investment in associate company amounting to Baht 17.44 million in the fourth quarter of 2023. The provision amount is lower than the separate financial statement because the Group has already recorded share losses from investments in associate company in the past, which made the book value of the investment in associate is remain only Baht 17.44 million.

However, if no provision is made for impairment of investment in associate company, the Company would have administrative expenses of Baht 128.09 million, which increase Baht 44.53 million or equivalent to 53.29% from the previous year, or equivalent to 7.47% of the revenue from sales and services in 2023 (Increase 1.98% from year 2022).

T.A.C. Consumer PCL.



Share of loss from investment in associate

The share of loss from investment in associate for the year 2023 increased amounting to Baht 8.45 million from last year. This is because of the increase in amortization of intangible assets, which value is increased from fair value assessment when prepared consolidated financial statements.

Net Profit

Separate financial statements

For the year 2023, the Company has net profit amounting to Baht 221.69 million, which decreases Baht 14.83 million or equivalent to 6.27% from the previous year at Baht 236.52 million. The company achieved a net profit margin of 13.02%, which decreased 2.51% from 15.53% last year. The reasons for the decrease in net profit are record provision for impairment in associate company at Baht 30 million, and an increase in cost of sales since the second half of year 2022. However, the Company's net profit has been increasing every quarter since the 4th quarter of 2022.

However, if no provision is made for impairment of investment in associate company, the Company would have net profit of Baht 245.69 million, which increase Baht 9.17 million or equivalent to 3.88% from the previous year, or equivalent to net profit margin of 14.42% or decrease 1.11% from last year.

Consolidated financial statements

For the year 2023, the Group has consolidated net profit amounting to Baht 204.64 million, which decreases Baht 30.51 million or equivalent to 12.97% from the previous year at Baht 235.15 million (as presented in financial statements in which the equity method is applied). The company achieved a consolidated net profit margin of 11.94%, which decreased 3.50% from 15.44% last year. The reasons for the decrease in consolidated net profit are (a) record provision for impairment in associate company at Baht 17.44 million (b) an increase in the Company's cost of sales, (c) net loss from the subsidiary at Baht 19.48 million, and (d) increase of share of loss from investment in association amounting to Baht 8.44 million.

However, if no provision is made for impairment of investment in associate company, the Company would have net profit of Baht 216.08 million, which decrease Baht 19.07 million or equivalent to 8.11% from the previous year, or equivalent to net profit margin of 12.61% or decrease 2.83% from last year.

Business Plan 2024

The Group sets the 2024 target to grow around 10% by creating value of existing portfolio and continue to drive cost and operation efficiency and continue to create new product in high growth & potential markets and new consume trends and expand the channel of sale.





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 has organized the "Together to Reduce Energy Consumption by 4 actions" project (Close, Adjust, Release, Change) towards sustainable goals" in order to raise awareness of energy consumption with value as well as encourage employees to participate and understand the situation and energy impacts in order to change energy behavior efficiently. 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 in 2023 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

T.A.C. Consumer Public Company Limited



T.A.C. Consumer PCL.

T.A.C. Consumer PCL. 23rd Floor, UM Tower,
9/231-233 Ramkhamhaeng Road, Suanluang, Bangkok 10250