



บริษัท เอบีโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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**Management Discussion and Analysis (MD&A) ABICO HOLDINGS ABICO HOLDINGS PUBLIC COMPANY LIMITED**

**FOR THE SECOND QUARTER 2021 THREE MONTHES AND SIX MONTHS**

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

|   | For the second quarter |               | For the period of six months |                 | Movement for the second quarter |              | Movement for the period of six months |             |
|---|------------------------|---------------|------------------------------|-----------------|---------------------------------|--------------|---------------------------------------|-------------|
|   | 2021                   | 2020          | 2021                         | 2020            | Increase (decrease)             | %            | Increase (decrease)                   | %           |
| Producer and distributor of ready-to-drink milk, drinks | 564.30                 | 472.24        | 1,071.06                     | 975.79          | 92.06                           | 19.49        | 95.27                                 | 9.76        |
| Immovable property business                             | 3.06                   | 3.47          | 6.10                         | 6.42            | (0.41)                          | (11.82)      | (0.32)                                | (4.98)      |
| Agriculture and dairy farm                              | 13.66                  | 15.33         | 29.38                        | 32.43           | (1.67)                          | (10.89)      | (3.05)                                | (9.40)      |
| <b>Total</b>  | <b>581.02</b>          | <b>491.04</b> | <b>1,106.54</b>              | <b>1,014.64</b> | <b>89.98</b>                    | <b>18.32</b> | <b>91.90</b>                          | <b>9.06</b> |

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 92.06 million, or 19.49%, in Q2'20, and by Baht 95.27 million, or 9.76%, in the six-month period. There was more contract manufacturing in full-service format compared to the previous year.
- Immovable property business saw its income decrease both in the three-month period and the six-month period by Baht 0.41 million and Baht 0.32 million respectively, near that of last year.
- Farm business saw its income decrease both in the three-month period and the six-month period by Baht 1.67 million and Baht 3.05 million respectively, due to more delivery of raw milk to the customers compared to those of the same periods last year both in the three-month period and the six-month period. The decreases were 10.89% and 9.40% respectively.

## 1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

|                           | For the second quarter |               | For the period of six months |               | Movement for the second quarter |              | Movement for the period of six months |              |
|---------------------------|------------------------|---------------|------------------------------|---------------|---------------------------------|--------------|---------------------------------------|--------------|
|                           | 2021                   | 2020          | 2021                         | 2020          | Increase (decrease)             | %            | Increase (decrease)                   | %            |
| Cost of sales and service | 530.13                 | 431.66        | 1,013.55                     | 884.94        | 98.47                           | 22.81        | 128.61                                | 14.53        |
| Administrative expenses   | 21.36                  | 19.12         | 43.67                        | 36.81         | 2.24                            | 11.72        | 6.86                                  | 18.64        |
| <b>Total</b>              | <b>551.49</b>          | <b>450.20</b> | <b>1,057.22</b>              | <b>921.75</b> | <b>100.71</b>                   | <b>22.34</b> | <b>135.47</b>                         | <b>14.70</b> |

In Q2'21, the Company's cost of sales and administrative expenses in the three-month period and the six-month period are Baht 551.49 million and Baht 1,057.22 million respectively.

- The cost of sales and service increased by Baht 98.47 million, or 22.81%, in Q2'21; and increased by Baht 128.61 million, or 14.53%, in the six-month period. due to the Company's more contract manufacturing in full-service format, resulting in the recognition of cost of raw materials and packaging materials included in the cost of sales and services. Therefore, the cost of sales of the Q2'21 increased from the Q2'20.
- Administrative expenses increased by Baht 2.24 million, or 11.72%, in Q2'21; and increased by Baht 6.86 million, or 18.64%, in the six-month period.

## 1.3 Others income

Total other income amounted to Baht 0.84 million, which decreased by Baht 3.71 million, or 81.61%, in Q2'21; and amounted to Baht 2.71 million, which decreased by Baht 8.49 million, or 75.80%, in the six-month period because more commission income in of Q2'21, and six-month period which decreased to a change of customer structure.

## 1.4 Operational profit and net profit

(Unit: Million Baht)

|                                     | For the second quarter |              | For the period of six months |              | Movement for the second quarter |                | Movement for the period of six months |                |
|-------------------------------------|------------------------|--------------|------------------------------|--------------|---------------------------------|----------------|---------------------------------------|----------------|
|                                     | 2021                   | 2020         | 2021                         | 2020         | Increase (decrease)             | %              | Increase (decrease)                   | %              |
| Profit (loss) before tax expenses   | 28.07                  | 44.11        | 50.01                        | 99.16        | (16.04)                         | (33.36)        | (49.15)                               | (49.57)        |
| Loss Tax expenses                   | 4.17                   | 7.68         | 6.42                         | 18.27        | (3.51)                          | (45.70)        | (11.85)                               | (64.86)        |
| <b>Operational Profit</b>           | <b>23.90</b>           | <b>36.43</b> | <b>43.59</b>                 | <b>80.89</b> | <b>(12.53)</b>                  | <b>(34.39)</b> | <b>(37.30)</b>                        | <b>(46.11)</b> |
| Share of profit (loss) of associate | 0.06                   | (10.99)      | (11.64)                      | (10.83)      | 11.05                           | 100.55         | 0.81                                  | 7.48           |
| <b>Net profit</b>                   | <b>23.96</b>           | <b>25.44</b> | <b>31.95</b>                 | <b>70.06</b> | <b>(1.48)</b>                   | <b>(5.82)</b>  | <b>(38.11)</b>                        | <b>(54.40)</b> |

- Operational profit amounted to Baht 23.90 million, which decreased by Baht 12.53 million, in Q2'21; and amounted to Baht 43.59 million, which decreased by Baht 37.30 million, in the six-month period, due to some reduction of orders from clients and the Company's process of changing its customer base while also preparing to accommodate new clients this year. Moreover, there was an additional depreciation calculated by the investment in assets used in production to boost efficiency and reduce production costs in the long run.
- Net profit according to the financial statement decreased by Baht 1.48 million, in Q2'21; and decreased by Baht 38.11 million, in the six-month period.

2. Analysis of financial status as at 30 June 2020

(Unit: Million Baht)

| <u>Assets</u>                    | 30 Jun. 2021    | %           | 31 Dec. 2020    | %           |
|----------------------------------|-----------------|-------------|-----------------|-------------|
| Trade and other receivables      | 527.62          | 25%         | 468.82          | 23%         |
| Inventories                      | 146.20          | 7%          | 125.97          | 7%          |
| Lease receivable                 | 81.47           | 4%          | 83.74           | 4%          |
| Investment in associated company | 230.00          | 11%         | 235.09          | 12%         |
| Property, plant and equipment    | 776.29          | 38%         | 803.45          | 40%         |
| Right-of-used                    | 198.67          | 10%         | 214.69          | 11%         |
| Biological assets – dairy cow    | 50.31           | 2%          | 46.25           | 2%          |
| Others                           | 55.77           | 3%          | 40.33           | 1%          |
| <b>Total assets</b>              | <b>2,066.33</b> | <b>100%</b> | <b>2,018.34</b> | <b>100%</b> |

Total assets were Baht 2,066.33 million, which increased by Baht 47.99 million from 2020.

- Trade and other receivables increased by Baht 58.80 million, because the Company delivery more product to customers. This was consistent with the increased revenue in the contract manufacturing business of milk, drinks, and fruit juices.
- Inventories increased by Baht 20.23 million, because the Company had to reserve packages and raw materials for customers and new customers in manufacturing.
- Lease receivables were decreased by Baht 2.27 million because caused by the receipt for the rent under the finance lease.
- Investment in the associated companies decreased by Baht 5.09 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment were decreased by Baht 27.16 million because the Company also invested Baht 6.62 million on equipment in Q2'21 and there were the depreciation of Baht 33.40 million between the periods.
- Biological assets increased by Baht 4.06 million, due to the adjustment of fair value of the dairy cattle in the subsidiaries.
- Other assets were mostly cash and equivalent transactions to cash, deferred income tax assets, intangible assets and Other non-current assets

(Unit: Million Baht)

| <u>Liabilities</u>                          | 30 Jun. 2021    | %           | 31 Dec. 2020    | %           |
|---|-----------------|-------------|-----------------|-------------|
| Bank overdrafts and short-term loan         | 190.00          | 18%         | 143.00          | 13%         |
| Trade and other payables                    | 362.36          | 33%         | 320.84          | 30%         |
| Liabilities under financial lease agreement | 232.66          | 21%         | 253.11          | 23%         |
| Long – term loan                            | 178.95          | 17%         | 236.95          | 22%         |
| Others                                      | 125.03          | 11%         | 124.58          | 12%         |
| <b>Total liabilities</b>                    | <b>1,089.00</b> | <b>100%</b> | <b>1,078.48</b> | <b>100%</b> |

Total liabilities were Baht 1,089.00 million, which increased by Baht 10.52 million from 2020.

- Bank overdrafts and short-term loan increased by Baht 47 million, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables increased by Baht 41.52 million, because the Company order packages and raw materials for manufacturing to customer.
- Liabilities under financial lease agreements decreased by Baht 20.45 million. . for the liabilities under financial lease agreements.
- Long-term loan decreased Baht 58 million, because the Company have paid for the loan.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation, current liabilities and other non-current liabilities.