

Management Discussion and Analysis Translation
For the year ended December 31 2021 and December 31 2020

Operating and Financial Status

Overview

Operating Results in 2021 is better than 2020 resulting in higher net profit from the previous year by 13.90% or Bt. 75.52 million. The domestic sales of increased 5.97% or Bt. 174.88 million. Most of the sales come from modern trade and trading firms channels with an increased of 3.44% and 18.04%, or an increase of Bt. 28.41 million and Bt. 30.64 million respectively.

For export sales, increased 6.42% or increased by Bt. 23.02 million.

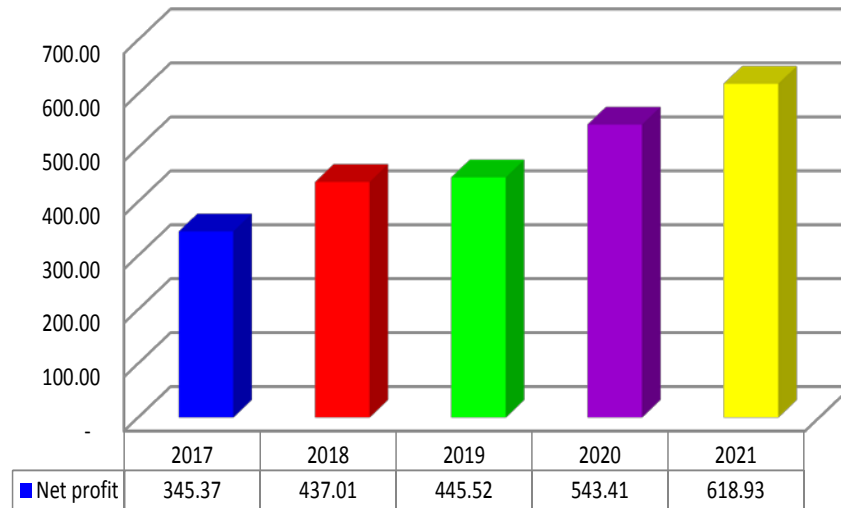
Cost of sales decreased by 0.54% of sales from 63.50% of sales in 2020 to 62.96% of sales in 2021, due to a decreased in depreciation.

Distribution expenses of sale decreased 0.56 % from 9.24% in 2020 to 8.68% of sales in 2021, due to less promotion.

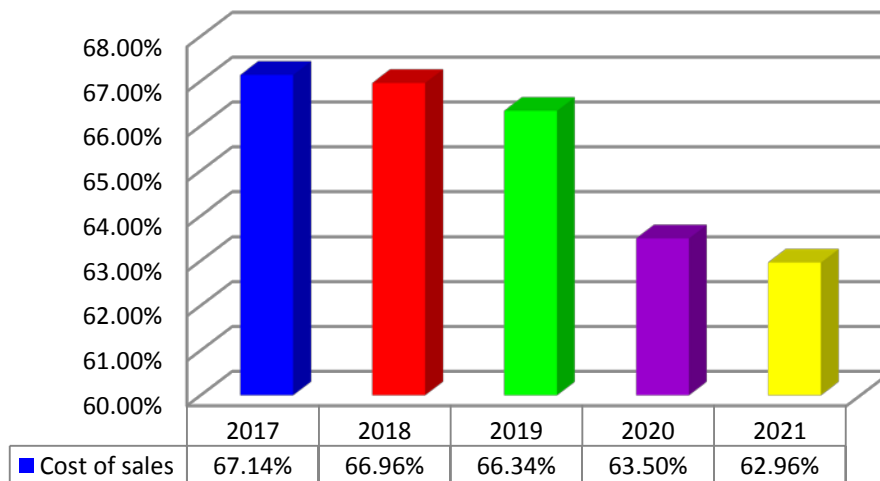
Administrative expenses decreased 0.67% of sales from 5.34% of sales in 2020 to 4.67% of sales in 2021. Mostly came from employee expenses and loss from disposing of assets.

(in million Baht)	2021	%	2020	%	Change	%Y on Y
	Jan. - Dec.		Jan. - Dec.			
Domestic Sales	2,390.81	76.22	2,282.15	77.04	108.66	4.76
Industrial Sales	324.51	10.35	283.17	9.56	41.34	14.60
Sales to associate	39.77	1.27	38.31	1.29	1.46	3.81
Export Sales	381.57	12.16	358.55	12.10	23.02	6.42
Total	3,136.66	100.00	2,962.18	100.00	174.48	5.89
Less volume rebates	(33.85)	(1.08)	(34.25)	(1.16)	0.40	(1.17)
Net Sales	3,102.81	98.92	2,927.93	98.84	174.88	5.97
Cost of Sales	1,953.58	62.96%	1,859.25	63.50%	94.33	5.07
Gross profit	1,149.23	37.04%	1,068.68	36.50%	80.55	7.54
Distribution Expenses	269.27	8.68%	270.45	9.24%	(1.18)	(0.44)
Administrative Expenses	144.88	4.67%	156.41	5.34%	(11.53)	(7.37)
Net Profit	618.93	19.95%	543.41	18.56%	75.52	13.90
Earnings per share (baht)	1.72		1.51			

Net profit (Million Bht.) Previous 5 yrs.



Cost of sales (% of sales) compared 5 Years



Operating Analysis

Profitability

Thai Theparos Plc's net profit for year ended December 31. As follow:-

The net profit margin on total income increased from 15.21 % to 18.35 %.

		2021	2020	Change	%
Net profit (Million Baht)		618.93	543.41	75.52	13.90
Gross Profit	%	37.04	36.50	0.54	
Net Profit	%	19.75	18.35	1.40	
Return on Equity	%	22.08	20.63	1.45	
Return on Total Assets	%	19.83	18.54	1.29	

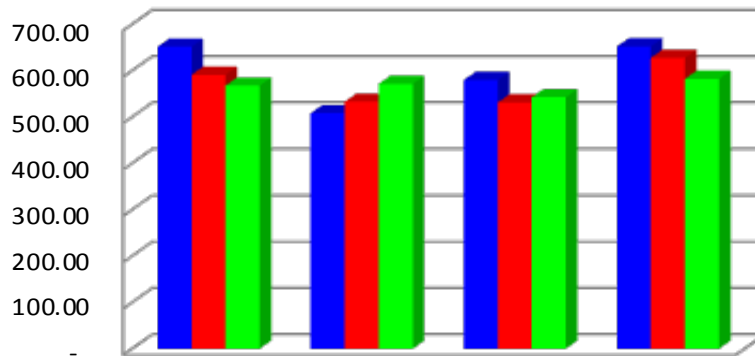
The company's net profit in 2021 to increased by 13.90 % or Bt. 75.52 million from the year 2020.

(Million Baht)	2021	%	2020	%	Change	%
1.Domestic Sales	2,390.81	76.23	2,282.15	77.04	108.66	4.76
Industrial Sales	324.51	10.35	283.17	9.56	41.34	14.60
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Less volume rebates	(33.85)	(1.08)	(34.25)	(1.16)	0.40	(1.17)
Net sales	3,102.81	98.92	2,927.93	98.84	174.88	5.97
2.Cost of sales of goods	1,953.58		1,859.25		94.33	5.07
% of total sales of goods	62.96%		63.50%		(0.54)	
3. Distribution expenses	269.27		270.45		(1.18)	(0.44)
% of total sales of goods	8.68%		9.24%		(0.56)	
4. Administrative expenses	144.88		156.41		(11.53)	(7.37)
% of total sales of goods	4.67%		5.34%		(0.67)	
5. Other income						
Interest income	5.91		6.99		(1.08)	(15.45)
Other	25.30		25.91		(0.61)	(2.35)
Total Other Income	31.21		32.90		(1.69)	(5.14)

Total domestic sales in 2021 increased 4.76 % or Bt. 108.66 million, while industrial sales increased by 14.60% or Bt. 41.34 million.

From these reasons, the total net sales in 2021 increased by 5.97% or increased Bt. 174.88 million. Selling of small size packaging products increased due to most consumers still cook at home by themselves which led to lower sales into restaurants and provided a higher profits.

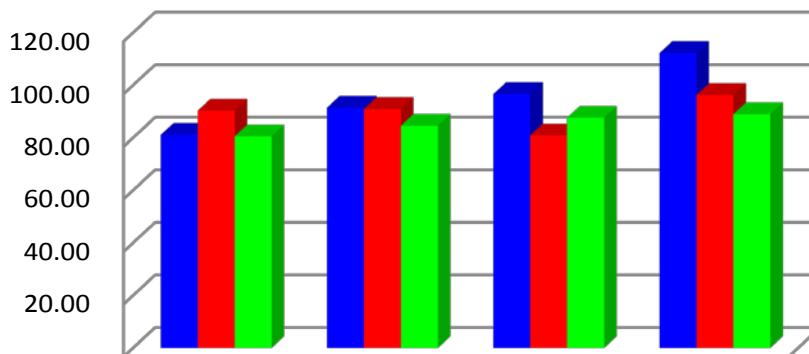
Domestic sales by Quarterly (Million Bht.)



		Q1	Q2	Q3	Q4	Annual
■	2021	651.40	507.90	579.54	651.97	2,390.81
■	2020	590.92	532.82	531.01	627.40	2,282.15
■	2019	567.52	571.47	542.49	582.03	2,263.51

Export Sales increased by 6.42 % or Bt. 23.02 million. Due to the increasing from Asia, America.

Export Sales By Quarterly (Million Bht.)

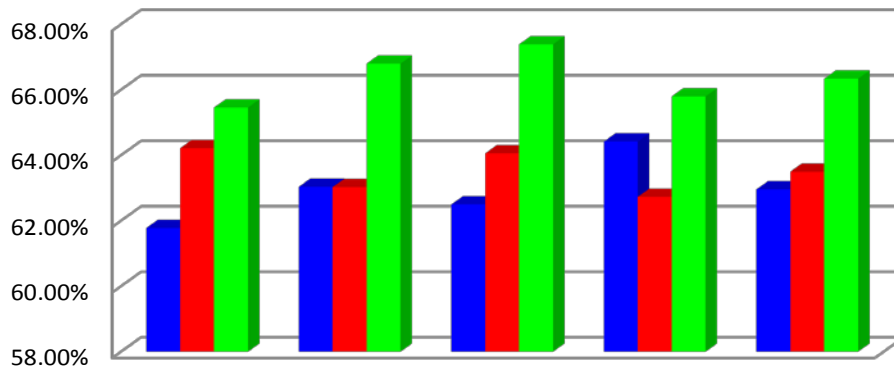


		Q1	Q2	Q3	Q4	Annual
■	2021	81.17	91.47	96.64	112.29	381.57
■	2020	90.33	90.98	80.93	96.31	358.55
■	2019	80.55	84.60	87.65	88.95	341.75

The sale of associated companies in 2021 , Exter (Thailand) Limited sales of 3.81% in higher than that of 2020 or an increased of Bt. 1.46 million. The reason why Exter (Thailand) has increased purchases due to business expansion. Demand for a wide range of tastes is greater for finished goods production.

(Million Baht)	2021	2020	Change	%
Extet (Thailand)	39.77	38.31	1.46	3.81

Cost of goods sold (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2021	61.78%	63.04%	62.50%	64.42%	62.96%
2020	64.22%	63.03%	64.06%	62.73%	63.50%
2019	65.46%	66.80%	67.39%	65.80%	66.34%

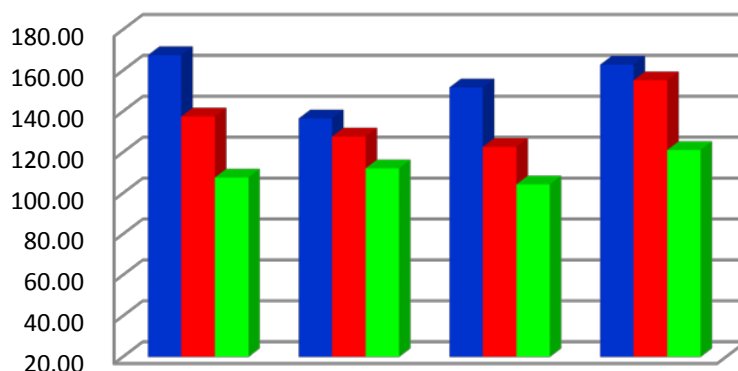
Cost of goods sold decreased 0.54% of total sales from 63.50% of total sales in 2020 to 62.96% in 2021.

The distribution expenses of sales decreased 0.56% of total sales from 9.24% of total sales in 2020 to 8.68% in 2021.

The administrative expenses decreased 0.67% of total sales from 5.34% of total sales in 2020 to 4.67% in 2021.

From the reasons mentioned above performance for the year as of December 31, 2021 The company had a net profit of Bt. 618.93 million, an increased of Bt. 75.52 million or 13.90% over the same period of the year 2020.

Net profit (Million Bt.) by Quarterly



	Q1	Q2	Q3	Q4	Annual
■ 2021	167.59	136.62	151.79	162.93	618.93
■ 2020	137.59	127.80	122.74	155.28	543.41
■ 2019	107.73	112.23	104.39	121.17	445.52

Sauce has earning before income tax (EBT) for the year ended December 31, 2021, as follows:-

	2021	2020	Change	%
Earning before income tax expense	770.94	675.95	94.99	14.05
EBT Margin	%	24.60	22.83	1.77

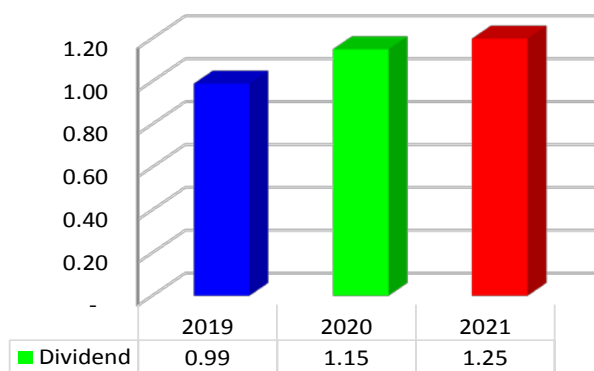
Dividend Policy

Minimum of 50% of net profit annually and will be paid in next year.

At the annual general meeting of the shareholders of the Company held on 23 April 2021, the shareholders approved the appropriation of dividend for 2020 amounting 360 million shares, operation of Bt. 1.25 per share, amounting to Bt.450 million (payout ratio 82.81%). An investor must be listed on May 5, 2021 to be eligible for dividend payout. The payment of dividend to share holder is set to be on May 18, 2021.

	2021	2020	Change	%
Net profit (Last year)	543.41	445.52	97.89	21.97
Dividends paid (Million Baht)	450.00	414.00	36.00	8.70
Dividends per share (Baht)	1.25	1.15	0.10	8.70
Dividends pay out %	82.81	92.92	(10.10)	

Dividend payment by Annually (Baht)



Report and Analysis of Financial Position

Financial Structure

Debt Equity Ratios

In 2021 0.11 equal to 0.11 in 2020. The financial structure insignificant to the financial status most liabilities being current liabilities.

(Million Baht)	2021	%	2020	%
Total liabilities	317.21	10.16	296.52	10.12
Equity	2,803.42	89.84	2,634.49	89.88
Total assets	3,120.63	100.00	2,931.01	100.00
Trade accounts payable	100.29	3.21	89.19	3.04
Income tax payable	76.80	2.46	69.47	2.37
Other accounts payable	89.46	2.87	89.00	3.04
Non current liabilities	50.66	1.62	48.86	1.67
Total liabilities	317.21	10.16	296.52	10.12
Issued and paid-up share capital	360.00	11.54	360.00	12.28
Premium on ordinary shares	615.60	19.73	615.60	21.00
Fair value change in investment	-	-	-	-
Legal reserve retained eaming	60.00	1.92	60.00	2.05
Unappropriated retained eaming	1,767.82	56.65	1,598.89	54.55
Total equity	2,803.42	89.84	2,634.49	89.88

The company has no debt from loans. The company uses most of its capital structure from shareholders' equity.

Liquidity

Cash flows

(Million Baht)	2021	2020	Change	%
Cash flows from operating activities	637.31	654.52	(17.21)	(2.63)
Net cash uses in investment activities	(65.18)	(167.86)	102.68	(61.17)
Net cash uses in financing activities	(450.00)	(414.00)	(36.00)	8.70
Net in cash and cash equivalents	-	-	-	-
(Decrease) Increase	122.13	72.66	49.47	68.08

(Million Baht)	2021	2020	Change	%
Current assets	1,982.65	1,727.46	255.19	14.77
Current liabilities	266.55	247.65	18.90	7.63
Current ratio (Time)	7.44	6.98	0.46	6.63

Current ratio

In 2021 is 7.44 times, increased from 6.98 times in 2020. This result from the increased of current assets by Bt. 255.19 million, most of which are cash and cash equivalents, temporary investment advance payment for raw materials and current liabilities increased by Bt.18.90 million, most of which were trade payables and income tax.

However, the company has strictly adhered to the financial management policy. You can see that the company has a high working capital ratio, there is no liquidity problem. As of December 31, 2021, the company has cash and cash equivalents of over Bt. 671.05 million and still has overdraft loan facility That has not been used from large banks more than Bt. 92.50 million to support the need for emergency funds.

The ability to pay debt and practice according to the loan

The company has no debt resulting from loan of any kind. Most of liabilities are from trade account payable and accrued expenses. The company has performed its duty as a good debtor and paid debt in accordance with customer's trade agreement.

Company's policy to set the time commercial credit (Term credit)

The company categorizes sales as follows:

1. Sell cash
2. Sell on credit
 - Credit traditional sales and Export sales give credit 30-45 days.
 - Modern trade and Industrial sales give credit 60 days.

Million Baht		2021	2020	Change	%
Net / Sales		3,102.81	2,927.93	174.88	5.97
Trade accouts receivable -Net		343.87	322.06	21.81	6.77
Average trade receivables		332.97	317.02	15.95	5.03
Accouts receivable Turnover	Equal	9.46	9.17	0.29	3.16
Average debt Collection Period	Days	38.00	39.00	(1.00)	(2.56)
Inventories Turnover Period	Days	80.00	84.00	(4.00)	(4.76)
Repayment Period	Days	18.00	17.00	1.00	5.88
Cash Cycle Period	Days	99	106	(7.00)	(6.60)

As of December 31, 2021, payment is tracked and credit is carried out strictly to customers.

Overall, the Company's average trade receivable in 2021 is better than 2020, equal to 3.16 % of average trade receivables compared to net sales with no debtor problems.

The company has strictly financial management policy, current ratio is high. The company has no liquidity problem as can be seen from average debt collection is 38 days, inventories turnover period decreased from 84 days in 2020 to 80 days in 2021. Seasonal raw material such as chili and garlic is more than 180 days of storage. Cash cycle period decreased from 106 days in 2020 to 99 days in 2021.

Quality of Assets

(Million Baht)	2021	2020	Change	%
Current assets	1,982.65	1,727.46	255.19	14.77
Non current assets	1,137.98	1,203.55	(65.57)	(5.45)
Total assets	3,120.63	2,931.01	189.62	6.47
Current assets / Total assets	% 63.53	58.94	4.60	
Non current assets / Total assets	% 36.47	41.06	(4.60)	
Total assets	% 100.00	100.00	0.00	

Change in Assets

The Company has total assets as December 31, 2021 amounting to Bt. 3,120.63 million increased by 6.47 % compared to total assets of Bt. 2,931.01 million as of December 31, 2020.

As of December 31, 2021, Sauce has current assets and non-current assets as 63.53 and 36.47 of the total assets compared to 58.94 and 41.06 as at December 31, 2020.

Current assets increased by Bt. 255.19 million or 14.77 % from 2020. Mostly from cash and cash equivalents, current investments, net trade accounts receivable , inventories and advance payments for raw materials.

Non-current assets decreased by Bt. 65.57 million or 5.45% from the year 2020, mainly due to decreased property, plant and equipment.

Main Part of Assets

	2021		2020	
	Million Baht	%	Million Baht	%
Property, plant and equipment	853.32	27.34	918.76	31.35
Cash and cash equivalent	671.05	21.50	548.92	18.73
Inventories	452.58	14.50	420.99	14.36
Current investments	417.93	13.39	397.90	13.58
Trade accounts	343.89	11.02	322.06	10.99
Unused land	189.90	6.09	189.90	6.48
Advance payment for raw materials	79.70	2.55	20.62	0.70
Other long-term investment	40.38	1.29	40.38	1.36
Investments in associates	25.41	0.81	21.46	0.73
Deferred tax assets	14.98	0.48	15.75	0.54
Other current assets	10.73	0.37	9.47	0.32
Long-term loans to associate	7.00	0.22	9.00	0.31
Other receivables	4.77	0.15	5.51	0.19
Bank deposits under commitment	4.59	0.15	4.59	0.16
Current portion of loan to associate -				
Loan of associate	2.00	0.06	2.00	0.07
Intangible assets	1.75	0.06	2.94	0.10
Other non-current assets	0.65	0.02	0.76	0.03
Total assets	3,120.63	100.00	2,931.01	100.00

For property, plant and equipment lower depreciation decreased, due to and write-off of the deteriorated asset. The company has set up sufficient allowance for doubtful accounts in fact as of December 31, 2021. There was an allowance for doubtful accounts of Bt. 4.41 million, which was higher than the amount of Bt. 4.30 million as of December 31, 2020. Due to the covid-19 outbreak, and economic conditions

(Million Baht)	2021	2020	Change	%
Related parties	11.92	9.91	2.01	20.28
Other parties	336.38	316.45	19.93	6.30
Total	348.30	326.36	21.94	6.72
Less allowance for doubtful accounts	(4.41)	(4.30)	(0.11)	2.56
Net trade accounts receivable	343.89	322.06	21.83	6.78

Inventories no deterioration or obsolescence.

(Million Baht)	2021	2020	Change	%
Finished goods	74.12	81.26	(7.14)	(8.79)
Work in progress	148.33	132.58	15.75	11.88
Raw materials	212.24	192.50	19.74	10.25
Raw materials in transit	18.30	14.74	3.56	24.15
Supplies	0.73	0.41	0.32	78.05
Less allowance for devaluation of inventories	(1.14)	(0.49)	(0.65)	132.65
Total inventories	452.58	421.00	31.58	7.50

Long-term investment will be due in 2029 for the amount of Bt. 40 million.

(Million Baht)	2021	2020	Change	%
Debentures	40.00	40.00	0.00	0.00
Investment in marketable equity security	0.38	0.38	0.00	0.00
Total long-term investment	40.38	40.38	0.00	0.00

Allowance for impairment losses

Unused land

(Million Baht)	2021	2020	Change	%
Unused land at cost	204.07	204.07	-	-
Less allowance for impairment losses	(14.17)	(14.17)	-	-
Net	189.90	189.90	-	-

The company has land not used for operations which had been acquired for the purpose of plant expansion in 1994. The company had reconsidered the purpose and cancelled the expansion project since the current plant is able to support the growth of the company.

According to the appraisal report of an independent appraiser dated September 14, 2018, the independent appraiser appraised the land that has not been used to operate the company using the market price comparison method. With an appraised value of Bt. 189.90 million.

Tanawat Winyarat
(Mr. Tanawat Winyarat)
Deputy Managing Director