



Tipco 013/2021

Management Discussion and Analysis Tipco Foods Public Company Limited**For the Three-month and Nine-month Period ended September 30, 2021****1. Consolidated statement of comprehensive income ended September 30, 2021**

Unit : Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2021	Q3 2020	Increase (Decrease)	%	For the nine-month 2021	For the nine-month 2020	Increase (Decrease)	%
Sales	666,743	558,782	107,961	19%	1,790,970	1,953,433	(162,463)	(8%)
Other income	14,128	17,522	(3,394)	(19%)	60,471	60,504	(33)	(0%)
Total revenues	680,871	576,304	104,567	18%	1,851,441	2,013,937	(162,496)	(8%)
Total expenses	662,550	645,271	17,279	3%	1,925,692	2,258,091	(332,399)	(15%)
Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses	18,321	(68,967)	87,288	127%	(74,251)	(244,154)	169,903	70%
Share of profit (loss) from investment in associate	88,684	436,444	(347,760)	(80%)	390,914	650,339	(259,425)	(40%)
Profit (loss) before finance cost and income tax expenses	107,005	367,477	(260,472)	(71%)	316,663	406,185	(89,522)	(22%)
Finance Income	2	19	(17)	(89%)	8	50	(42)	(84%)
Finance cost	(9,479)	(11,484)	(2,005)	(17%)	(29,460)	(39,940)	(10,480)	(26%)
Profit (loss) before income tax expenses	97,528	356,012	(258,484)	(73%)	287,211	366,295	(79,084)	(22%)
Income tax benefit (expenses)	3,409	(20,406)	(23,815)	(83%)	20,906	(7,406)	(28,312)	(382%)
Profit (loss) for the period	100,937	335,606	(234,669)	(70%)	308,117	358,889	(50,772)	(14%)

1.1 Sales and service income

Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q3 2021	Q3 2020	Increase (Decrease)	%	Q3 2021	Q3 2020	Increase (Decrease)	%	Q3 2021	Q3 2020	Increase (Decrease)	%	Q3 2021	Q3 2020	Increase (Decrease)	%
Sales	249	171	78	46%	410	385	25	6%	8	2	6	300%	667	558	109	20%

In the 3rd quarter of 2021, the Company and its subsidiaries reported Sales of Baht 667 million, Increased by 20% compared to the same period of last year. This was mainly from Product of vegetable and fruit business sales increased by 46% due to the sales from previous quarter's orders that had postponed shipments to this quarter due to container shortage situation. Beverage business Increased by 6%, mainly due to government measures that stimulated purchasing power.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400 Thailand, Tel : (662) 273 6200

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สำนักงานใหญ่ : เลขที่ 118/1 อาคารทิปโก้ ถนนพระราม 6 แขวงพญาไท เขตพญาไท กรุงเทพมหานคร 10400 ประเทศไทย, โทร (02) 273 6200

โรงงานเชียงใหม่ : เลขที่ 205/1 หมู่ 2 ตำบลโป่งแยง อำเภอแมริม จังหวัดเชียงใหม่ 50180 ประเทศไทย

โรงงานเพชรบูรณ์ : เลขที่ 999 หมู่ที่ 7 ตำบลพุดาม อำเภอวิเชียรบุรี จังหวัดเพชรบูรณ์ 67180 ประเทศไทย



Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the nine-month	For the nine-month	Increase	%	For the nine-month	For the nine-month	Increase	%	For the nine-month	For the nine-month	Increase	%	For the nine-month	For the nine-month	Increase	%
	2021	2020	(Decrease)		2021	2020	(Decrease)		2021	2020	(Decrease)		2021	2020	(Decrease)	
Sales	649	669	(20)	(3%)	1,128	1,271	(143)	(11%)	14	13	1	8%	1,791	1,953	(162)	(8%)

For the nine-month period, the Company and its subsidiaries reported Sale and service income of Baht 1,791 million, decreased by 8% from the same period last year, this was mainly due to Product of vegetable and fruit business, which saw a 3% drop in sales. Beverage business saw a 11% drop in sales affected by COVID-19 both domestically and internationally.

1.2 Operating Expense

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q3 2021	Q3 2020	Increase	%	For the nine-month	For the nine-month	Increase	%
			(Decrease)		2021	2020	(Decrease)	
Cost of sales	485,974	453,070	32,904	7%	1,372,745	1,628,520	(255,775)	(16%)
Selling and distribution expenses	70,265	73,110	(2,845)	(4%)	235,212	233,260	1,952	1%
Administrative expenses	105,018	119,091	(14,073)	(12%)	303,830	365,047	(61,217)	(17%)
Loss on exchange	1,293	-	1,293	100%	13,905	31,264	(17,359)	(56%)
Total expenses	662,550	645,271	17,279	3%	1,925,692	2,258,091	(332,399)	(15%)

In the 3rd quarter of 2021, the Company and its subsidiaries reported total operating expense of Baht 663 million Increased by 3% compared to the same period of last year, which can be explained as follows

- Cost of sales increased by 7%, in line with increasing in sales volume.
- Selling and distribution expenses decreased by 4% from controlling expenses in marketing communications through various channels.
- A decreasing in administrative expenses by 12% from expenses controlling plan
- Loss on exchange of Baht 1 million.

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For the nine-month, the Company and its subsidiaries reported total Operating Expense of Baht 1,926 million decreased by 15% compared to the same period last year, mainly due to the following reasons

- Cost of sales decreased by 16% from controlling cost of goods sold.
- Selling and distribution expenses increased by 1%
- A decreasing in administrative expenses by 17% from controlling expenses in accordance with a decrease in sales income.
- Loss on exchange of Baht 14 million.

1.3 Share of profit from investment in associate

In the 3rd quarter of 2021, the Company reported share of profit from investment in associate of Baht 89 million decreased by 80% compare to the same period of last year.

For the nine-month, the Company and its subsidiaries reported share of profit from investment in associate of Baht 391 million decreased by 40% compare to the same period of last year.

In January 2019, the United States announced and imposed sanction on a Venezuelan oil company that has been the key source of crude oil that the associate used as a raw material for the production of about half of all asphalt product volume sold each year. The associate approached two law firms to seek advice on the implication of this sanction in respect of its crude oil purchases and payments. Both law firms opined that the transactions were not in violation of any applicable laws related to the sanction. The associate therefore continued to operate business as usual.

In September 2020, the US State Department requested the associate to wind down crude oil procurement from Venezuela. In order to avoid a potential US sanction, the associate complied with the request and informed the US State Department in writing that the associate would ceased purchasing crude oil from this source, effective by the end of November 2020.

The associate has already ceased its purchasing crude oil from this source since the end of November 2020. The associate notified the Stock Exchange of Thailand of these facts on 11 September 2020, 15 September 2020 and 23 November 2020, together with the associate's plans to mitigate the risk arising from the disruption of its normal source of crude supply by considering plans to procure non-Venezuelan crude oil from other sources or to procure asphalt from other sources.

1.4 Finance cost

In the 3rd quarter of 2021, the Company and its subsidiaries reported Finance cost of Baht 9 million decreased from the previous year by 17% compare to the same period of last year.

For the nine-month, the Company and its subsidiaries reported Finance cost of Baht 29 million decreased from the previous year by 26% compare to the same period of last year.

2. Consolidated statement of financial position as at 30 September 2021

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Sep-21	31-Dec-20	Increase (Decrease)	%
Assets				
Current assets	966,032	980,510	(14,478)	(1%)
Non-current assets	5,323,568	5,506,749	(183,181)	(3%)
Total assets	6,289,600	6,487,259	(197,659)	(3%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,519,656	1,601,400	(81,744)	(5%)
Non-current liabilities	439,770	666,359	(226,589)	(34%)
Total liabilities	1,959,426	2,267,759	(308,333)	(14%)
Shareholders' equity				
Total shareholders' equity	4,330,174	4,219,500	110,674	3%
Total liabilities and shareholders' equity	6,289,600	6,487,259	(197,659)	(3%)

2.1 Assets

As of September 30, 2021, the Company and its subsidiaries had total assets of Baht 6,290 million, a decrease of 3% from the end of 2020. Current assets decreased by Baht 14 million or 1% mainly due to the decrease in trade and other receivables. While non-current assets decreased by Baht 183 million or 3% due to the decrease in Property, plant and equipment.

2.2 Liabilities

As of September 30, 2021, the Company and its subsidiaries had total liabilities of Baht 1,959 million, a decrease of 14% from the end of 2020, with the main changes from current liabilities decreased by Baht 82 million or 5% due to the decrease in short-term loan. Non-current liabilities decreased by Baht 227 million or 34% due to a decrease in long-term loan.

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2.3 Shareholders' equity

As of September 30, 2021, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,330 million increased by 3% from the end of 2020, mainly due to an increase in other components of shareholders' equity.

3. Consolidated cash flow statement for the 9-month period ended September 30, 2021

Unit : Thousand Baht

Cash flow statement	Consolidated 30-Sep-21
Cash flows from operating activities	
Net cash flows from operating activities	288,009
Cash flows from investing activities	
Net cash flows from investing activities	521,667
Cash flows from financing activities	
Net cash flows used in financing activities	(779,353)
Net increase in cash and cash equivalents	30,323
Cash and cash equivalents at beginning of period	55,544
Cash and cash equivalents at end of period	85,867

As of September 30, 2021, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 30 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 288 million. Net cash flow from investing activities was Baht 522 million, mainly from dividend received from associate. Net cash flow used in financing activities of Baht 779 million from repayment of short-term loan and long-term loans from financial institutions and dividend paid.

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4. **Financial Ratio from consolidated financial statement for the ended September 30, 2021**

Profitability ratios	Consolidated financial statements		Changes
	For the nine-month	For the nine-month	
	2021	2020	
Gross Profit Margin	23%	17%	7%
EBITDA Margin	33%	34%	(1%)
Net Profit Margin	17%	18%	(1%)
Return on Equity	7%	9%	(1%)
The Capacity to pay and liquidity ratios	30-Sep-21	31-Dec-20	Changes
Debt to equity ratio (Times)	0.45	0.54	(0.08)
Liquidity ratio (Times)	0.64	0.61	0.02

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