



TACC-013/2024

November 7, 2024

Subject: Management Discussion and Analysis for the Third Quarter ended September 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 Third quarter ended September 30, 2024 as follows:

#### Sales and service income

##### **Separate financial statements**

For the 3rd quarter and nine-month period of 2024, the Company achieved a sales and service income of Baht 477.35 and 1,423.75 million, respectively. This had an increase of Baht 48.70 and 178.29 million (equivalent to 10.94% and 14.32%) from the same period of the previous year (Baht 445.06 and 1,245.46 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) the continuing activity of 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 3rd quarter and the nine-month period of year 2024, the Group achieved a sales and service income Baht 481.32 and 1,436.96 million, respectively. This had an increase of Baht 54.91 and 183.63.71 million (equivalent to 12.88% and 14.65%) from the same period of the previous year (Baht 426.41 and 1,253.33 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 3rd quarter and the nine-month period of year 2024, the Company had the cost of sales and services amounting to Baht 318.33 and 948.10 million, respectively, which increased Baht 35.79 and 106.91 million (equivalent to 12.67% and 12.71%) from the same period of previous year (Baht 282.55 and 841.20 million). This is equivalent to 66.69% and 66.83% of revenue of the 3rd quarter of year 2024 and 2023 (decrease 0.14%), and equivalent to 66.59% and 67.54% of revenue of nine-month period of year 2024 and 2023 (decrease 0.95%). The amount of cost of sales and services increase follows 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 3rd quarter and the nine-month period of year 2024, the Group had the cost of sales and services amounting to Baht 321.41 and 956.58 million, respectively, which increased Baht 36.86 and 111.27 million (equivalent to 12.96% and 13.16%) from the same period of previous year (Baht 284.55 and 845.31 million). This is equivalent to 66.78% and 66.73% of revenue of the 3rd quarter of year 2024 and 2023 (increase 0.05%), and equivalent to 66.57% and 67.45% of revenue of nine-month period of year 2024 and 2023 (decrease 0.88%). The increase in 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 3rd quarter and the nine-month period of the year 2024, the Company had a gross profit margin of 33.31% and 33.41%, respectively, which increase 0.14% and 0.95% from the previous year, which had gross profit margin at 33.22% and 32.46%. The increase in the gross profit margin is because an increasing of the Company's revenue from last year and efficiency of cost and expenses management during the period.

##### **Consolidated financial statements**

For the 3rd quarter and the nine-month period of the year 2024, the Group had a gross profit margin of 33.22% and 33.43%, respectively, which decrease 0.05% for the 3rd quarter, and increase 1.35% for the nine-month period from the previous year, which had gross profit margin at 33.27% and 32.55%. The increase in the gross profit margin is because of an increase in the Company and the subsidiary's revenue from last year and efficiency of cost and expenses management during the period.

#### **Selling and distribution expenses**

##### **Separate financial statements**

In the 3rd quarter of 2024, the Company has selling and distribution expenses amounting to Baht 33.39 million, which decreased Baht 4.41 million or equivalent to 11.66% from the same period of the previous year (Baht 37.79 million). This is equivalent to 6.99% and 8.94% of revenue of the 3rd quarter of year 2024 and 2023 (decrease 1.95%).

For the nine-month period of the year 2024, the Company has selling and distribution expenses amounting to Baht 111.39 million, which increased Baht 6.48 million or equivalent to 6.18% from the same period of the previous year (Baht 104.91 million). This is equivalent to 8.42% and 7.82% of revenue of year 2024 and 2023 (increase 0.60%). The increase in the expenses amount is because of the increase in promotional expenses, which are in line with sales amount, and advertising expenses to build the product awareness of the Company.





#### Consolidated financial statements

In the 3rd quarter of 2024, the Group has selling and distribution expenses amounting to Baht 37.35 million, which decreased Baht 6.30 million or equivalent to 14.43% from the same period of the previous year (Baht 43.65 million). This is equivalent to 10.24% and 7.76% of revenue of the 3rd quarter of year 2024 and 2023 (decrease 2.48%).

For the nine-month period of the year 2024, the Group has selling and distribution expenses amounting to Baht 125.56 million, which increased Baht 8.24 million or equivalent to 7.02% from the same period of the previous year (Baht 117.33 million). This is equivalent to 8.74% and 9.36% of revenue of year 2024 and 2023 (decrease 0.62%). 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 3rd quarter and the nine-month period of year 2024, the Company had administrative expenses amounting to Baht 44.71 and 114.80 million, respectively, which increased Baht 16.07 and 21.88 million (equivalent to 56.11% and 23.55%) from the same period of previous year (Baht 28.64 and 92.92 million). This is equivalent to 9.37% and 6.70% of revenue of the 3rd quarter of year 2024 and 2023 (increase 2.60%), and equivalent to 8.06% and 7.46% of revenue of nine-month period of year 2024 and 2023 (increase 0.60%). The amount of administrative expenses increases due to (a) the Company's annual salary increase and increase in number of management from last year, (b) re-group the executives' salaries from selling expenses to administrative expenses due to the rotation of executives' duty and (c) the Company stop the production in August and September because of renovating and building new factory resulting to record expenses relevant to production into administrative expenses.

#### Consolidated financial statements

For the 3rd quarter and the nine-month period of year 2024, the Company had administrative expenses amounting to Baht 48.94 and 125.79 million, respectively, which increased Baht 16.82 and 23.39 million (equivalent to 52.36% and 22.84%) from the same period of previous year (Baht 32.12 and 102.40 million). This is equivalent to 10.17% and 7.53% of revenue of the 3rd quarter of year 2024 and 2023 (increase 2.64%), and equivalent to 8.75% and 8.17% of revenue of nine-month period of year 2024 and 2023 (increase 0.58%). 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 3rd quarter and the nine-month period of the year 2024, the Company had a net profit amounting to Baht 66.31 and 205.68 million, respectively, which increase 6.42 and 36.95 million (or equivalent to 10.73% and 21.90%) from the previous year that had net profit amounting to Baht 59.89 and 168.73 million. This is equivalent to the net profit margin of 13.89% and 14.16% of the 3rd quarter of year 2024 and 2023 (decrease 0.27%), and equivalent to the net profit margin of 14.45% and 13.55% of the nine-month period of year 2024 and 2023 (increase 0.90%). The increase in the net profit is because an increasing of the Company's revenue from last year and efficiency of cost and expenses management during the period.

### **Consolidated financial statements**

For the 3rd quarter and the nine-month period of the year 2024, the Group had a net profit amounting to Baht 60.41 and 189.13 million, respectively, which increase 9.15 and 42.39 million (or equivalent to 17.86% and 28.88%) from the previous year that had net profit amounting to Baht 51.25 and 146.75 million. This is equivalent to the net profit margin of 12.55% and 12.02% of the 3rd quarter of year 2024 and 2023 (increase 0.53%), and equivalent to the net profit margin of 13.16% and 11.71% of the nine-month period of year 2024 and 2023 (increase 1.45%). The reasons for the increase in consolidated net profit are (a) the net profit of the Company increase Baht 36.95 million from the same period of previous year, and (b) there is no share of loss from investment in associate company record in the period.

## 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. In addition, the Group will continue and improve the efficiency of cost and expenses management.

## 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, 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 has 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 2024 at the level of 4 stars - a very good 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

