



**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)**

1/1 M.2 THUNGYAI, (OR P.O. BOX 44), HATYAI, SONGKHLA 90110 THAILAND  
1/1 หมู่ที่ 2 ต.ทุ่งใหญ่ (หรือ ตู้ ป.ณ. 44) อ.หาดใหญ่ จ.สงขลา 90110  
Tel: +66 (0) 74 273600 Fax: +66 (0) 74 273690-4  
ทะเบียนเลขที่ 0107537000076

Ref. No. TCB 005/2024

February 27, 2024

Re: Management Discussion and Analysis for the year ended 31 December 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 year ended 31 December 2023 which had been audited by certified public accountant and verified by Board of Directors.

The Company and its subsidiary operating results for the year ended 31 December 2023 compared to year ended 2022 and Statement of Financial Position as at 31 December 2023 as compared to year ended 2022 can be summarize as follow:

### Performance Analysis

#### Revenue

Revenue	2023		2022		(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sale of goods	4,915.25	99.37	6,054.56	99.21	(1,139.31)	(18.82)
Net foreign exchange gain	16.26	0.33	29.58	0.49	(13.32)	(45.05)
Other income	14.87	0.30	18.54	0.30	(3.67)	(19.77)
Total income	4,946.38	100.00	6,102.68	100.00	(1,156.30)	(18.95)

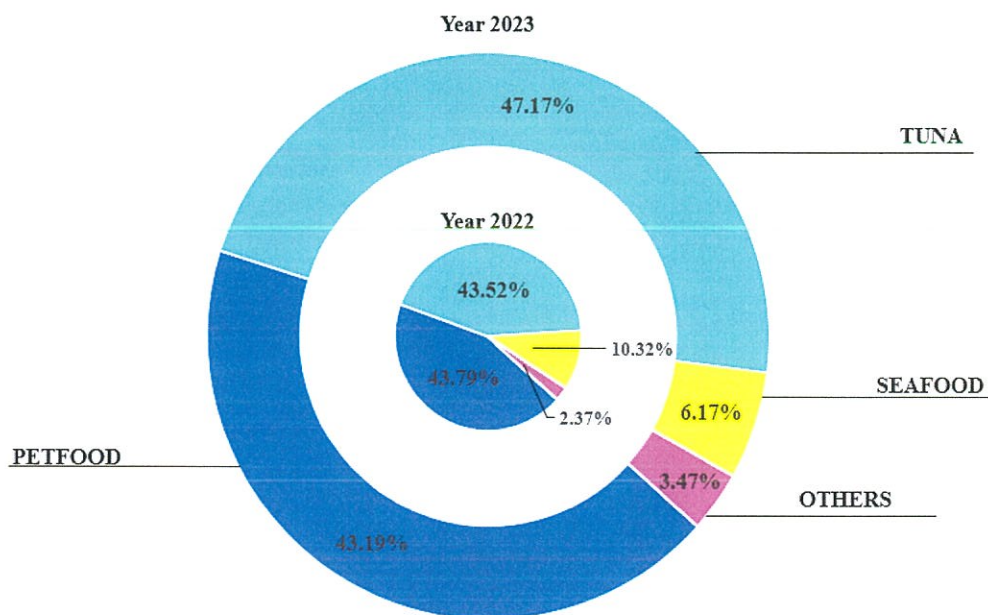
The Company and its' subsidiary had total income in year 2023 totaling Baht 4,946.38 Million, decrease of Baht 1,156.30 Million or decrease by 18.95% as compared to the previous year. The rationale of decrease was mainly attributed to the following:

Revenue from Sale of goods in year 2023 amounted to Baht 4,915.25 Million or equivalent to 99.37% of total income, a decrease of Baht 1,139.31 Million or decrease by 18.82% as compared to the previous year due to decrease in sale orders especially in Petfood products 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 decrease.

#### Major income structure

Revenue	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Canned and Pouched Tuna Products	2,318.67	47.17	2,635.19	43.52	(316.52)	(12.01)
Canned and Pouched Petfood Products	2,122.75	43.19	2,651.21	43.79	(528.46)	(19.93)
Canned and Pouched Seafood Products	303.13	6.17	624.58	10.32	(321.45)	(51.47)
Others	170.70	3.47	143.58	2.37	27.12	18.89
<b>Total Revenue from Sale of Goods</b>	<b>4,915.25</b>	<b>100.00</b>	<b>6,054.56</b>	<b>100.00</b>	<b>(1,139.31)</b>	<b>(18.82)</b>

Major income structure for the year ended December 31, 2023 of the consolidated financial statements



- Net foreign exchange gain in year 2023 amounted to Baht 16.26 Million or equivalent to 0.33% of total income, a decrease of Baht 13.32 Million or decrease by 45.05% as compared to the previous year due to the average of Thai Baht against United States Dollar depreciated less as compared to previous year.
- Other income in year 2023 amounted to Baht 14.87 Million or equivalent to 0.30% of total revenue, decrease of Baht 3.67 Million or decrease by 19.77% as compared to the previous year.

## Expenses

Expenses	2023		2022		(Decrease)	
	Million Baht	% Sale	Million Baht	% Sale	Million Baht	%
Cost of sales of goods	4,660.45	94.82	5,338.35	88.17	(677.90)	(12.70)
Selling and Administrative costs	226.79	4.61	292.85	4.84	(66.06)	(22.56)
Total expenses	4,887.24	99.43	5,631.20	93.01	(743.96)	(13.21)

The Company and its' subsidiary had total expenses in year 2023 totaling Baht 4,887.24 Million, a decrease of Baht 743.96 Million or decrease by 13.21% as compared to the previous year. The rationale of this decrease mainly attributed to the following:

- Cost of sales of goods in year 2023 amounted to Baht 4,660.45 Million, or equivalent to 94.82% of total sales revenue, a decrease of Baht 677.90 Million or decrease by 12.70% as compared to the previous year due to the decrease in production volume which in line with the sales volume. As a result, the gross profit in year 2023 amounted to Baht 254.81 Million, decrease Baht 461.40 Million, or decrease by 64.42% as compared to previous year. The gross profit margin in year 2023 was 5.18% decrease from 11.83% as compared to the previous year
- Selling and administrative expenses in year 2023 amounted to Baht 226.79 Million or equivalent to 4.61% of total sales revenue, a decrease of Baht 66.05 Million or decrease by 22.56% as compared to the previous year. The selling expenses decrease of Baht 35.95



Million due to decrease in sales volume. Meanwhile, administrative expenses decrease of Baht 30.11 Million.

- Finance costs in year 2023 amount Baht 4.96 Million or equivalent to 0.10% of total sales revenue, a decrease of Baht 0.54 Million or decrease by 9.83% as compared to the previous year.
- Income tax expenses consists of 2 parts as follow:

(1) Income tax expenses in year 2023, the company and its' subsidiary had income tax expense of Baht 2.13 Million, a decrease of Baht 6.08 Million or decreases by 74.03% as compared to the previous year.

(2) Deferred tax expenses in year 2023, the company and its' subsidiary had recorded deferred tax expenses amounted to Baht 8.57 Million, While in year 2022, the company and its subsidiaries recorded deferred tax income of Baht 0.10 Million.

- Net profit in year 2023, the company and its' subsidiary had net profit of Baht 43.48 Million a decrease of Baht 414.39 Million or decrease by 90.50% as compared to the previous year. The net profit margin of the Company and its subsidiary was 0.88%, decrease from the previous year which had a net profit margin was 7.56% due to decrease in gross profit as mentioned above.

## Financial Statement Analysis

### Statement of Financial Position

Unit : Million Baht

Description	31 December 2023	31 December 2022	Increase (Decrease)	Percentage
Current assets	2,591.30	2,377.51	213.79	8.99
Non-current assets	880.28	868.73	11.55	1.33
Total assets	3,471.58	3,246.24	225.34	6.94
Current liabilities	829.45	470.02	359.43	76.47
Non-current liabilities	251.27	263.84	(12.57)	(4.77)
Total liabilities	1,080.72	733.86	346.86	47.27
Equity	2,390.86	2,512.38	(121.52)	(4.84)
Total liabilities and equity	3,471.58	3,246.24	225.34	6.94

### Assets

The company and its' subsidiary had total assets as at 31 December 2023 amounted to Baht 3,471.58 Million, an increase of Baht 225.34 Million or increase by 6.94% 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 at 31 December 2023 amounted to Baht 2,591.30 Million or equivalent to 74.64% of total assets, an increase of Baht 213.79 Million or increase by 8.99% as compared to year ended 2022. The prominent change in current assets consists of following:

- Cash and cash equivalents as at 31 December 2023 totaling Baht 127.38 Million or equivalent to 3.67% of total assets, a decrease of Baht 256.53 Million, or decrease by 66.82% as compared to year ended 2022 due to the company paid dividend to shareholders in the amount of Baht 165.00 Million and acquisition of building, machinery and equipment amount of Baht 116.07 Million.

- Trade accounts receivable and other current receivables as at 31 December 2023 totaling Baht 1,118.23 Million, or equivalent to 32.21% of total assets increase of Baht 401.83 Million or increase 56.09% as compared to year ended of 2022, trade accounts receivable increased by Baht 385.04 Million, the average collection period increase from 40 days to 61 days, most of company's trade accounts receivables within credit term, 93.67% of the total trade accounts receivables. Other current receivables increase in the amount of Baht 16.79 Million due to the company has more forward foreign exchange contracts receivables increase. 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 11.37 Million.

- Inventories as at 31 December 2023 totaling Baht 1,344.09 Million or equivalent to 38.72% of total assets, increase of Baht 69.06 Million or increase by 5.42% as compared to year ended 2022. Mainly consist of finished goods of Baht 470.64 Million waiting for delivery, raw materials and goods in transit of Baht 893.06 Million. The turnover periods of finished goods increase from 35 days to 36 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 31 December 2023 in the amount of Baht 5.33 Million or equivalent to 0.40% of total inventories. In addition, the company has set aside reduction in the value of inventories to the net realizable value as at 31 December 2023, in the amount of Baht 21.45 Million or equivalent to 1.58% of total inventories.

## 2. Non-current assets

The company and its' subsidiary had total non-current assets as at 31 December 2023 amounted to Baht 880.28 Million or equivalent to 25.36% of total assets, an increase of Baht 11.55 Million or increase by 1.33% as compared to year ended 2022. due to invested in acquisition of building, machinery and equipment amounted of Baht 119.64 Million to support increase capacity and improve the machinery to increase production efficiency while there was depreciation amount of Baht 115.85 Million.

## Liabilities

The company and its' subsidiary had total liabilities as at 31 December 2023 amounted to Baht 1,080.72 Million, an increase of Baht 346.86 Million or increase by 47.27% as compared to year ended 2022 which consist of liabilities as follow:

### 1. Current Liabilities

The company and its' subsidiary had total current liabilities as at 31 December 2023 amounted to Baht 829.45 Million or equivalent to 76.75% of total liabilities, an increase of Baht 359.43 Million or increase by 76.47% as compared to year ended 2022 which the prominent changes in current liabilities consist of following:

- Bank overdraft and short-term borrowing from financial institutions as at 31 December 2023 totaling Baht 139.72 Million or equivalent to 12.93% of total liabilities, an increase of Baht 134.28 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 current payables as at 31 December 2023 totaling Baht 659.12 Million or equivalent to 60.99% of total liabilities, an increase of Baht 226.37 Million or increase by 52.31% as compared to year ended 2022. The trade accounts payable increased in the amount of Baht 239.48 Million from increase purchases of raw materials. Meanwhile, the

average repayment period increase from 31 days to 32 days as compared to year ended 2022 while other current payables decrease of Baht 13.11 Million due to decrease in accrued expenses.

## 2. Non-Current Liabilities

The company and its' subsidiary had total non-current liabilities as at 31 December 2023 amounted to Baht 251.27 Million or equivalent to 23.25% of total liabilities, a decrease of Baht 12.57 Million or decrease by 4.77% as compared to year ended 2022 due to long term borrowing from financial institution decrease of Baht 22.20 Million while lease liabilities increase of Baht 10.63 Million.

## Equity

The company and its' subsidiary had total equity as at 31 December 2023 amounted to Baht 2,390.86 Million, a decrease of Baht 121.52 Million or decrease by 4.84% as compared to year ended 2022. Due to the company had profit for the year Baht 43.48 Million in the same time, 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 31 December equal to Baht 7.25, down from Baht 7.61 as compared to year ended 2022.

## Analysis of Cash Flows Statement

Consolidated cash flow statement

Unit : Million Baht

Description	31 December 2023	31 December 2022
Net cash (used in) from operating activities	(74.52)	370.91
Net cash used in investing activities	(118.38)	(163.71)
Net cash (used in) from financing activities	(63.63)	21.79
Net (decrease) increase in cash and cash equivalents	(256.53)	228.99
Cash and cash equivalents at 1 January	383.90	154.91
Cash and cash equivalents at 31 December	127.37	383.90

The company and its' subsidiary have cash and cash equivalent for the year ended 31 December 2023, the amount of Baht 127.37 Million, a decrease of Baht 256.53 Million or decreased by 66.82% as compared to year ended 2022.

Changes in Cash and cash equivalent for the year ended 31 December 2023 as follow:

- Net cash from operating activities totaling Baht 74.52 Million, consisting of cash generated from profit in the amount of Baht 43.48 Million and adjustments to reconcile profit to cash receipts (payments) before changes in operating assets and liabilities in the amount of Baht 146.58 Million and mainly changes in operating assets and liabilities, such as trade and other current receivables increase of Baht 415.38 Million, inventory increase of Baht 56.13 Million, trade and other current payables increase of Baht 226.01 Million. Employee benefits paid and tax paid of Baht 19.23 Million.
- Net cash used in investing activities totaling Baht 118.38 Million, mainly from cash paid for acquisition of Building, Machinery and equipment amount of Baht 116.07 Million, Acquisition of intangible assets amount of Baht 5.98 Million. Dividend received and interest received amount of Baht 2.88 Million.




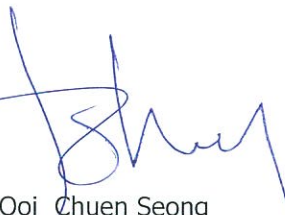
- Net cash used in financing activities totaling Baht to Baht 63.63 Million, which increase in Bank overdrafts and short-term borrowing from financial institutions in the amount of Baht 134.28 Million, repayment of long-term borrowing from financial institutions in the amount of Baht 22.20 Million, Cash payment for lease liabilities in the amount of Baht 5.76 Million, Finance costs paid in the amount of Baht 4.96 Million and dividends paid to shareholders in the amount of Baht 165.00 Million.

### **Liquidity Ratio**

As at 31 December 2023 the company and its' subsidiary had total current assets amount of Baht 2,591.30 Million, total current liabilities amount of Baht 829.45 Million. The current ratio equal to 3.12 times, decrease from year ended 2022 with the current ratio of 5.06 times.

Please acknowledge accordingly.

Yours sincerely,



Mr.Ooi Chuen Seong  
Director