



**Thai President Foods Public Company Limited**

**Management Discussion and Analysis**

**For the three-month and six-month periods ended 30 June 2022**

**1. Performance Results**

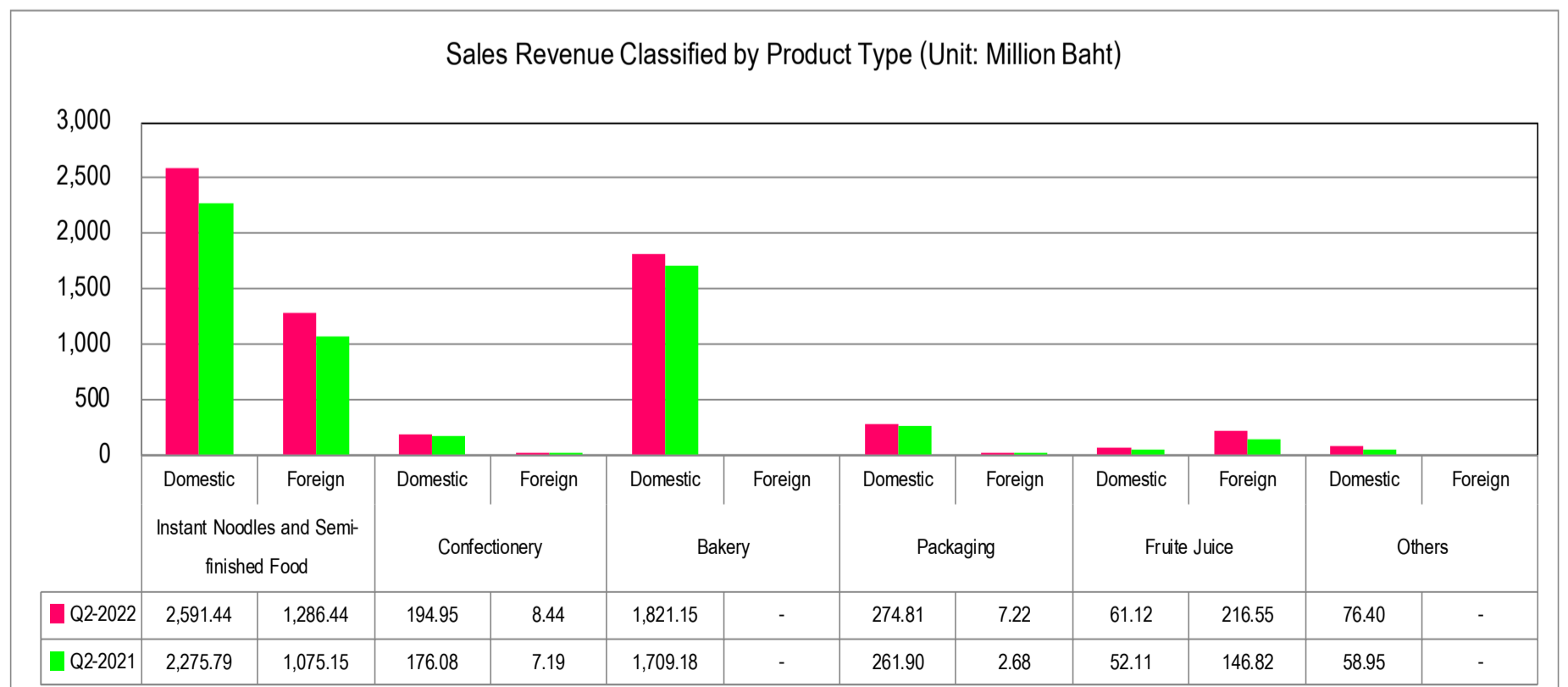
For the operating result of second Quarter ended June 30, 2022 and six-month period ended June 30, 2022 with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

|   | The three-month period ended 30 June |          |          | The six-month period ended 30 June |           |          |
|---|--------------------------------------|----------|----------|------------------------------------|-----------|----------|
|   | 2022                                 | 2021     | Change % | 2022                               | 2021      | Change % |
| Sales   | 6,538.53                             | 5,765.85 | 13.40    | 12,694.88                          | 11,557.35 | 9.84     |
| Cost of sales                                 | 4,763.94                             | 3,777.41 | 26.12    | 9,143.95                           | 7,598.26  | 20.34    |
| Gross profit                                  | 1,774.59                             | 1,988.44 | (10.75)  | 3,550.93                           | 3,959.09  | (10.31)  |
| Gross profit margin                           | 27.14%                               | 34.49%   | (7.35)   | 27.97%                             | 34.26%    | (6.29)   |
| Selling and administrative expenses           | 1,052.71                             | 911.53   | 15.49    | 2,036.32                           | 1,880.94  | 8.26     |
| Profit from operating activities              | 808.75                               | 1,204.89 | (32.88)  | 1,667.29                           | 2,291.96  | (27.25)  |
| Non-controlling interests of the subsidiaries | 265.52                               | 282.78   | (6.10)   | 533.08                             | 524.24    | 1.69     |
| Profit on equity holders of the Company       | 556.24                               | 877.90   | (36.64)  | 1,164.98                           | 1,722.97  | (32.39)  |

**1.1 Sales**

The company recorded the total sales of Baht 6,538.53 million and Baht 5,765.85 million in Q2/2022 and Q2/2021 respectively or increasing by 13.40 %. Additionally, the total sales in first half of 2022 stood at Baht 12,694.88 million, increasing by Baht 1,137.53 million or 9.84% from the same period last year.





When classified by products and regions in Q2/2022, Increased sales of all types of products, the domestic and foreign sales of Instant Noodles food increased by 13.87% and 19.65% respectively, mainly due to the stockpiling of goods from the speculation in our products price adjusting. While foreign sales has benefit from the Baht depreciation. The bakery biscuit and fruit juice sales which jumped by 6.55%,10.98% and 39.58% respectively because of the market picked-up from the Covid-19 fear relieved and some product items were increased its price.

Other income and share of profit from investment decreased, mainly caused by the company has profit from selling its investment in this quarter of the last year, while there is no such income this period.

### **1.2 Cost of Sales**

The cost of sales of the Company amounted to Baht 4,763.94 million in Q2/2022, increasing by Baht 986.53 million or 26.12 % from the previous year, and the cost of sales in first half of 2022 stood at Baht 9,143.95 million, increasing by Baht 1,545.69 million or 20.34 % from the same period last year, those resulted from the price of the main raw materials, especially wheat flour and palm oil, has risen dramatically from the inflation and the prolonged Russia and Ukraine conflict, which also effected to increasing the energy and packaging costs. Thus, the cost of sales to total sales revenues ratio was at 72.86%, 72.03% in Q2/2022, H1/2022 respectively, higher than that in the previous year which stood at 65.51%, 65.74 %

### **1.3 Selling and Administrative Expenses**

The selling and administrative expenses in Q2/2022 totaled to Baht 1,052.71 million, increasing by Baht 141.18 million or 15.49% from a year earlier, resulted from the increasing in exporting expense. which related to the export sales volume together with the freight and transportation cost jumped. Hence, the selling and administrative expenses to the total revenues' ratio was at 16.10% ,15.81% in Q2/2022, Q2/2021 respectively.

### **1.4 Net Profit**

The Company recorded net profit of Baht 556.24 million in Q2/2022, decreasing by Baht 321.66 million or 36.64 % from the previous year. The profit margin of the company stood at 8.22% of total revenue (plus Share of profit from investments in associates), which resulted from cost of raw material prices and selling and administrative expenses increased. The Company gained net profit of Baht 1,164.98 million in H1/2022, decreasing by Baht 557.99 million or 32.39 % from the previous year.



## 2. Financial Position

For statement of financial as at June 30, 2022, changes as compared to December 31, 2021 are as followed:

### 2.1 Assets

|  | Unit: Million Baht |                  |          |        |
|--|--------------------|------------------|----------|--------|
|  | 30 June 2020       | 31 December 2021 | Change   | (%)    |
| Cash and cash equivalents                        | 4,446.88           | 3,588.59         | 858.29   | 23.92  |
| Trade and other receivables                      | 3,658.79           | 3,649.02         | 9.77     | 0.27   |
| Inventories                                      | 2,202.99           | 1,907.40         | 295.59   | 15.50  |
| Other current financial assets                   | 8,083.04           | 8,484.45         | (401.41) | (4.73) |
| Other current assets                             | 241.91             | 98.63            | 143.28   | 145.27 |
| Total current assets                             | 18,633.61          | 17,728.09        | 905.52   | 5.11   |
| Loan and Investment in associates, joint venture | 3,828.76           | 3,808.62         | 20.14    | 0.53   |
| Other non-current financial assets               | 9,743.92           | 9,785.37         | (41.45)  | (0.42) |
| Investment properties                            | 411.01             | 406.40           | 4.61     | 1.13   |
| Property, plant and equipment                    | 8,344.71           | 8,594.92         | (250.21) | (2.91) |
| Other non-current assets                         | 288.20             | 170.28           | 117.92   | 69.25  |
| Total non-current assets                         | 22,616.60          | 22,765.59        | (148.99) | (0.65) |
| Total assets                                     | 41,250.21          | 40,493.68        | 756.53   | 1.87   |

The total assets of the Company as of June 30, 2022 amounted to Baht 41,250.21 million, increasing by Baht 756.53 million or 1.87% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 22,616.60 million, accounting for 54.83% of total assets, and the current assets of Baht 18,633.61 million, accounting for 45.17% of total assets. Our asset mainly increased from; increasing in Cash and Cash equivalents and other current assets, and the increasing in inventory come from finish goods on hand to be send to customer.



## 2.2 Liabilities

Unit: Million Baht

|  | Total liabilities and shareholders' equity |                  |          |         |
|--|--|------------------|----------|---------|
|  | 30 June 2022                               | 31 December 2021 | Change   | (%)     |
| Trade and other payables                       | 2,398.08                                   | 2,070.90         | 327.18   | 15.80   |
| Current portion of long-term lease liabilities | 39.13                                      | 35.48            | 3.65     | 10.29   |
| Other current liabilities                      | 961.60                                     | 1,129.31         | (167.71) | (14.85) |
| Other non-current liabilities                  | 1,049.51                                   | 1,035.45         | 14.06    | 1.36    |
| Total liabilities                              | 4,448.32                                   | 4,271.14         | 177.18   | 4.15    |
| Total shareholders' equity                     | 36,801.89                                  | 36,222.54        | 579.35   | 1.60    |

Total liability if the Company stood at Baht 4,448.32 million as of June 30, 2022, increasing by Baht 177.18 million from the end of last year, mainly resulted from accounts payable and other payables accrued which was recorded for undue payment. While the non-current liability was accounted for 23.59% of total liability, and the debt-to-equity ratio of the Company was at 0.16.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2022 amounted to Baht 36,801.89 million, increasing by Baht 579.35 million or 1.60% from the end of 2021, resulting from the operation profit of this quarter.

## 3. Liquidity Position

Cash flow statement for the period ended June 30, 2022, details as follow:

Unit: Million Baht

|  | January - June |          |
|--|----------------|----------|
|  | 2022           | 2021     |
| Net cash flows from operating activities             | 1,598.83       | 2,081.73 |
| Net cash flows used in investing activities          | (80.41)        | (472.79) |
| Net cash flows used in financing activities          | (650.73)       | (702.01) |
| Increase (decrease) in translation adjustments       | (9.40)         | 6.30     |
| Net increase (decrease) in cash and cash equivalents | 858.29         | 913.23   |



The balance of operation activities cash inflow in Q2/2022 totaled to Baht 1,598.83 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 80.41 million and Baht 650.73 million respectively. The Company, as of June 30, 2022, recorded cash and cash equivalents item of Baht 4,446.88 million, increasing by Baht 858.29 million which resulted from the company has profit from operation, while the cash outflow was used in purchasing machineries for expanding the production line and the company has paid its dividend by Baht 626.26 million on May 26, 2022.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

August 15, 2022