

Management Discussion and Analysis Translation

For the 3 month ended March 31, 2022 and March 31, 2021

Operating and Financial Status

Overview

Operating results of the company in Q1/2022 is lower than Q1/2021, resulted in lowered profits by 20.31% or Bt. 34.04 million.

The total domestic sales in Q1/2022 amounted to Bt. 778.98 million. It decreased 2.98% or Bt. 23.95 million compare the Q1/2021, due to the epidemic situation of Covid-19(Omicron) and internation conflict in Eastern Europe causing consumers to be cautious on their espenses. As for the company's customers also lower the inventory level.

Export sales increased in Q1/2022 by 12.99 % or Bt. 10.54 million.

Cost of sales increased in Q1 / 2022 by 3.86 % or Bt. 19.13 million, due to the higher price of key raw materials, packaging and energy which was sudden increased more than expected.

Distribution expenses increased in Q1 / 2022 by 1.83% or Bt. 1.20 million, mainly due to promotional expenses.

Administrative expenses decreased 6.69% or Bt. 2.87 million.

(in million Baht)	March 31, 2021	%	March 31, 2022	%	Change	%Q on Q
Domestic Sales	651.40	80.23	595.41	75.64	(55.99)	(8.60)
Industrial Sales	74.11	9.13	89.78	11.41	15.67	21.14
Sales to associate	5.28	0.65	10.28	1.31	5.00	94.70
Export Sales	81.17	10.00	91.71	11.65	10.54	12.99
Total	811.96	100.00	787.18	100.00	(24.78)	(3.05)
Less volume rebates	(9.03)	(1.11)	(8.20)	(1.04)	0.83	(9.19)
Net Sales	802.93	98.89	778.98	98.96	(23.95)	(2.98)
Cost of Sales	496.06	61.78	515.19	66.14	19.13	3.86
Distribution Expenses	65.56	8.17	66.76	8.57	1.20	1.83
Administrative Expenses	42.90	5.34	40.03	5.14	(2.87)	(6.69)
Net Profit	167.59	20.87	133.55	17.14	(34.04)	(20.31)
Earning per share (Baht)	0.47		0.37		(0.09)	(20.31)

Operating review

Profitability

Thai Theparos Plc's net profit for 3 month ended March 31, as follow:-

The net profit margin on total income decreased 3.71% from 20.66% to 16.95%.

		March 31, 2021	March 31, 2022	Change	%
Net profit (Million Baht)		167.59	133.55	(34.04)	(20.31)
Gross Profit Margin	%	38.22	33.86	(4.36)	
Net Profit Margin	%	20.66	16.95	(3.71)	

The company's net profit in Q1/2022 lower than Q1/2021 to 20.31% or Bt. 34.04 million due to:

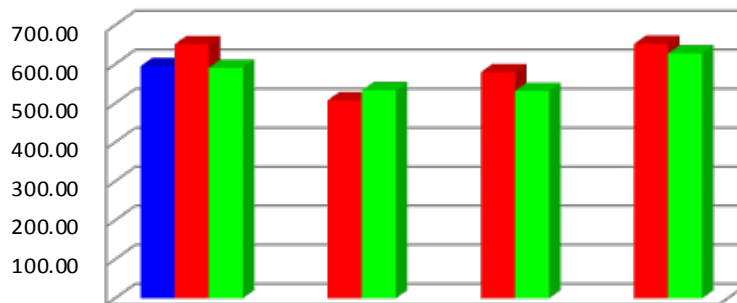
(Million Baht)	March 31, 2021	%	March 31, 2022	%	Change	%
1. Domestic Sales	651.40	80.23	595.41	75.64	(55.99)	(8.60)
Industrial Sales	74.11	9.13	89.78	11.41	15.67	21.14
Sales to associate	5.28	0.65	10.28	1.31	5.00	94.70
Export Sales	81.17	10.00	91.71	11.65	10.54	12.99
Total	811.96	100.00	787.18	100.00	(24.78)	(3.05)
Less volume rebates	(9.03)	(1.11)	(8.20)	(1.04)	0.83	(9.19)
Net Sales	802.93	98.89	778.98	98.96	(23.95)	(2.98)
2. Cost of sales of goods	496.06		515.19		19.13	3.86
% of total sales of goods	61.78%		66.14%		4.36	
3. Distribution expenses	65.56		66.76		1.20	1.83
% of total sales of goods	8.17%		8.57%		0.41	
4. Administrative expenses	42.90		40.03		(2.87)	(6.69)
% of total sales of goods	5.34%		5.14%		(0.20)	
Earnings Per Share (Baht)	0.47		0.37		(0.09)	(20.31)



Domestic sales in Q1/2022, decreased in all channels, Traditional Sales decreased by 7.89% or Bt. 24.05 million, Cash van Sales decreased by 12.38% or Bt. 7.92 million, Modern Trade Sales decreased by 8.83%, or Bt. 20.20 million.

Overall in Q1/2022 decreased by 8.59% or Bt. 55.16 million from Q1/2021 decreased Bt. 642.37 million to Bt. 587.21 million.

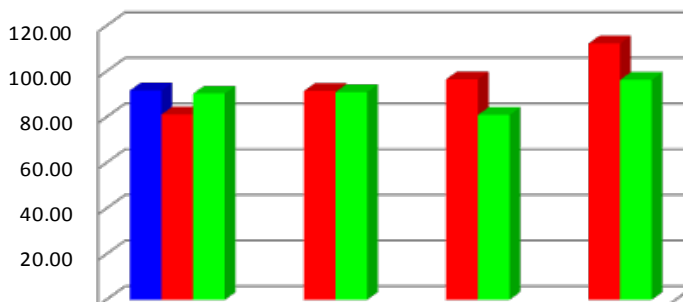
Domestic sales by Quarterly (Million Baht)



	Q1	Q2	Q3	Q4	Annual
2022	595.41	-	-	-	595.41
2021	651.40	507.90	579.54	651.97	2,390.81
2020	590.92	532.82	531.01	627.40	2,282.15

Export sales increased by 12.99% or Bt. 10.54 million. Most of them are from Asia, America.

Export sales by Quarterly (Million Baht)



	Q1	Q2	Q3	Q4	Annual
2022	91.71	-	-	-	91.71
2021	81.17	91.47	96.64	112.29	381.57
2020	90.33	90.98	80.93	96.31	358.55



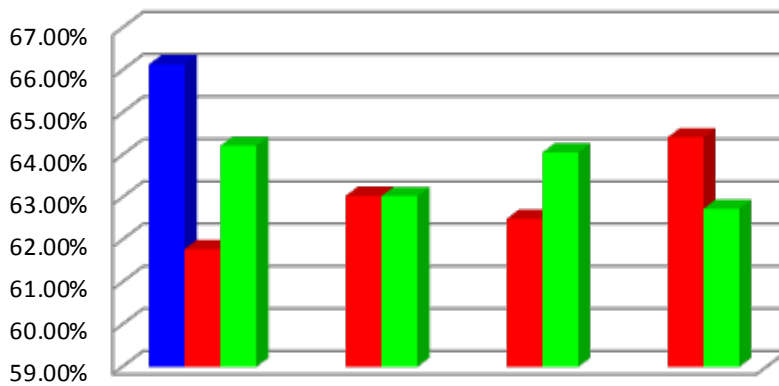
Sales to associates company for the 3-month periods ended March 31, 2022 and March 31, 2021.

The company had products sales to Exter (Thailand) Limited in Q1/2022, increased by 94.70% or Bt. 5 million than in Q1/2021. Production increased due to industrial customers increased inventory level to reduce the future risk of transportation.

(Million Baht)	March 31, 2021	March 31, 2022	Change	%
Exter (Thailand) Limited	5.28	10.28	5.00	94.70

For that reason As a result, sales in Q1 / 2022 decreased by 2.98% or Bt. 23.95 million than in Q1/2021.

Cost of sales of goods (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	66.14%	-	-	-	66.14%
2021	61.78%	63.04%	62.50%	64.42%	62.96%
2020	64.22%	63.03%	64.06%	62.73%	63.50%

Cost of sales increased 4.36% of total sales from 61.78% in Q1/ 2021 to 66.14% in Q1/2022. Due to higher sales in consumer markets, mainly due to the higher price of key raw materials; protein group, grains and packaging which were sudden increased.



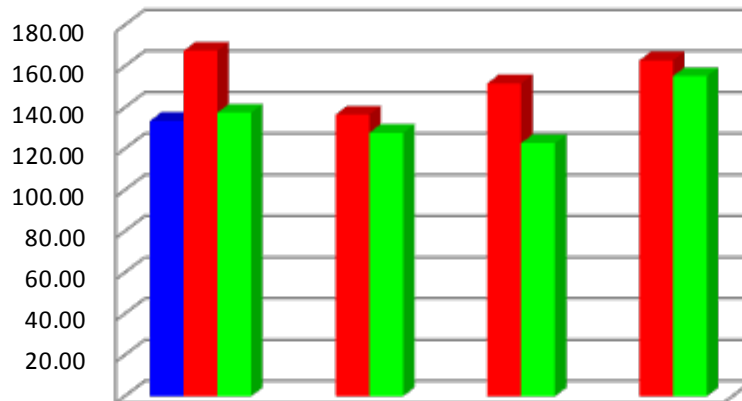
Distribution expenses increased 0.41% total sales from 8.17% in Q1/2021 to 8.57% in Q1/2022, due to the relatively higher oil price and advertisement expenses.

Administrative expenses decreased 0.20% of total sales from 5.34% in Q1/ 2021 to 5.14% in Q1/2022. This was resulted from lower loss on disposal of fixed assets.

Sauce has earning before income tax (EBT) for 3 month ended March 31, as follows:-

	March 31, 2021	March 31, 2022	Change	%
Earning before income tax expense (Million Baht)	208.69	166.99	(41.70)	(19.98)
EBT Margin	%	25.73	(4.54)	

Net profit (Million Baht) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	133.55	-	-	-	133.55
2021	167.59	136.62	151.79	162.93	618.93
2020	137.59	127.80	122.74	155.28	543.41



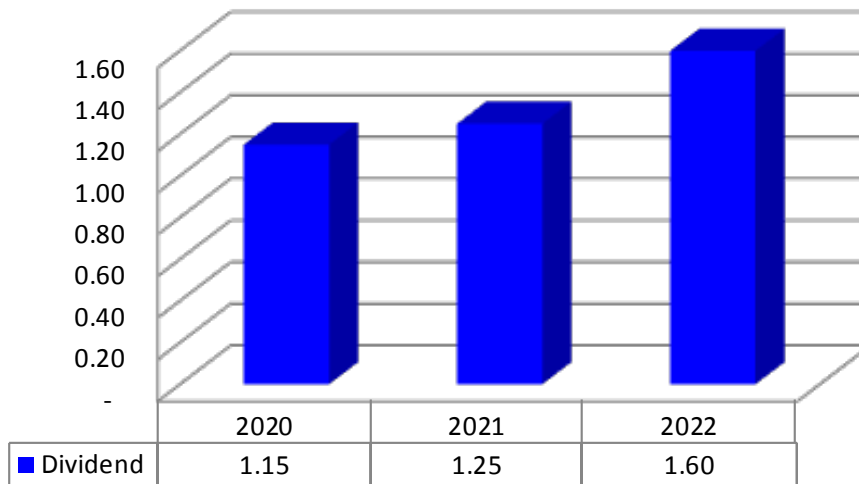
Dividend Policy

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 22 April 2022, the shareholders approved the appropriation of dividend for 2021 amounting 360 million shares, operation of Bt.1.60 per share, amounting to Bt. 576 million (payout ratio 93.06%). An investor must be listed on May 5, 2022 to be eligible for dividend payout. The payment of dividend to share holder is set to be on May18, 2022.

	2021	2022	Change	%
Net profit (Last year)	543.41	618.93	75.52	13.90
Dividends paid (Million Baht)	450.00	576.00	126.00	28.00
Dividends per share (Baht)	1.25	1.60	0.35	28.00
Dividends pay out ratio	% 82.81	93.06	10.25	

Dividend payment by Annually (Baht)



Report and Analysis of Financial PositionFinancial StructureDebt Equity Ratios

In 2022 the debt equity ratio was 0.12 which increased by 0.11 in 2021. The financial structure insignificant to the financial status most liabilities being current liabilities.

	December 31,		March 31,	
	2021	%	2022	%
	Million Baht		Million Baht	
Total liabilities	317.21	10.16	356.90	10.84
Equity	2,803.42	89.84	2,936.97	89.16
Total assets	3,120.63	100.00	3,293.87	100.00
Trade accounts payable	100.29	3.21	114.50	3.48
Income tax payable	76.80	2.46	110.55	3.36
Other accounts payable	89.46	2.87	79.04	2.40
Non current liabilities	50.66	1.62	52.81	1.60
Total liabilities	317.21	10.16	356.90	10.84
Issued and paid-up share capital	360.00	11.54	360.00	10.93
Premium on ordinary shares	615.60	19.73	615.60	18.69
Fair value change in investment	-	-	-	-
Legal reserve retained earning	60.00	1.92	60.00	1.82
Unappropriated retained earning	1,767.82	56.65	1,901.37	57.72
Total equity	2,803.42	89.84	2,936.97	89.16

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

**Liquidity****Cash flows**

(Million Baht)	March 31, 2021	March 31, 2022	Change	%
Cash flows from operating activities	257.19	120.64	(136.55)	(53.09)
Net cash uses in investment activities	79.43	105.88	26.45	33.30
Net cash uses in financing activities	-	-	-	-
Net in cash and cash equivalents increase (decrease)	336.62	226.52	(110.10)	(32.71)

(Million Baht)	December 31, 2021	March 31, 2022	Change	%
Current assets	1,982.65	2,156.79	174.14	8.78
Current liabilities	266.55	304.09	37.54	14.08
Current ratio (Time)	7.44	7.09	(0.35)	(4.65)

Current ratio

Current ratio in 2022 is 7.44 times, increased from 7.77 times in 2021. This result from the increased of current assets by Bt. 174.14 million, most of these are cash of cash equivalent by Bt. 226.52 million, and the increased of current liabilities by Bt. 37.54 million, most of these are trade accounts payment by 14.22 million. Overall the company's liquidity is very high.

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, 2022, the company has cash and cash equivalents of over Bt. 897.57 million (before dividend payment Bt. 576 million) and still has Bt. 92.50 million overdraft loan credit which has not been used from large banks 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 current liabilities 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.

Quality of Assets

Change in Assets

The Company has total assets as at March 31, 2022 amounting to Bt. 3,293.87 million increased by 5.55% compared to total assets of Bt. 3,120.63 million as of December 31, 2021.

(Million Baht)		December 31, 2021	March 31, 2022	Change	%
Current assets		1,982.65	2,156.79	174.14	8.78
Non current assets		1,137.98	1,137.08	(0.90)	(0.08)
Total assets		3,120.63	3,293.87	173.24	5.55
Current assets/ Total assets	%	63.53	65.48	1.95	
Non current assets/ Total assets	%	36.47	34.52	(1.95)	
Total assets	%	100.00	100.00	-	

As of March 31, 2022, Sauce has current assets and non-current assets as 65.48% and 34.52% of the total assets compared to 63.53% and 36.47% as at December 31, 2021.



Company's policy to set the commercial credit (term)

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 have 60 days of credit.

(Million Baht)		December 31,	March 31,	Change	%
		2021	2022		
Net/Sales		850.48	778.98	(71.50)	(8.41)
Trade accounts receivable-Net		343.89	317.84	(26.05)	(7.58)
Average trade receivables		333.34	330.87	(2.47)	(0.74)
Accounts receivable Turnover/Quarter	Times	2.55	2.35	(0.20)	(7.85)
Average debt Collection Period	Days	36	39	3	8.33
Inventories Turnover Period	Days	80	80	-	-
Cash Cycle period	Days	98	100	2	2.04

In Q1/2022, payment is tracked and credit is carried out strictly to customers.

Overall, the average trade receivables in Q1/2022, and Q4/2021 are similar, March 2022, supply chain of packaging caused delay in delivery of products to customers at the end of the month. Billing and cheque collection not on schedule for 8.33% of average trade accounts receivables compared with net sales. This is based on the increased in debt collection period from 36 days to 39 days.



Main Part of Assets

	December 31,		March 31,	
	2021		2022	
	Million Baht	%	Million Baht	%
Property, plant and equipment	853.32	27.34	852.03	25.87
Cash and cash equivalent	671.05	21.50	897.57	27.25
Inventories	452.58	14.50	459.70	13.96
Current investments	417.93	13.39	287.94	8.74
Trade accounts receivable	343.89	11.02	317.84	9.65
Land not used in operations	189.90	6.09	189.90	5.77
Advance payment for raw materials purchased	79.70	2.55	157.63	4.79
Other long-term investments	40.38	1.29	40.33	1.22
Investments in associate	25.41	0.81	26.27	0.80
Deferred tax assets	14.98	0.48	15.37	0.47
Other current assets	10.73	0.37	11.39	0.34
Long-term loans to associate	7.00	0.22	6.50	0.20
Other receivables	4.77	0.14	22.72	0.69
Bank deposits under commitment	4.59	0.15	4.59	0.14
Current portion of loan to associate-				
Loan to associate	2.00	0.06	2.00	0.06
Intangible assets	1.75	0.06	1.41	0.04
Other non-current assets	0.65	0.03	0.68	0.01
Total assets	3,120.63	100.00	3,293.87	100.00



For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 31 March 2022, has an allowance for doubtful accounts of Bt. 3.33 million decreased from Bt. 4.30 million as of December 31, 2021.

(Million Baht)	December 31, 2021	March 31, 2022	Change	%
Related parties	11.92	13.11	1.19	9.98
Other parties	336.38	309.14	(27.24)	(8.10)
Total	348.30	322.25	(26.05)	(7.48)
Less allowance for doubtful accounts	(4.41)	(4.41)	0.00	0.00
Net trade accounts receivable	343.89	317.84	(26.05)	(7.58)

Inventories no the obsolescence and deterioration.

(Million Baht)	December 31, 2021	March 31, 2022	Change	%
Finished goods	74.12	77.36	3.24	4.37
Work in progress	148.33	162.57	14.24	9.60
Raw materials	212.24	214.20	1.96	0.92
Raw materials in transit	18.30	6.02	(12.28)	(67.10)
Supplies	0.73	0.68	(0.05)	(6.85)
Loss allowance for value adjustments	(1.14)	(1.13)	0.01	(0.88)
Total inventories	452.58	459.70	7.12	1.57

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

(Million Baht)	December 31, 2021	March 31, 2022	Change	%
Debentures	40.00	40.00	-	-
Investment in marketable equity security	0.38	0.33	(0.05)	(13.16)
Total long-term investment	40.38	40.33	(0.05)	(0.12)



Allowance for impairment losses

Unused land

(Million Baht)	December 31, 2021	March 31, 2022	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 the land not used in 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 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