



**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 23/2023

August 11, 2023

Re: Management discussion and analysis for the second quarter ended 30 June 2023

To: Director and Manager  
The Stock Exchange of Thailand

Referencing to Tropical Canning (Thailand) Public Company Limited (TC) submission of financial statements for the second quarter ended 30 June 2023 which reviewed by certified public accountant and verified by Board of Directors.

Operating results of the company and its subsidiary for quarter 2/2023 ended 30 June 2023 as compared to the same quarter of previous year and the statement of financial position as of 30 June 2023 as compared to year ended 2022 can be summarized as follows:

#### Performance Analysis

##### Revenue

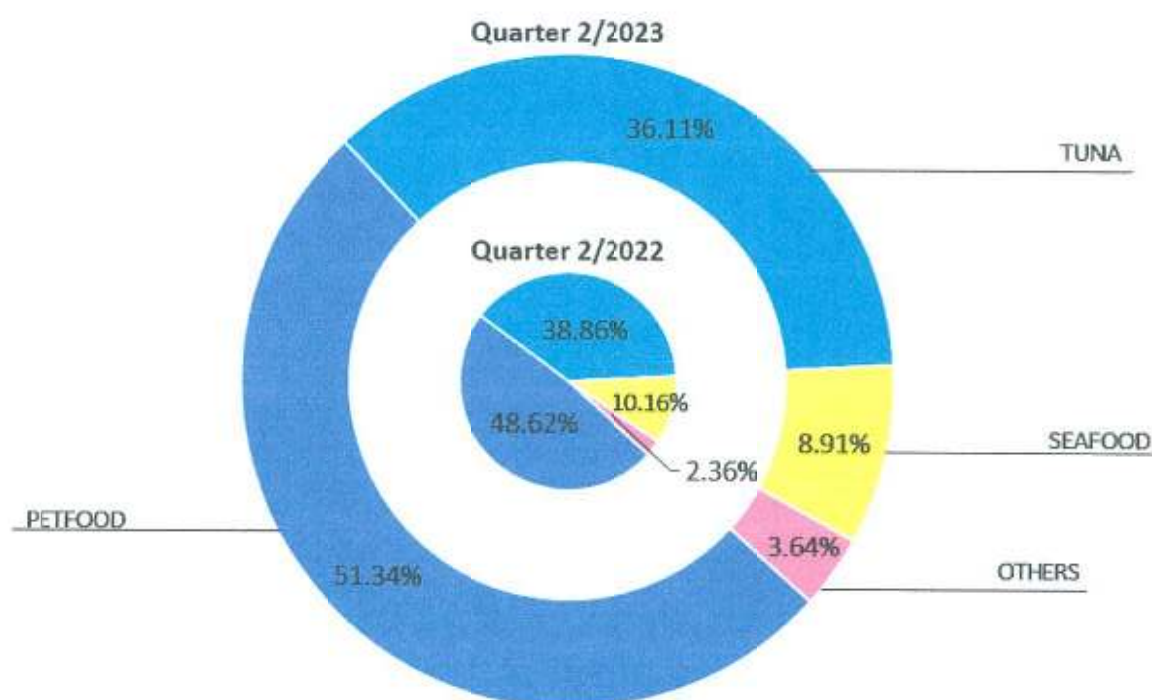
Revenue	Quarter 2/2023		Quarter 2/2022		(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales of goods	1,019.10	97.90	1,595.74	98.12	(576.64)	(36.14)
Net foreign exchange gain	16.41	1.57	24.83	1.53	(8.42)	(33.93)
Other income	5.49	0.53	5.67	0.35	(0.18)	(3.14)
Total revenue	1,041.00	100.00	1,626.24	100.00	(585.24)	(35.99)

The company and its' subsidiary had total revenue in second quarter ended 30 June 2023 amounted to Baht 1,041.00 Million, decrease of Baht 585.24 Million or decrease by 35.99% as compared to the same quarter of previous year. The rational of this decrease mainly attributed to the following.

- Revenue from sales of goods in quarter 2/2023 totaling Baht 1,019.10 Million or equivalent to 97.90% of total revenue, decrease of Baht 576.64 Million or decrease by 36.14% as compared to the same quarter of previous year due to slowdown in demand for products around the world from high level of inventories of customers cause the sales volume to decrease.

## Revenue Structure

Revenue	Quarter 2/2023		Quarter 2/2022		(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Petfood	523.21	51.34	775.79	48.62	(252.58)	(32.56)
Tuna	368.03	36.11	620.04	38.86	(252.01)	(40.64)
Seafood	90.80	8.91	162.21	10.16	(71.41)	(44.02)
Others	37.06	3.64	37.69	2.36	(0.63)	(1.67)
Total Revenue from Sales of Goods	1,019.10	100.00	1,595.73	100.00	(576.63)	(36.14)



- Net Foreign exchange gain in quarter 2/2023 totaling Baht 16.41 Million or equivalent to 1.57% of total revenue, decrease of Baht 8.42 Million or decrease by 33.93% due to changes of Thai Baht against US dollar during the quarter was less as compared to same quarter of previous year.

- Other income in quarter 2/2023 totaling Baht 5.49 Million or equivalent 0.53% of total revenue, decrease of Baht 0.18 Million or decrease by 3.14% as compared the same quarter of previous year.

## Expenses

Expenses	Quarter 2/2023		Quarter 2/2022		(Decrease)	
	Million Baht	% Sale	Million Baht	% Sale	Million Baht	%
Cost of sales of goods	968.27	95.01	1,397.99	87.61	(429.72)	(30.74)
Selling and Administrative expenses	53.14	5.21	77.06	4.83	(23.92)	(31.05)
Total expenses	1,021.41	100.22	1,475.05	92.44	(453.64)	(30.75)

The company and its' subsidiary had total expenses in quarter 2/2023 ended 30 June 2023 totaling Baht 1,021.41 Million, decrease of Baht 453.64 Million or decrease by 30.75% as compared to the same quarter of previous year. The rational of this decrease mainly attributed to the following.

- Cost of sales of goods in quarter 2/2023 amounted to Baht 968.27 Million or equivalent to 95.01% of total sales revenue, decrease of Baht 429.72 Million or decrease by 30.74% as compared to the same quarter of previous year due to the decrease in production volume which is in line with the sales volume and rising raw material prices result to gross profit in quarter 2/2023 amounted to Baht 50.83 Million, decrease Baht 146.92 Million, or decrease by 74.30% as compared to same quarter of previous year. The gross profit margin in quarter 2/2023 was 4.99% decrease from 12.39% as compared to the same previous year.

- Selling and administrative expenses in quarter 2/2023 amounted to Baht 53.14 Million or equivalent to 5.21% of total sales revenue, decrease of Baht 23.92 Million or decrease by 31.05% as compared to the same quarter of previous year. The selling expenses decrease amount of Baht 19.54 Million, due to lower sales volume while administrative expenses decreased by Baht 4.38 Million.

- Finance cost in quarter 2/2023 amounted to Baht 0.99 Million or equivalent to 0.10% of total sales revenue, decrease of Baht 0.11 Million or decrease by 10.01% as compared to the same quarter of previous year.

- Income tax expenses consisted of 2 parts as follow.

(1) Income tax expenses in quarter 2/2023, the company and its' subsidiary had income tax expense of Baht 0.47 Million, decrease of Baht 2.11 Million or decrease by 81.85% as compared to the same quarter of previous year due to the company's performance has decrease.

(2) Deferred tax expenses in quarter 2/2023 the company and its' subsidiary had recorded deferred tax expenses amount of Baht 0.79 Million while in quarter 2/2022, the company and its' subsidiary had recorded deferred tax income amount of Baht 0.26 Million.

- Net profit in quarter 2/2023, the company and its' subsidiary had net profit of Baht 17.34 Million, decrease of Baht 130.43 or decrease by 88.27% as compared to same quarter of previous year. The net profit to sales ratio of the Company and its subsidiary was 1.70%, decrease from same quarter of previous year which had a net profit to sales ratio of 9.26% due to a decrease in gross profit as mentioned.

## Financial Statement Analysis

### Statement of Financial Position

Unit: Million Baht

Description	30 June 2023	31 December 2022	Increase (Decrease)	%
Current Assets	2,056.62	2,377.51	(320.89)	(13.50)
Non-Current Assets	886.95	868.73	18.22	2.10
Total Assets	2,943.57	3,246.24	(302.67)	(9.32)
Current Liabilities	373.45	470.02	(96.57)	(20.55)
Non-Current Liabilities	252.74	263.84	(11.10)	(4.21)
Total Liabilities	626.19	733.86	(107.67)	(14.67)
Total equity	2,317.38	2,512.38	(195.00)	(7.76)
Total Liabilities and equity	2,943.57	3,246.24	(302.67)	(9.32)

#### Assets

The company and its' subsidiary had total assets as of 30 June 2023 amounted to Baht 2,943.57 Million, decrease of Baht 302.67 Million or decrease by 9.32% as compared to year ended 2022 which consist of assets as follow.

##### 1. Current Assets

The company and its' subsidiary had total current assets as of 30 June 2023 amounted to Baht 2,056.62 Million or equivalent to 69.87% of total assets, decrease of Baht 320.89 Million or decrease by 13.50% as compared to year ended 2022. The prominent change in current assets consists of following.

- Cash and cash equivalents as 30 June 2023 totaling Baht 296.01 Million, or equivalent to 10.06% of total assets, decrease of Baht 87.90 Million or decrease by 22.90% as compared to year ended 2022 due to the company paid dividend to shareholders in the amount of Baht 165.00 Million.

- Trade and other current receivables as at 30 June 2023 totaling Baht 611.31 Million or equivalent to 20.77% of total assets, decrease of Baht 105.09 Million or decrease by 14.67% as compared to year ended 2022. The trade accounts receivable decreased in the amount of Baht 65.62 Million due to the decrease in sales revenue. While the average collection period increased from 40 days to 54 days, most of company's trade accounts receivables within credit term, 90.60% of the total trade receivables. Other current receivables decreased in the amount of Baht 39.47 Million due to reversing advance payment of machinery. However, in order to comply with the Thai Financial Reporting Standard No. 9, the company has set up an allowance for expected credit loss from trade receivable and other receivable amount of Baht 24.67 Million.

- Inventories as at 30 June 2023 totaling Baht 1,147.35 Million or equivalent to 38.98% total assets, decrease of Baht 127.68 Million or decrease by 10.01% as compared to year ended 2022. Mainly consist of finished goods of Baht 536.31 Million waiting for delivery, raw materials and goods in transit of Baht 611.04 Million. The turn over periods of finished goods increase from 35 days to 48 days. At the same time the company has a policy to set aside allowance for obsolete products for inventories older than 1 year and set at a higher rate when inventories without movement for a longer period, respectively. The company has set up an allowance for obsolete products as of 30 June 2023 in the amount of Baht 2.89 Million or equivalent to 0.25% of total inventories. In addition, the company

has set aside reduction in the value of inventories to the net realizable value as at 30 June 2023, in the amount of Baht 20.38 Million or equivalent to 1.74% of total inventories.

## 2. Non-Current assets

The company and its' subsidiary had total non-current assets as at 30 June 2023 amounted to Baht 886.95 Million or equivalent to 30.13% of total assets, increase of Baht 18.22 Million or increase by 2.10% as compared to year ended 2022 due to the company has invested in acquisition of building, machinery and equipment amounted to Baht 75.80 Million to support the existing production and increase capacity in the future as well as improve machinery to increase production efficiency while there was depreciation of Baht 56.84 Million.

## Liabilities

The company and its subsidiary had total liabilities as at 30 June 2023 amounted to Baht 626.19 Million, decrease of Baht 107.67 Million or decrease by 14.67% as compared to year ended 2022 which consist of liabilities as following.

### 1. Current Liabilities

The company and its' subsidiary had total current liabilities as at 30 June 2023 amounted to Baht 374.45 Million or equivalent to 59.64% of total liabilities, decrease of Baht 96.57 Million or decrease by 20.55% as compared to year ended 2022 which the prominent changes in current liabilities consist of following.

- Trade and other payables as at 30 June 2023 totaling Baht 339.61 Million or equivalent to 54.23% of total liabilities, decrease of Baht 93.15 Million or decrease by 21.52% as compared to year ended 2022. Trade accounts payable decrease of Baht 29.48 Million due to decrease in sale which in turn decrease purchase amount. The repayment period decrease from 31 days to 27 days as compared to year ended 2022 while other current payables decrease of Baht 63.67 Million due to decrease in accrued expenses.

### 2. Non-Current Liabilities

The company and its' subsidiary had total non-current liabilities as at 30 June 2023 amounted to Baht 252.74 Million or equivalent to 40.36% of total liabilities, decrease of Baht 11.10 Million or decrease by 4.21% as compared to year ended 2022 due to long term borrowing from financial institution decrease of Baht 11.10 Million.

## Equity

The company and its subsidiary had total equity as at 30 June 2023 amounted to Baht 2,317.38 Million, decrease of Baht 195.00 Million or decrease by 7.76% as compared to year ended 2022 due to the company and its subsidiary reported net loss of Baht 30.00 Million, while the company paid dividends from the operating results of the year 2022 amount to Baht 165 Million, resulting in the company and its subsidiary have the book value per share as at 30 June 2023, equal to Baht 7.02 , down from Baht 7.61 as compared to year ended 2022.

## Analysis of Cash Flows Statement

### Consolidated cash flows statement

Unit: Million Baht

Description	30 June 2023	30 June 2022
Net cash from (used in) operating activities	162.16	(152.79)
Net cash used in investing activities	(71.17)	(74.94)
Net cash (used in) from financing activities	(178.89)	251.91
Net (decrease) increase in cash and cash equivalents	(87.90)	24.18
Cash and cash equivalents at 1 January	383.91	154.91
Cash and cash equivalents at 30 June	296.01	179.09

The company and its subsidiary has cash and cash equivalents for the six-month period ended 30 June 2023, the amounted to Baht 296.01 Million, increase of Baht 116.92 Million or increase by 65.29% as compared to the same period of previous year.

Changes in cash and cash equivalent for the six-month period ended 30 June 2023 as follow.

- Net cash from operating activities totaling Baht 162.16 Million, consisting of operating losses amount of Baht 30.00 Million and adjustments to reconcile (loss) profit to cash receipts (payments) before changes in operating assets and liabilities in the amount of Baht 54.59 Million and significant changes in operating assets and liabilities, such as trade and other current receivables decreased of Baht 114.37 Million, inventories decreased of Baht 143.92 Million, trade and other current payables decreased of Baht 106.31 Million, employee benefits paid and tax paid of Baht 14.77 Million.
- Net cash used in investing activities totaling Baht 71.17 Million, mainly from cash paid for acquisition of building, machinery and equipment amount of Baht 70.70 Million and Cash paid for the acquisition of intangible assets amount of Baht 3.40 Million. Dividend and interest income amounted to Baht 2.31 Million.
- Net cash used in financing activities amounted to Baht 178.89 Million, which increase in Bank overdrafts and short-term borrowing from financial institutions in the amount of Baht 0.15 Million, Cash payment of long-term loans from financial institutions in the amount of Baht 11.10 Million, Cash payment for lease liabilities in the amount of Baht 0.97 Million, Finance costs paid in the amount of Baht 1.97 Million and dividends paid to shareholders in the amount of Baht 165.00 Million.

### Liquidity Ratio

As of 30 June 2023, the company and its' subsidiary had total current assets amount of Baht 2,056.62 Million, total current liabilities amount of Baht 373.45 Million. The current ratio equal to 5.51 times, increase from year ended 2022 with the current ratio of 5.06 times.

Please acknowledge accordingly.



Yours sincerely,

(Mr.Kampol Watcharanimit)  
Managing Director