



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 30/2023

November 13, 2023

Re: Management discussion and analysis for the third quarter ended 30 September 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 third quarter ended 30 September 2023 which reviewed by certified public accountant and verified by the Board of Directors.

Operating results of the company and its subsidiary for quarter 3/2023 ended 30 September 2023 as compared to the same quarter of previous year and the statement of financial position as of 30 September 2023 as compared to year ended 2022 can be summarized as follows:

Performance Analysis

Revenue

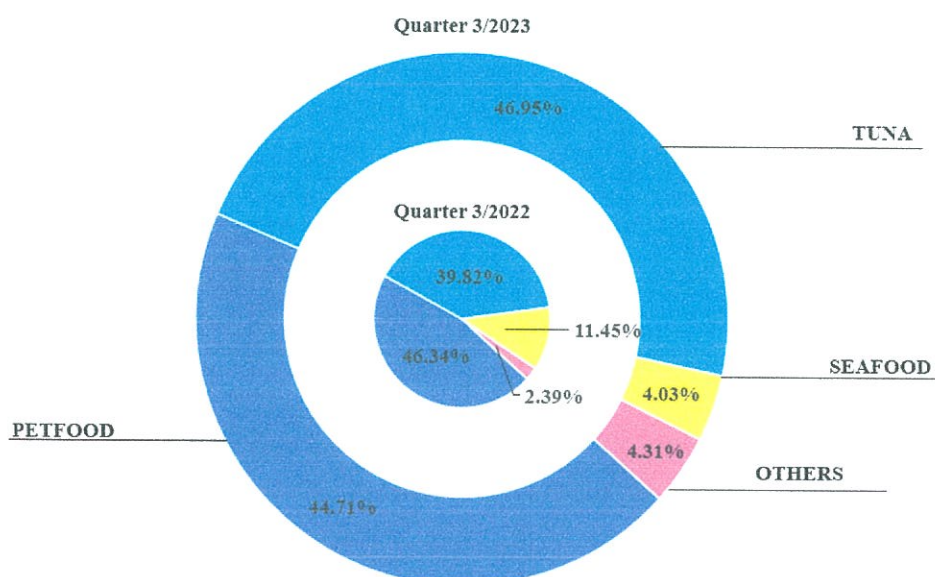
Revenue	Quarter 3/2023		Quarter 3/2022		(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales of goods	1,261.38	98.06	1,651.40	97.77	(390.02)	(23.62)
Net foreign exchange gain	21.43	1.67	32.95	1.95	(11.52)	(34.96)
Other income	3.49	0.27	4.76	0.28	(1.27)	(26.70)
Total revenue	1,286.30	100.00	1,689.11	100.00	(402.81)	(23.85)

The company and its' subsidiary had total revenue in third quarter ended 30 September 2023 amounted to Baht 1,286.30 Million, decrease of Baht 402.81 Million or decrease by 23.85% 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 3/2023 totaling Baht 1,261.38 Million or equivalent to 98.06% of total revenue, decrease of Baht 390.02 Million or decrease by 23.62% as compared to the same quarter of previous year, due to decreased in sale orders especially in pet food product group resulted from customer's inventories still at high level, in addition, the seafood product group affected by decrease in consumption in the market. As a result, the overall sales volume decreased.

Revenue Structure

Revenue	Quarter 3/2023		Quarter 3/2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Tuna	592.18	46.95	657.68	39.82	(65.50)	(9.96)
Petfood	563.91	44.71	765.20	46.34	(201.29)	(26.31)
Seafood	50.89	4.03	189.09	11.45	(138.20)	(73.09)
Others	54.40	4.31	39.43	2.39	14.97	37.96
Total	1,261.38	100.00	1,651.40	100.00	(390.02)	(23.62)



- Net Foreign exchange gain in Quarter 3/2023 totaling Baht 21.43 Million or equivalent to 1.67% of total revenue, decrease of Baht 11.52 Million or decrease by 34.96% due to the average Baht against to US dollar depreciated less than as compared to the same quarter last year.

- Other income in Quarter 3/2023 totaling Baht 3.49 Million or equivalent 0.27% of total revenue, decrease of Baht 1.27 Million or decrease by 26.70% as compared the same quarter of previous year.

Expenses

Expenses	Quarter 3/2023		Quarter 3/2022		(Decrease)	
	Million Baht	% Sale	Million Baht	% Sale	Million Baht	%
Cost of sales of goods	1,163.47	92.24	1,391.32	84.25	(227.85)	(16.38)
Selling and Administrative expenses	57.30	4.54	70.10	4.24	(12.80)	(18.25)
Total expenses	1,220.77	96.78	1,461.42	88.49	(240.65)	(16.47)

The company and its' subsidiary had total expenses in Quarter 3/2023 ended 30 September 2023 totaling Baht 1,220.77 Million, decrease of Baht 240.65 Million or decrease by 16.47% 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 3/2023 amounted to Baht 1,163.47 Million or equivalent to 92.24% of total sales revenue, decrease of Baht 227.85 Million or decrease by 16.38% as compared to the same quarter of previous year due to the decrease in production volume which is in line with the sales volume. As a result, the gross profit in Quarter 3/2023 amounted to Baht 97.91 Million, decrease Baht 162.17 Million, or decrease by 62.36% as compared to same quarter of previous year. The gross profit margin in Quarter 3/2023 was 7.76% decrease from 15.75% as compared to the same quarter of previous year.

- Selling and administrative expenses in Quarter 3/2023 amounted to Baht 57.30 Million or equivalent to 4.54% of total sales revenue, decrease of Baht 12.80 Million or decrease by 18.25% as compared to the same quarter of previous year. The selling expenses decrease amount of Baht 5.95 Million, due to lower sales volume while administrative expenses decreased by Baht 6.84 Million.

- Finance cost in Quarter 3/2023 amounted to Baht 0.75 Million or equivalent to 0.06% of total sales revenue, decrease of Baht 1.92 Million or decrease by 71.91% as compared to the same quarter of previous year.

- Income tax expenses consisted of 2 parts as follow.

- (1) Income tax expenses in Quarter 3/2023, the company and its' subsidiary had income tax expense of Baht 5.12 Million, increase of Baht 2.58 Million or increase by 102.02% as compared to the same quarter of previous year.
- (2) Deferred tax expenses in Quarter 3/2023 the company and its' subsidiary had recorded deferred tax income amount of Baht 0.35 Million, an increase of Baht 0.09 Million as compared to the same quarter of the previous year.

- Net profit in Quarter 3/2023, the company and its' subsidiary had net profit of Baht 60.00 Million, decrease of Baht 162.74 Million or decrease by 73.06% as compared to same quarter of previous year. The net profit margin of the Company and its subsidiary was 4.76%, decrease from same quarter of previous year which had a net profit margin was 13.49% due to decrease in gross profit as mentioned above.

Financial Statement Analysis

Statement of Financial Position

Unit: Million Baht

Description	30 September 2023	31 December 2022	Increase (Decrease)	%
Current Assets	2,294.18	2,377.51	(83.33)	(3.51)
Non-Current Assets	885.94	868.73	17.21	1.98
Total Assets	3,180.12	3,246.24	(66.12)	(2.04)
Current Liabilities	555.91	470.02	85.89	18.27
Non-Current Liabilities	246.83	263.84	(17.01)	(6.45)
Total Liabilities	802.74	733.86	68.88	9.39
Total equity	2,377.38	2,512.38	(135.00)	(5.37)
Total Liabilities and equity	3,180.12	3,246.24	(66.12)	(2.04)

Assets

The company and its' subsidiary had total assets as of 30 September 2023 amounted to Baht 3,180.12 Million, decrease of Baht 66.12 Million or decrease by 2.04% 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 September 2023 amounted to Baht 2,294.18 Million or equivalent to 72.14% of total assets, decrease of Baht 83.33 Million or decrease by 3.51% as compared to year ended 2022. The prominent change in current assets consists of following.

- Cash and cash equivalents as 30 September 2023 totaling Baht 232.77 Million, or equivalent to 7.32% of total assets, decrease of Baht 151.14 Million or decrease by 39.37% 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 September 2023 totaling Baht 827.26 Million or equivalent to 26.01% of total assets, increase of Baht 110.86 Million or increase by 15.47% as compared to year ended 2022. The trade accounts receivable increased amount of Baht 140.71 Million, the average collection period increased from 40 days to 52 days, most of company's trade accounts receivables within credit term, 92.65% of the total trade accounts receivables. Other current receivables decreased in the amount of Baht 29.85 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 receivables and other receivables amount of Baht 24.75 Million.

- Inventories as at 30 September 2023 totaling Baht 1,232.86 Million or equivalent to 38.77% of total assets, decrease of Baht 42.17 Million or decrease by 3.31% as compared to year ended 2022. Mainly consist of finished goods of Baht 582.36 Million waiting for delivery, raw materials and goods in transit of Baht 650.50 Million. The turnover periods of finished goods increase from 35 days to 42 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 at 30 September 2023 in the amount of Baht 6.14 Million or equivalent to 0.49% of total inventories. In addition, the

company has set aside reduction in the value of inventories to the net realizable value as at 30 September 2023, in the amount of Baht 15.46 Million or equivalent to 1.23% of total inventories.

2. Non-Current assets

The company and its' subsidiary had total non-current assets as at 30 September 2023 amounted to Baht 885.94 Million or equivalent to 27.86% of total assets, increase of Baht 17.21 Million or increase by 1.98% as compared to year ended 2022 due to the company has invested in acquisition of building, machinery and equipment amounted to Baht 102.12 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 86.04 Million.

Liabilities

The company and its subsidiary had total liabilities as at 30 September 2023 amounted to Baht 802.74 Million, increase of Baht 68.88 Million or increase by 9.39% 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 September 2023 amounted to Baht 555.91 Million or equivalent to 69.25% of total liabilities, increase of Baht 85.89 Million or increase by 18.27% as compared to year ended 2022 which the prominent changes in current liabilities consist of following.

- Bank overdrafts and short-term borrowing from financial institutions as at 30 September 2023 amount to Baht 58.10 Million or equivalent to 7.24% of total liabilities, an increase of Baht 52.66 Million as compared to year ended 2022 mainly due to increase purchase of raw materials and utilized as working capital in business operations.

- Trade and other payables as at 30 September 2023 totaling Baht 465.36 Million or equivalent to 57.97% of total liabilities, increase of Baht 32.60 Million or increase by 7.53% as compared to year ended 2022. Trade accounts payable increase of Baht 62.95 from increased purchases of raw materials Meanwhile, the average repayment period decreased from 31 days to 26 days as compared to year ended 2022 while other current payables decrease of Baht 30.35 Million due to decrease in accrued expenses.

2. Non-Current Liabilities

The company and its' subsidiary had total non-current liabilities as at 30 September 2023 amounted to Baht 246.83 Million or equivalent to 30.75% of total liabilities, decrease of Baht 17.01 Million or decrease by 6.45% as compared to year ended 2022 due to long term borrowing from financial institution decrease of Baht 16.65 Million.

Equity

The company and its subsidiary had total equity as at 30 September 2023 amounted to Baht 2,377.38 Million, decrease of Baht 135.00 Million or decrease by 5.37% as compared to year ended 2022 due to 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 September 2023, equal to Baht 7.20 , 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 September 2023	30 September 2022
Net cash from (used in) operating activities	84.67	(73.00)
Net cash used in investing activities	(102.68)	(116.80)
Net cash (used in) from financing activities	(133.13)	199.20
Net (decrease) increase in cash and cash equivalents	(151.14)	9.40
Cash and cash equivalents at 1 January	383.91	154.91
Cash and cash equivalents at 30 September	232.77	164.31

The company and its subsidiary has cash and cash equivalents for the nine-month period ended 30 September 2023, the amounted to Baht 232.77 Million, increase of Baht 68.46 Million or increase by 41.66% as compared to the same period of previous year.

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

- Net cash from operating activities totaling Baht 84.67 Million, consisting of operating profit amount of Baht 30.00 Million and adjustments to reconcile profit to cash receipts (payments) before changes in operating assets and liabilities in the amount of Baht 83.55 Million and significant changes in operating assets and liabilities, such as trade and other current receivables increase of Baht 90.96 Million, inventories decreased of Baht 60.08 Million, trade and other current payables increased of Baht 19.00 Million, employee benefits paid and tax paid of Baht 17.20 Million.
- Net cash used in investing activities totaling Baht 102.68 Million, mainly from cash paid for acquisition of building, machinery and equipment amount of Baht 100.18 Million and Cash paid for the acquisition of intangible assets amount of Baht 5.59 Million. Dividend and interest income amounted to Baht 2.31 Million.
- Net cash used in financing activities totaling Baht to Baht 133.13 Million, which increase in Bank overdrafts and short-term borrowing from financial institutions in the amount of Baht 52.66 Million, repayment of long-term borrowing from financial institutions in the amount of Baht 16.65 Million, Cash payment for lease liabilities in the amount of Baht 1.43 Million, Finance costs paid in the amount of Baht 2.72 Million and dividends paid to shareholders in the amount of Baht 165.00 Million.

Liquidity Ratio

As of 30 September 2023, the company and its' subsidiary had total current assets amount of Baht 2,294.18 Million, total current liabilities amount of Baht 555.91 Million. The current ratio equal to 4.13 times, decrease from year ended 2022 with the current ratio of 5.06 times.

Please acknowledge accordingly.



Yours sincerely,

(Mr.Kampol Watcharanimit)
Managing Director