

No. 011/2022

August 10, 2022

Subject: Submission of Management discussion and analysis of Thai Wah Public Company Limited for the three months and six months period ended June 30, 2022

To: Managing Director
The Stock Exchange of Thailand

Enclosures: Management discussion and analysis for the three months and six months period ended June 30, 2022

Thai Wah Public Company Limited ("TWPC") submits herewith TWPC's Management discussion and analysis for the three months and six months period ended June 30, 2022.

For public announcement and distribution.

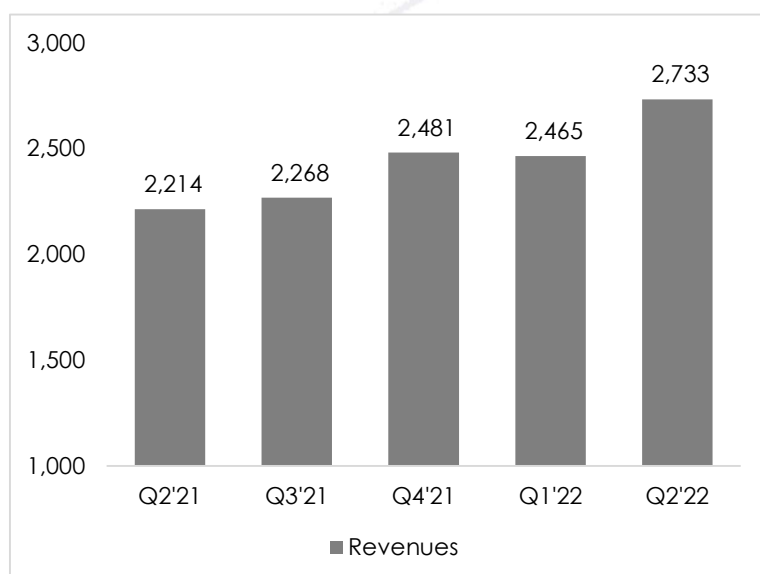
Yours sincerely,

(Mrs. Orn-a-nong Witchucharn)
Group Chief Financial Officer

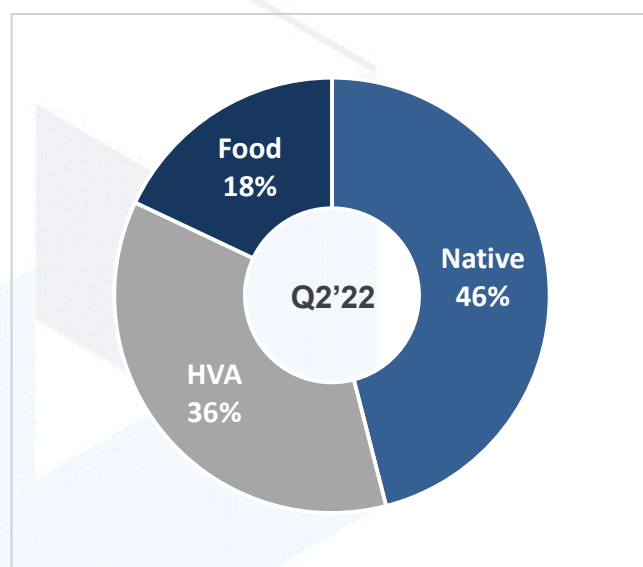
THAI WAH PCL

Management Discussion and Analysis For Q2'22 Performance ended June 30, 2022

Sale Revenue Breakdown by Quarter



Sales Breakdown by Business



Key summary of Revenue for Q2 and 1H 2022

In Q2/2022, the Company consolidated Sales comprised revenue from the Native tapioca business THB 1,264 million or 46 percent, the High value-added (HVA) products business THB 980 million or 36 percent, and the Food business THB 488 million or 18 percent. The

group's sales were THB 2,733 million, which increased by THB 519 million or 23 percent over the same period last year.

The gross profit margin for Q2 recorded 18 percent, which dropped 2 percent YOY. The profit decreased mainly from the Starch

business as the increase in raw material price was higher than the increase in selling price. For the food business, the Company maintained the gross margin at the same level as the previous year, even under various cost pressures, as the Company managed the price increase in the first quarter of this year, as well as the operation, continued productivity improvement program.

The net profit was 2% reduced by 2% compared with the same period last year due to the increase in raw material cost of starch business, the increase in transportation cost, and Vessel freight as impacted by Fuel oil price rose.

For the 1H 2022 sales, the Company consolidated Sales comprised revenue from the Native tapioca business THB 2,585 million or 50 percent, the High value-added (HVA) products business THB 1,645 million or 32 percent, and the Food business THB 968 million or 19 percent. The group's sale was THB 5,198 million, which increased by THB 847 million or 19 percent over the same period last year.

The gross profit margin for 1H 2022 recorded 20 percent, which decreased 1 percent YOY. The net profit margin recorded 4 percent, dropped 1 percent from the same period last year. The decrease was due to the higher raw material cost and Freight and transportation fees, as mentioned.

The Company's consolidated financial performance by business units as follows:

	Q2'22	Q2'21	YOY	1H'22	1H'21	YoY
Sales	2,733	2,214	23%	5,198	4,351	19%
COGS	2,244	1,770	27%	4,135	3,423	21%
GP	489	444	10%	1,063	928	15%
SG&A	418	330	27%	781	649	20%
Other income*	7	18	-64%	25	53	-53%
EBIT	78	132	-41%	307	332	-8%
Finance cost	17	17	-1%	35	35	1%
EBT	61	114	-47%	271	297	-9%
Tax	17	25	-33%	49	59	-17%
Net Profit	44	89	-51%	222	238	-6%
Share to NCI	-2	14	-14%	9	35	-28%
Share to the equity holder	46	75	-39%	213	203	5%
EPS	0.05	0.09	-39%	0.24	0.23	5%
FX: USD/THB	34.4	31.4	10%	33.7	30.8	9%
GPM	18%	20%	-2%	20%	21%	-1%
%SG&A/Sales	15%	15%	0%	15%	15%	0%
NPM	2%	4%	-2%	4%	5%	-1%

*Including gain(loss) on exchange and gain(loss) from fair value of derivatives

Revenue from Tapioca Starch and High value-added Businesses

In Q2/2022, the sales of tapioca starch business were THB 1,264 million, which had increased by 27 percent from the previous year. The high value-added (HVA) products business sales were THB 980 million, which had risen 23 percent from the prior year.

For the 1H 2022, the tapioca starch sales were THB 2,585 million, which had increased by 31 percent from the previous year. The high value-added (HVA) products business sales were THB 1,645 million, an increase of 7 percent from the prior year. The increased sales of native tapioca starch resulted from the

high demand of key import countries, the rise in selling price, and the Baht depreciation against the USD, which favorably impacted the export business.

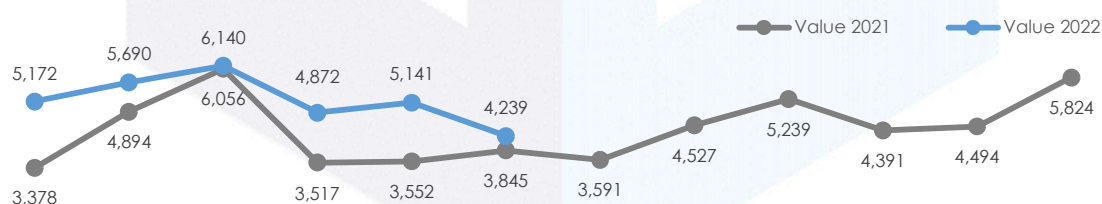
Thailand's tapioca starch export volume in 1H/2022 increased by 6 percent, while the export value increased by 24 percent YoY. (Source: Thai Customs).

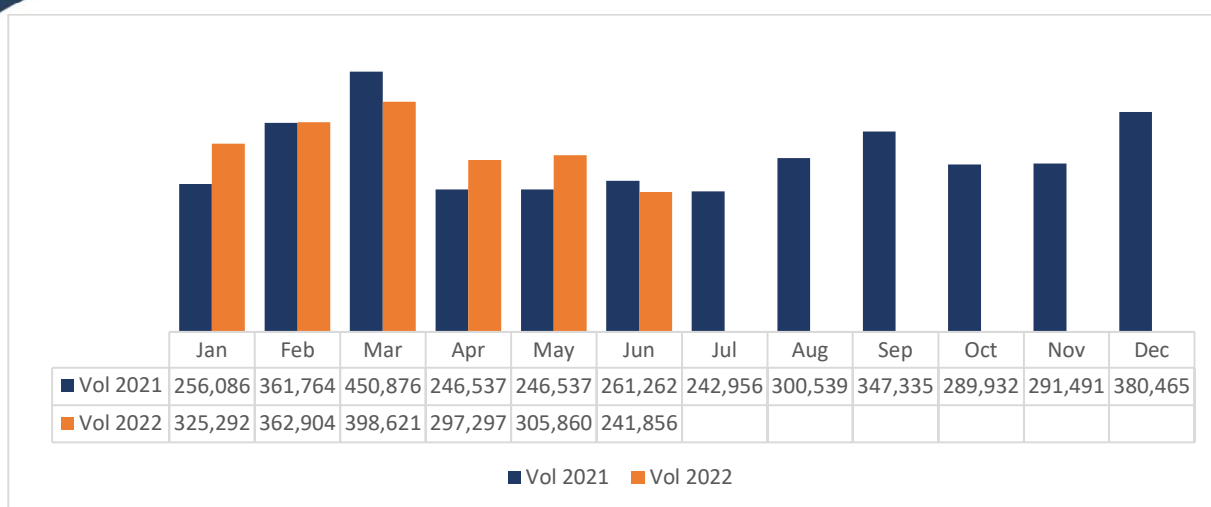
The sales of HVA products increased by 7 percent from the previous year, mainly from the glucose business.

As there was the covid lockdown in China in some key cities in April-May 2022, there was weak demand during the lockdown period but bounced back in June as the market resumed.

However, after the relaxing Covid measures in June. As a result, the Company's export outlook in 2022 would be positive for continuing to grow from solid demand with customer portfolio expansion.

Volume and value of tapioca starch exports in Thailand





Source: Thai Custom

Revenue from Food Business

The Company continues to be one of the top market leaders for vermicelli and rice noodle in Thailand, with solid growth in all key channels.

In Q2/2022, the Company recorded sales for the food business of THB 488 million, which increased by 16 percent over the previous year. Domestic sales contributed 84 percent of the food revenue, while export sales accounted for 16 percent. In addition, in Q2'22, the Company adjusted the selling price of some key products to cover the increase in raw materials and energy costs.

The sales increased in key channels, mainly Wholesales, Van sales, and Industrial & Catering channels. The food business in Vietnam delivered 56 percent growth due to expansion in distribution and offered more product assortments. The New products launched that offered hygiene and healthy food, which is part of the Company's strategy of offering innovative healthy food convenient to consumers, was also the main driver for the sales growth.

In 1H/2022, the Company recorded sales for the food business of THB 968 million, which increased by 13 percent over the previous



year. Domestic sales contributed 85 percent of the food revenue, while export sales accounted for 15 percent.

The Company expected the sales to grow from increasing the demand for main products, the new products offered to the market, and the distribution expansion.

Gross Profit

In Q2/2022, the gross profit was THB 489 million, or a gross profit margin of 18 percent, which decreased by 2 percent over the same period as the previous year.

In 1H/2022, the gross profit was THB 1,063 million, or a gross profit margin of 20 percent, which decreased by 1 percent over the same period as the previous year.

The raw starch material was the main driver that dropped the gross profit. The Starch business gross profit for Q2/2022 was 15 percent, which decreased 3 percent over the

same period last year, and the gross profit for 1H/2022 was 18 percent, which decreased 1 percent from the same period of last year. The increase in cost was mainly from the raw material cost and the increase in the energy cost.

For the Food business, the increase in the Company's selling price during this 1H, adjusting the portfolio to sell more in high-margin channels, and continuing the lean program to increase production cost-efficiency, resulted in a higher gross profit.

Selling and Administrative Expenses

In Q2/2022, the selling and administrative expenses were THB 418 million, which increased by 27 percent from the previous year.

For 1H/2022, the selling and administrative expenses were 781 million, which increased by 20 percent over the same period last year.

The increase was mainly due to the higher logistic costs, which aligned with the sales volume increase. In addition, the higher freight and transportation fee resulted from the rise in

the oil prices, the increase in people's cost to serve the new business, and one-time bad debt provision.

Net Profit Attributable to Shareholders

In Q2/2022, the Company's consolidated net profit Attributable to Shareholders was THB 46 million, which decreased by THB 29 million compared to the previous year. This net profit decrease was mainly due to the increased raw material cost, Freight and transportation

expenses increase, and the one-time bad debt provision. For 1H/2022, the Company's consolidated net profit Attributable to Shareholders was 213 million, an increase of 5 percent compared to the previous year.

Cash Flow analysis

For 1H/2022, net cash generated from operating activities was THB 157 million, increased by THB 179 million compared to the previous year mainly from the management of the inventory level.

The Company continued to be in a strong cash flow position sufficient for future business expansion.



The Outlook for the year 2022

Expected 2022 Company's Sales will grow double-digit with gross profit levels close to the previous year. Even though raw material and logistics remained key challenges, the Company continued to drive cost-efficiency and apply innovative technology from Farm-to-shelf.

From the latest survey in May 2022 for the 2021/2022 crop season, the tapioca root production was expected to be 31.8 million tons, likely the same level as the 2020/2021 crop season. However, the high demand for tapioca chips increased by approximately 50% over 1H/2022, and the number of roots in the low season was lower than expected. These resulted in a high root price of over 3 BHT/KG with low starch content in 2Q/2022. On the demand side, there was soft demand during the lockdown in China in some key cities at the beginning of Q2. However, the demand bounced back after the main cities relaxed the Covid measures at the end of Q2.

The outlook business of Food continued to grow from distribution expansion and the new product launch; while continued production efficiency through the lean program, the cost inflation would help offset the various cost inflation.

The Bioplastic line had its first sales record in May 2022. This project aimed to drive the circular economy through a step-change in tapioca-based bioplastics to support sustainable growth in the long term.

As for Thai Wah Ventures Co., Ltd, the Company closed two deals and on the process of closing another deal in Q2/2022 with three overseas start-up Companies. That all start-up investments have synergy with the Company's future business model.

As the demand for native tapioca starch keeps increasing, the Company will start to build the tapioca starch factory in Cambodia, which plan to commission in Q4/2023.