

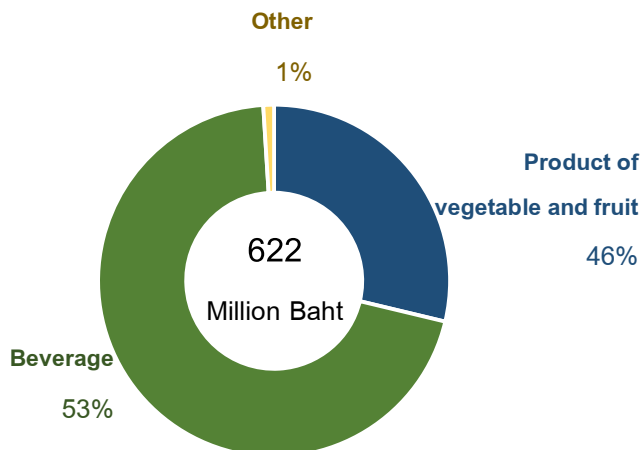


Tipco 013/2023

**Management Discussion and Analysis Tipco Foods Public Company Limited****Performance in the 2nd quarter of 2023 and the first six-month of 2023****1. Consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2023**

Unit: Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2023	Q2 2022	Increase (Decrease)	%	For the six- month 2023	For the six- month 2022	Increase (Decrease)	%
Sales	621,814	810,621	(188,807)	(23%)	1,289,508	1,426,273	(136,765)	(10%)
Other income	33,855	36,993	(3,138)	(8%)	77,035	67,603	9,432	14%
<b>Total revenues</b>	<b>655,669</b>	<b>847,614</b>	<b>(191,945)</b>	<b>(23%)</b>	<b>1,366,543</b>	<b>1,493,876</b>	<b>(127,333)</b>	<b>(9%)</b>
Total expenses	753,454	893,781	(140,327)	(16%)	1,479,615	1,582,221	(102,606)	(6%)
<b>Operating loss</b>	<b>(97,785)</b>	<b>(46,167)</b>	<b>(51,618)</b>	<b>(112%)</b>	<b>(113,072)</b>	<b>(88,345)</b>	<b>(24,727)</b>	<b>(28%)</b>
Share of profit from investment in associate	174,360	137,567	36,793	27%	438,740	188,214	250,526	133%
<b>Profit before finance cost and income tax expenses</b>	<b>76,575</b>	<b>91,400</b>	<b>(14,825)</b>	<b>(16%)</b>	<b>325,668</b>	<b>99,869</b>	<b>225,799</b>	<b>226%</b>
Finance Income	2	3	1	(33%)	4	5	225,799	226%
Finance cost	(15,222)	(10,367)	4,855	47%	(29,080)	(20,472)	8,608	42%
<b>Profit before income tax expenses</b>	<b>61,355</b>	<b>81,036</b>	<b>(19,681)</b>	<b>(24%)</b>	<b>296,592</b>	<b>79,402</b>	<b>217,190</b>	<b>274%</b>
Income tax benefit (expenses)	6,512	4,387	2,125	(248%)	2,773	10,417	(7,644)	(73%)
<b>Profit for the period</b>	<b>67,867</b>	<b>85,423</b>	<b>(17,556)</b>	<b>(21%)</b>	<b>299,365</b>	<b>89,819</b>	<b>209,546</b>	<b>233%</b>

**Operating Revenues Structure in the 2nd Quarter of 2023****Product of vegetable and fruit**

Revenue from sales of vegetable and fruit processing products, health products, and agriculture business

**Beverage**

Revenue from sales of consumer business  
Fruit Juice, vegetable Juice and mineral water

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## 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	
	Q2 2023	Q2 2022	Increase (Decrease)	%	Q2 2023	Q2 2022	Increase (Decrease)	%	Q2 2023	Q2 2022	Increase (Decrease)	%	Q2 2023	Q2 2022	Increase (Decrease)	%
	Revenues from sales of goods	178	374	(196)	(52%)	439	428	11	3%	5	9	(4)	(44%)	622	811	(189)
Gross profit (Loss)	(22)	57	(79)	(139%)	118	109	9	8%	2	5	(3)	(60%)	98	171	(73)	(43%)
Gross Profit (Loss) Margin	-12%	15%	-28%		27%	25%	1%		40%	56%	-16%		16%	21%	(5%)	

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	For the six-month	For the six-month 2022	Increase (Decrease)	%	For the six-month	For the six-month	Increase (Decrease)	%	For the six-month	For the six-month	Increase (Decrease)	%	For the six-month	For the six-month	Increase (Decrease)	%
	Revenues from sales of goods	375	608	(233)	(38%)	901	805	96	12%	14	13	1	8%	1,290	1,426	(136)
Gross profit (Loss)	(18)	84	(102)	(121%)	244	192	52	27%	5	6	(1)	(17%)	231	282	(51)	(18%)
Gross Profit (Loss) Margin	-5%	14%	-19%		27%	24%	3%		36%	46%	-10%		18%	20%	(2%)	

In the 2nd quarter of 2023, the Company and its subsidiaries reported sales revenues of Baht 622 million, a decrease of 23% from the same period last year. Major sales revenues come from 2 businesses.

- (1) Sales revenues from products of vegetables and fruit decreased by Baht 196 million from the 2nd quarter of 2022, this was mainly due to the global economic situation and the economic activity in the USA market has slowed down resulting in a decrease in export volume compared to the same period last year. In addition, the customers still have remaining stocks on hand from ordering in the 1st quarter. Overall sales revenue for the first six-month of 2023 decreased by Baht 233 million or 38% compared to the same period of the previous year.
- (2) Sales revenues from beverages increased by Baht 11 million from the 2nd quarter of 2022, this was mainly due to the situation of COVID-19 has been resolved resulting in certain tourists back into the country. This helps to increase the sales volume of fruit juice products. In addition, natural mineral water products continue to grow well across all channels. As a result, the overall revenue for the first six-month of 2023 increased by Baht 96 million or 12% compared to the same period of the previous year.

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1.2 Operating Expenses

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2023	Q2 2022	Increase (Decrease)	%	For the six- month 2023	For the six- month 2022	Increase (Decrease)	%
Cost of sales	524,258	639,990	(115,732)	(18%)	1,058,617	1,144,763	(86,146)	(8%)
Selling and distribution expenses	125,487	143,104	(17,617)	(12%)	233,843	221,701	12,142	5%
Administrative expenses	85,277	110,687	(25,410)	(23%)	168,723	215,757	(47,034)	(22%)
Impairment loss on machinery and equipment	18,432	-	18,432	#DIV/0!	18,432	-	18,432	#DIV/0!
<b>Total expenses</b>	<b>753,454</b>	<b>893,781</b>	<b>(140,327)</b>	<b>(16%)</b>	<b>1,479,615</b>	<b>1,582,221</b>	<b>(102,606)</b>	<b>(6%)</b>

In the 2nd quarter of 2023, the Company and its subsidiaries reported a total operating expense of Baht 753 million, a decrease of 16% compared to the same period of last year, the main reasons are as follows.

1. Cost of sales decreased by Baht 116 million, in line with the decrease in sales revenue in the 2nd quarter of 2023. In addition, the relatively dry climate factor resulted in the quality and volume of agricultural products leading to the high cost of raw materials compared to the same period last year. Gross profit margin decreased from 21% in the 2nd quarter of 2022 to 16% in the 2nd quarter of 2023.
2. Selling and distribution expenses decreased by Baht 18 million, mainly due to a decrease in trade agreement costs, the cost of expired products, and sea freight.
3. Administrative expenses decreased by Baht 25 million, mainly due to a decrease in staff costs.

Overall, for the six-month period, the Company and its subsidiaries reported operating expenses of Baht 1,480 million, which decreased by 6% from the same period of the previous year. The main reason is from

1. A decrease in the costs of sales in line with decreases in sales revenue and the effect of the cost of raw materials compared to the same period of the previous year. Therefore, the gross profit margin has slightly dropped from 20% in the first six-month of 2022 to 18% in the first six-month of 2023.
2. Selling and distribution expenses increased by Baht 12 million, increasing from the distribution center fee.
3. Administrative expenses decreased by Baht 47 million due to a decrease in staff costs from expense management.

1.3 Share of profit from investment in associate

In the 2nd quarter of 2023, the Company reported a share of profit from investment in associate of Baht 174 million increased by 27% compared to the same period of last year.

For the six-month of 2023, the Company reported a share of profit from investment in associate of Baht 439 million increased by 133% compared to the same period of last year.

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**2. Consolidated statements of financial position as at 30 June 2023**

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Jun-23	31-Dec-22	Increase (Decrease)	%
<b>Assets</b>				
Current assets	1,221,759	1,219,222	2,537	0%
Non-current assets	5,339,800	5,320,362	19,438	0%
<b>Total assets</b>	<b>6,561,559</b>	<b>6,539,584</b>	<b>21,975</b>	<b>0%</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Current liabilities	2,011,803	1,942,973	68,830	4%
Non-current liabilities	209,016	236,023	(27,007)	(11%)
<b>Total liabilities</b>	<b>2,220,819</b>	<b>2,178,996</b>	<b>41,823</b>	<b>2%</b>
<b>Shareholders' equity</b>				
<b>Total shareholders' equity</b>	<b>4,340,740</b>	<b>4,360,588</b>	<b>(19,848)</b>	<b>(0%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,561,559</b>	<b>6,539,584</b>	<b>21,975</b>	<b>0%</b>

**2.1 Assets**

At the end of the 2<sup>nd</sup> quarter of 2023, the Company and its subsidiaries reported total assets of Baht 6,562 million. An increase of Baht 22 million from Baht 6,540 million at the end of 2022 was mainly due to

1. A decrease in net trade accounts receivable of Baht 92 million, which mainly came from the vegetable and fruit products business.
2. Net inventories increased by Baht 108 million, mainly from the vegetable and fruit products business.
3. An increase in investment in an associate of Baht 87 million due to an increase in profit sharing from investment in an associate.
4. Property, plant, and equipment net decreased by Baht from 71 million from normal depreciation for the period of Baht 115 million, and Impairment loss on machinery and equipment by Baht 18 million. In addition, an increase from the acquisition by Baht 65 million.

**2.2 Liabilities**

As of June 30, 2023, the Company and its subsidiaries reported total liabilities of Baht 2,221 million. An increase of Baht 42 million from Baht 2,179 million at the end of 2022 was mainly due to

1. A net increase in bank overdrafts and short-term loans from financial institutions amounting to Baht 179 million for liquidity management within the Group.

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- Long-term loans from financial institutions decreased by Baht 153 million from normal repayment as scheduled.

### 2.3 Shareholders' equity

The Company and its subsidiaries' equity decreased by Baht 20 million from Baht 4,361 million at the end of 2022 to Baht 4,341 million at the end of the 2nd quarter of 2023, mainly as a result of

- Net profit for the first six months of 2023 amounting to Baht 299 million.
- The Company paid dividends to shareholders of Baht 338 million in the 2nd quarter of 2023.

### 3. Consolidated cash flow statement for the six-month period ended June 30, 2023

Unit : Thousand Baht

Cash flow statement	Consolidated for the six-month
<b>Cash flows from operating activities</b>	
Net cash flows used in operating activities	(7,356)
<b>Cash flows from investing activities</b>	
Net cash flows from investing activities	325,386
<b>Cash flows from financing activities</b>	
Net cash flows used in financing activities	(322,404)
<b>Net decrease in cash and cash equivalents</b>	<b>(4,374)</b>
Cash and cash equivalents at beginning of period	72,602
<b>Cash and cash equivalents at end of period</b>	<b>68,228</b>

For the first six-month of 2023, the Company and its subsidiaries reported a net decrease in cash and cash equivalents of Baht 4 million from 3 main activities: 1) Net cash used in operating activities of Baht 7 million. 2) Net cash from investing activities amounted to Baht 325 million. The main cash flow came from dividend income from an associate of Baht 370 million. 3) Net cash used in financing activities of Baht 322 million, consisting of an increase in bank overdrafts and short-term loans of Baht 179 million, dividends paid to shareholders of Baht 338 million, and repayment of long-term loans from financial institutions of Baht 153 million.

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## 4. Financial Ratio from consolidated financial statements for the six-month period ended June 30, 2023

Profitability ratios	Consolidated financial statements		Changes
	For the six-month	For the six-month	
	30 June 2023	30 June 2022	
Gross Profit Margin	18%	20%	(2%)
EBITDA Margin	37%	21%	16%
Net Profit Margin	22%	6%	16%
Return on Equity	7%	2%	5%
The Capacity to pay and liquidity ratios	30-Jun-23	31-Dec-22	Changes
Debt to equity ratio (Times)	0.51	0.50	0.01
Liquidity ratio (Times)	0.61	0.63	(0.02)

The Company and its subsidiaries' gross profit margin slightly decreased from 20% in the first half of 2022 to 18% in the first half of 2023, mainly due to the price of raw materials being higher compared to the same period of the previous year.

EBITDA Margin increased from 21% in the first half of 2022 to 37% in the first half of 2023, mainly due to an increase in the share of profit from investment in an associated company to Baht 250 million or 133% compared to the same period last year. This is the same reason that both net profit margin and return on equity were higher compared to the same period last year.

Debt to equity ratio slightly increased from 0.50 times at the end of 2022 to 0.51 times at the end of the 2nd quarter of 2023, mainly due to an increase in short-term borrowings from financial institutions. while the shareholders' equity decreased due to the increase in the paid dividends to shareholders.

The liquidity ratio slightly decreased to 0.61 times at the end of the 2nd quarter of 2023 from 0.63 times at the end of 2022, due to an increase in short-term borrowings from financial institutions.

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