

TACC-013/2021

November 11, 2021

Subject: Management Discussion and Analysis for the Third Quarter ended September 30, 2021

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, 2021 as follows:

Revenues

Sales and service income

In the 3rd quarter of 2021, the company achieved a sales and service income of 309.87 million Baht. This had a decrease of 35.27 million Baht (10.22 %) from the 3rd quarter of 2020 (345.15 million Baht).

For sales and service income in the nine-month period ended September 2021, the company achieved a sales and service income of 987.02 million Baht. This had a decrease of 7.73 million Baht (0.78%) from the same period of previous year (994.76 million Baht), due to pandemic of COVID-19, that impact economics and effect sale decreased. However the company has growth sales and service income from (A) increasing number of outlets of All Café (a fresh coffee corner within the 7-Eleven store) where the non – coffee products and contribute new product of upsize (22 oz.) sold in this fully year and, (B) increasing in Co-develop new B2B products (7-11 and non 7-11).

Other income

Other income were consist of Gain on exchange rate and other income and finance income. In the 3rd quarter of 2021, the company had other income of 5.26 million Baht. This was increased by 121.94% from the 3rd quarter of 2020 (2.37 million Baht).

For other income in the nine-month period ended September 2021, the company achieved other income of 12.20 million Baht. This had an increase by 102.32% from the same period of previous year (6.03 million Baht), 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 the 3rd quarter of 2021, the company incurred expense of 191.63 million Baht in cost of goods sold and serviced (61.84% of sales) deriving 38.16% gross margin. For the 3rd quarter of last year, the company incurred expense of 234.05 million Baht in cost of goods sold and serviced (67.81% of sales) or 32.19% gross margin.

The cost of goods sold and serviced for the nine-month period ended September 2021 were 615.18 million Baht (62.33% of sale) or 37.67% gross margin. While the same period of previous year were 663.48 million Baht (66.70% of sale) or 33.30% gross margin. The gross margin increase was due to increasing in portion sale of products mix from the company have developed cost of products from cost and operation efficiency.

Selling and distribution expenses

In the 3rd quarter of 2021, the company incurred a decrease in selling and distribution expenses by 4.35%, from 36.47 million baht for the 3rd quarter of 2020 to 34.88 million baht for the 3rd quarter of 2021. However, if it was compared with total revenues, the company incurred an increase the proportion 11.07% and 10.50% of total revenues in 2021 and 2020, in respectively.

For the nine-month period ended September 2021, the company incurred an increase in selling and distribution expenses by 15.87%, from 109.42 million Baht for the nine-month period of 2020 to 126.78 million Baht for the nine-month period of 2021. However, if it was compared with total revenues, the company would incur an increase the proportion by 12.69% and 10.95% of total revenues in 2021 and 2020, in respectively. 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 the 3rd quarter of 2021, the company incurred an increase in administrative expense by 9.81%, from 18.69 million Baht for the 3rd quarter of 2020 to 20.53 million Baht for the 3rd quarter of 2021.

For the nine-month period ended September 2021, the company incurred a decrease in administrative expense by 4.95%, from 56.81 million Baht for the nine-month period of 2020 to 59.62 million Baht for the nine-month period of 2021.

Share of loss from investment in associate

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



Finance Costs

In the 3rd quarter of 2021, the company derived a decrease in finance cost of 7.58%, from 0.29 million Baht in the 3rd quarter of 2020 to 0.27 million Baht this year.

For the nine-month period ended September 2021, the company derived a decrease in finance cost of 10.63 %, from 0.91 million Baht in the nine-month of 2020 to 0.81 million Baht this year, as a result of a deferred interest for a financial lease.

Net Profit

For Separate financial statements, in the 3rd quarter of 2021 and 2020, the company achieved 56.24 million Baht (17.85% of revenues) and 46.72 million Baht (13.46% of revenues) respectively.

For the nine-month period ended September 2021 and 2020, the company achieved 157.52 million Baht (15.76% of revenues) and 137.14 million Baht (13.72% of revenues) 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.

For financial statements in which the equity method, in the 3rd quarter of 2021 and for the nine-month period ended September 2021, the company achieved 55.82 million Baht (17.71% of revenue) and 156.40 million Baht (15.65% of revenues) respectively.

Business Plan 2021

The company expects sale growth in the rest 2021 from the covid-19 ease up and economic retrieving. Moreover, the company expands sales channels to potential markets to reach more new consumers. Lastly, the company continue to drive both cost and operation efficiency to secure business growth.

Sincerely yours,

Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

