



**TROPICAL CANNING (THAILAND) PUBLIC COMPANY LIMITED**  
**南洋罐頭食品廠(泰國)大眾有限公司**  
**บริษัท ทropicคอลแคนนิ่ง (ประเทศไทย) จำกัด (มหาชน)**

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1/1 หมู่ที่ 2 ต.ทุ่งใหญ่ (หรือ ตู้ ป.ณ. 44) อ.หาดใหญ่ จ.สงขลา 90110  
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Ref. No. TCB 45/2022

November 11, 2022

Re: Management Discussion and Analysis for the third quarter ended 30 September 2022

To: Director and Manager  
The Stock Exchange of Thailand

Referencing to Tropical Canning (Thailand) Public Company Limited (TC) submission of financial statements for the third quarter ended 30 September 2022 which have reviewed by certified public accountant and verified by Board of Directors.

The Company and its' subsidiary operating results for the third quarter ended 30 September 2022 as compared to same quarter of the previous year and Statement of Financial Position as at 30 September 2022 as compared to year ended 2021 can be summarize as follows:

#### Performance Analysis

##### Revenue

Income	Quarter 3/2022		Quarter 3/2021		Increase	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales of goods	1,651.41	97.77	655.31	97.55	996.10	152.00
Net foreign exchange gain	32.95	1.95	15.21	2.26	17.74	116.66
Other income	4.76	0.28	1.25	.19	3.51	282.10
<b>Total revenue</b>	<b>1,689.12</b>	<b>100.00</b>	<b>671.77</b>	<b>100.00</b>	<b>1,017.35</b>	<b>151.44</b>

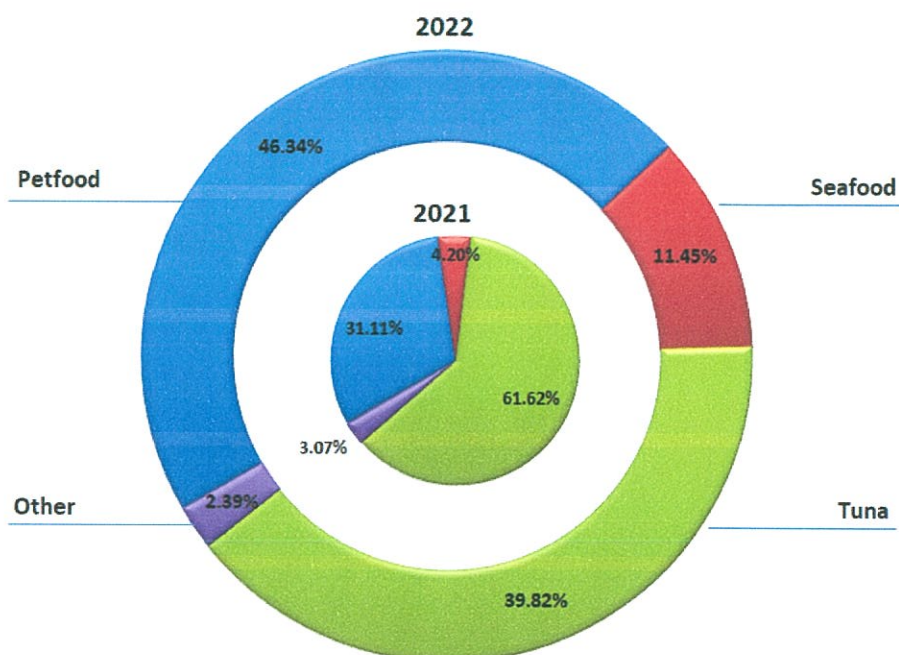
The Company and its' subsidiary had total revenue in the third quarter ended 30 September 2022, amounted to Baht 1,689.12 Million, an increase of Baht 1,017.35 Million or increase by 151.44% as compared to same quarter of the previous year. The rationale of this increase mainly attributed to the following:

- Revenue from sales of goods in quarter 3/2022 amounted to Baht 1,651.41 Million or equivalent to 97.77% of total revenue, an increase of Baht 996.10 Million or increase by 152.00 % as compared to same quarter of the previous year due to the continued demand for products from the previous quarter, resulting to increases of sales revenue and volume as well as recording higher sales revenue from weaken Thai Baht currency. While during quarter 3/2022, the company was affected by the epidemic situation of covid-19, this caused the company to temporarily stop the production line and unable to deliver the products to customers.

##### Main Revenue Structure of the Company and its subsidiary

Revenue	Quarter 3/2022		Quarter 3/2021		Increase (Decrease)	
	Million Baht	% Sale	Million Baht	% Sale	Million Baht	%
Petfood	765.20	46.34	203.88	31.11	561.32	275.32
Tuna	657.69	39.82	403.80	61.62	253.89	62.88
Seafood	189.09	11.45	27.51	4.20	161.58	587.35
Others	39.43	2.39	20.12	3.07	19.31	95.97
<b>Total Revenue From Sales of Goods</b>	<b>1,651.41</b>	<b>100.00</b>	<b>655.31</b>	<b>100.00</b>	<b>996.10</b>	<b>152.00</b>

### Main Revenue Structure for three-month period ended 30 September



- Net foreign exchange gain in quarter 3/2022 totaling Baht 32.95 Million or equivalent to 1.95% of total revenue, an increase of Baht 17.74 Million or increase by 116.66% due to the Thai Baht depreciated against the US Dollar.

- Other income in quarter 3/2022 totaling Baht 4.76 Million or equivalent to 0.28% of total revenue, an increase of Baht 3.51 Million or increase by 282.10% as compared to same quarter of the previous year due to the company gain on disposal of investment property amount of Baht 0.49 Million and claim of expenses from customers.

### Expenses

Expenses	Quarter 3/2022		Quarter 3/2021		Increase (Decrease)	
	Million Baht	% Sale	Million Baht	% Sale	Million Baht	%
Cost of sales of goods	1,391.33	84.25	632.97	96.59	758.36	119.81
Selling and administrative expenses	70.09	4.24	81.57	12.45	(11.48)	(14.07)
<b>Total expenses</b>	<b>1,461.42</b>	<b>88.49</b>	<b>714.54</b>	<b>109.04</b>	<b>746.88</b>	<b>104.53</b>

The company and its' subsidiary had total expenses in the third quarter ended 30 September 2022 had totaling Baht 1,461.42 Million, an increase of Baht 746.88 Million or increase by 104.53% as compared to same quarter of the previous year. The rationale of this increase mainly attributed to the following:

- Cost of sales of goods in quarter 3/2022 amounted to Baht 1,391.33 Million or equivalent to 84.25% of total sales revenue, an increase of Baht 758.36 Million or increase 119.81% as compared to same quarter of the previous year due to increases in sales revenue while gross profit was Baht 260.08 Million, an increase from Baht 22.34 Million as compared to same quarter of the previous year. The company investment and improvement of machinery to increase production efficiency result gross profit margin in quarter 3/2022 to be 15.75%, an increase from 3.41% as compared to same quarter of the previous year.

- Selling and administrative expenses in quarter 3/2022 amounted to Baht 70.09 Million or equivalent to 4.24% of total sales revenue, a decrease of Baht 11.48 Million or decrease by 14.07% as compared to same quarter of the previous year. The selling expenses increased by Baht 3.36 Million due to the increase in sales

volume and high freight rates. Meanwhile, administrative expenses decreased by Baht 14.84 Million due to during quarter 3/2021, the company induce employee's expenses impacted by covid-19 epidemic.

- Finance costs in quarter 3/2022 amounted to Baht 2.67 Million or equivalent to 0.16% of total sales revenue, an increases of Baht 2.45 Million as compared to same quarter of the previous year due to increase in production volume resulting to more raw material purchases coupled with rising raw material prices leading to more borrowing from financial institutions, also from higher interest rates.

- Tax expense consist of 2 parts as follow.

- (1) Income tax expenses in quarter 3/2022, the company and its' subsidiary had income tax expenses of Baht 2.53 Million. While in quarter 3/2021 the company's has a loss in operation and thus no income tax.
- (2) Deferred tax expenses in quarter 3/2022, the company and its' subsidiary had recorded deferred tax income amount of Baht 0.25 Million a decrease from Baht 2.90 Million as compared to same quarter of the previous year.

- Net profit in quarter 3/2022, the Company and its subsidiary had net profit of Baht 222.75 Million, an increase of Baht 257.95 Million or increase by 632.76% as compared to same quarter of the previous year due to increase in sales revenue, especially revenue from sale of pet food products still have high proportion. Also, good management had increase production efficiency. While in quarter 3/2021, the company was affected by the epidemic situations of the covid-19 infection disease, resulted in a loss of Baht 35.20 Million. In addition, in the third quarter of 2022 the company and its subsidiary had net foreign exchange gain of Baht 32.95 Million result to net profit margin of 13.49%, an increase from same quarter of the previous year with a negative net profit margin of 5.37%.

## Financial Statement Analysis

### Statement of Financial Position

Unit: Million Baht

Description	30 September 2022	31 December 2021	Increase (Decrease)	Percentage
Current Assets	2,575.30	2,253.36	321.94	14.29
Non-Current Assets	844.69	801.85	42.84	5.34
Total Assets	3,419.99	3,055.21	364.78	11.94
Current Liabilities	676.57	760.49	(83.92)	(11.03)
Non-Current Liabilities	265.26	190.71	74.55	39.09
Total Liabilities	941.83	951.20	(9.37)	( 0.99)
Total equity	2,478.16	2,104.01	374.15	17.78
<b>Total Liabilities and equity</b>	<b>3,419.99</b>	<b>3,055.21</b>	<b>364.78</b>	<b>11.94</b>

### Assets

The company and its' subsidiary had total assets as at 30 September 2022 amounted to Baht 3,419.99 Million, an increase of Baht 364.78 Million or increase by 11.94% as compared to year ended 2021 which consist of assets as follow:

#### 1. Current Assets

The company and its' subsidiary had total current asset as at 30 September 2022 amounted to Baht 2,575.30 Million or equivalent to 75.30% of total assets, an increase of Baht 321.94 Million or increase by 14.29% as compared to year ended 2021. The prominent changes in current assets consists of following.

- Trade and other current receivables as at 30 September 2022 totaling Baht 1,027.45 Million or equivalent to 30.04% of total assets, an increase of Baht 278.65 Million or increase by 37.21% as compared to year ended 2021. The trade accounts receivable increase of Baht 257.79 Million due to increase in sales revenue. The average collection period decrease from 59 days to 46 days while other current receivables

increase of Baht 20.86 Million due to increase in tax compensation receivable and advance payment of machine. In order to comply with TFRS9 the company has set up an allowance for impairment loss of trade and other receivables amount to Baht 27.81 Million.

- Inventories as at 30 September 2022 totaling Baht 1,381.16 Million or equivalent to 40.38% of total assets, an increase of Baht 34.94 Million or increase by 2.60% as compared to year ended 2021 to support increased production and from rising raw material and energy prices. The turnover period of inventories decreased from 45 days to 38 days as compared to year ended 2021. However, the company has a policy to set aside allowance for obsolete for inventories older than 1 year and set at a higher rate when inventories without movement for longer period, respectively. The company has set up an allowance for obsolete and set aside reduction in the value of inventories to the net realizable value as at 30 September 2022 in the amount of Baht 31.32 Million or equivalent to 2.23% of the total inventories.

## 2. Non-current assets

The company and its' subsidiary had total non-current assets as at 30 September 2022 amounted to Baht 844.69 Million or equivalent to 24.70% of total assets, an increase of Baht 42.84 Million or increase by 5.34% as compared to year ended 2021 due to the company has invested in acquisition of building, machinery and equipment amounted to Baht 128.38 Million to support increase capacity as well as improve machinery to increase production efficiency while there was depreciation of Baht 76.83 Million.

## Liabilities

The company and its' subsidiary had total liabilities as at 30 September 2022 amounted to Baht 941.83 Million, a decrease of Baht 9.37 Million or decrease by 0.99% as compared to year ended 2021 which consist of liabilities as follow:

### 1. Current Liabilities

The company and its' subsidiary had total current liabilities as at 30 September 2022 amounted to Baht 676.57 Million or equivalent to 71.84% of total liabilities, a decrease of Baht 83.92 Million or decrease by 11.03% as compared to year ended 2021 which the prominent changes in current liabilities consist of following:

- Bank overdraft and short-term borrowing from financial institutions as at 30 September 2022 amounted to Baht 183.57 Million or equivalent 19.49% of total liabilities, an increase of Baht 163.83 Million as compared to year ended 2021 mainly contributed from increase purchase of raw materials and higher raw material prices and utilized as working capital in business operations.

- Trade and other current payables as at 30 September 2022 totaling Baht 469.54 Million or equivalent to 49.85% of total liabilities, a decrease of Baht 261.25 Million or decrease by 35.75% as compared to year ended 2021. Trade accounts payable decrease of Baht 277.91 Million or decrease by 45.87% due to high raw material balance stock, therefore, slow down the purchase of raw materials, result to the repayment period decrease from 43 days to 31 days as compared to year ended 2021 while other current payables increase of Baht 16.66 Million due to the increase in expenses related to business operation but not yet paid

### 2. Non-Current Liabilities

The company and its' subsidiary had total non-current liabilities as at 30 September 2022 amounted to Baht 265.26 Million or equivalent to 28.16% of totaling liabilities, an increase of Baht 74.55 Million or increase by 39.09% as compared to year ended 2021 which the prominent change in non-current liabilities consist of following

- Long-term borrowing from financial institution as at 30 September 2022 amounted to Baht 100 Million consist of current portion of long-term borrowing from financial institution amounted to Baht 16.65 Million and long-term borrowing from financial institution amounted to Baht 83.35 Million which long-term loan is used to invest in the purchase of machinery and equipment to expand production line and improve production systems to increase production efficiency.

- Non-current provisions for employee benefits as at 30 September 2022 amount to Baht 178.28 Million or equivalent to 18.93% of total liabilities, decrease of Baht 7.25 Million or decrease by 3.91% as compared to year ended 2021 due to the payment of employee benefits from retirement.

### Leverage Ratios

As of September 30, 2022, the Company and its subsidiary had total assets of Baht 3,419.99 Million, total liabilities of Baht 941.83 Million and shareholders' equity of Baht 2,478.16 Million, resulting in Debt to Equity Ratio of 0.38 times, decrease from year ended 2021 with Debt to Equity Ratio of 0.45 times

### Shareholder Equities

The company and its' subsidiary had total shareholder equities as at 30 September 2022 amounted to Baht 2,478.16 Million, an increase of Baht 374.15 Million or increase by 17.78% as compared to year ended 2021. Due to the company and its' subsidiary reported net profit of Baht 423.65 Million. At the same time, the company paid dividends from the operating results of 2021 in the amount of Baht 49.50 Million, as resulting, the company and its' subsidiary have the book value as at 30 September 2022 was Baht 7.51 per share, increase from Baht 6.38 per share as compared to year ended 2021.

### Analysis of Cash Flows Statement

Consolidated cash flow statement

Unit: Million Baht

Description	30 September 2022	30 September 2021
Net cash (used in) from operating activities	(73.00)	65.14
Net cash used in investing activities	(116.80)	(80.99)
Net cash from financing activities	199.20	28.40
Net increase in cash and cash equivalents	9.40	12.55
Cash and cash equivalents at 1 January	154.91	156.36
Cash and cash equivalents at 30 September	164.31	168.91

The company and its' subsidiary has cash and cash equivalent for nine-month period ended 30 September 2022, the amounted to Baht 164.31 Million, a decrease of Baht 4.60 Million or decrease by 2.72% as compared to the previous year.

Changes in cash and cash equivalent for the nine-month period ended 30 September 2022 as follow:

- Net cash used in operating activities totaling Baht 73.00 Million consisting of cash generated from profit in the amount of Baht 423.65 Million and adjustments to reconcile profit to cash receipts (payments) before changes in operating assets and liabilities in the amount of Baht 80.87 Million and mainly changes in operating assets and liabilities, such as trade and other current receivables increase of Baht 250.90 Million, Inventories increased of Baht 19.29 Million, trade and other current payables decreased of Baht 283.43 Million. Employee benefits paid and tax paid of Baht 24.02 Million.
- Net cash used in investing activities totaling Baht 116.80 Million, mainly from cash paid for acquisition of Building, Machinery and equipment amount of Baht 127.04 Million, Proceeds from sale of investment property amount of Baht 9.50 Million. Dividends received and interest received amount of Baht 1.00 Million.

- Net cash from financial activities totaling Baht 199.20 Million, mainly from increase in Bank overdraft and short term borrowing from financial institutions amount of Baht 157.73 Million, Proceeds from long-term borrowing from financial institution amount of Baht 100 Million, dividends paid to owners of the company amount of Baht 49.50 Million, cash payment of lease liabilities and financial costs paid amount of Baht 9.03 Million.

### Liquidity ratio

As of September 30, 2022 the company and its' subsidiary had total current assets amount of Baht 2,575.30 Million, total current liabilities amount of Baht 676.57 Million. The current ratio equal to 3.81 times, increase from year ended 2021 with the current ratio of 2.96 times.

Please acknowledge accordingly.



Yours sincerely,

Kampol Watcharanimit  
Managing Director