

Management Discussion and Analysis Translation  
For the 9 month ended Sep. 30, 2022 and Sep. 30, 2021

Operating and Financial Status

Overview

The first 9 months of 2022, net profit decreased by 1.90% or Bt. 8.68 million from 2021. The domestic sales increased 3.96% or Bt. 68.85 million. Most of them come from traditional trade and modern trade channels. Lowering in net profit, it comes from higher cost of protein raw material, plastic packaging and carton boxes, which resulted in higher cost of goods sold.

For export sales, increased 6.57% or Bt. 17.68 million, export product start to move in positive direction.

Cost of sales increased by 2.88% of sales from 62.41% of sales in 2021 to 65.29% of sales in 2022.

Distribution expenses decreased 0.03 % of sales from 8.39% of sales in 2021 to 8.36% of sales in 2022, due to lower sale promotion and advertising cost.

Administrative expenses decreased 0.55% of sales from 5.27% of sales in 2021 to 4.73% of sales in 2022. Due to bad debts and doubtful accounts are reduced.

(in million Baht)	2021			2022			2021			2022		
	Jul. - Sep.	%	Change	Jul. - Sep.	%	Change	Jan. - Sep.	%	Change	Jan. - Sep.	%	Change
Domestic Sales	579.54	75.99	48.11	627.65	73.92	8.30	1,738.84	76.49	8.30	1,807.69	75.42	68.85
Industrial Sales	78.13	10.24	11.58	89.71	10.57	14.82	239.11	10.52	14.82	259.90	10.84	20.79
Sales to associate	8.37	1.10	7.66	16.03	1.89	91.52	25.92	1.14	91.52	42.26	1.76	16.34
Export Sales	96.64	12.67	19.08	115.72	13.63	19.74	269.28	11.85	19.74	286.96	11.97	17.68
<b>Total</b>	<b>762.68</b>	<b>100.00</b>	<b>86.43</b>	<b>849.11</b>	<b>100.00</b>	<b>11.33</b>	<b>2,273.15</b>	<b>100.00</b>	<b>11.33</b>	<b>2,396.81</b>	<b>100.00</b>	<b>123.66</b>
Less volume rebates	(6.02)	(0.79)	65.12	(9.94)	(1.17)	(3.92)	(20.81)	(0.92)	65.12	(25.60)	(1.07)	(4.79)
<b>Net Sales</b>	<b>756.66</b>	<b>99.21</b>	<b>82.51</b>	<b>839.17</b>	<b>98.83</b>	<b>10.90</b>	<b>2,252.34</b>	<b>99.08</b>	<b>10.90</b>	<b>2,371.21</b>	<b>98.93</b>	<b>118.87</b>
Cost of Sales	472.90	62.50%	56.00	528.90	63.03%	11.84	1,405.70	62.41%	56.00	1,548.24	65.29%	142.54
Gross profit	283.76	37.50%	26.51	310.27	36.97%	9.34	846.64	37.59%	26.51	822.97	34.71%	(23.67)
Distribution Expenses	67.41	8.91%	(0.13)	67.28	8.02%	(0.19)	189.07	8.39%	(0.13)	198.23	8.36%	9.16
Administrative Expenses	36.37	4.81%	(4.06)	32.31	3.85%	(11.16)	118.72	5.27%	(4.06)	112.04	4.73%	(6.68)
<b>Net Profit</b>	<b>151.79</b>	<b>20.06%</b>	<b>24.60</b>	<b>176.39</b>	<b>21.02%</b>	<b>16.21</b>	<b>456.00</b>	<b>20.25%</b>	<b>24.60</b>	<b>447.32</b>	<b>18.86%</b>	<b>(8.68)</b>
Earnings per share (baht)	0.42			0.49			1.27			1.24		

## Operating Analysis

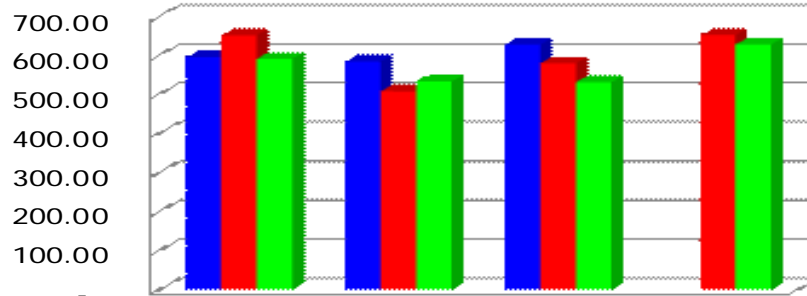
### Profitability

Thai Theparos Plc's net profit for 3month periods ended September 30, 2021 and September 30, 2022, as follow:-

The net profit margin on total income increased from 19.85% to 20.76%. The company's net profit in Q3/2022 is 16.21% higher than Q3/2021 or increased Bt. 24.60 million.

The Domestic sales in Q3/2022 increased 8.30% higher than in Q3/2021 or increased by Bt. 48.11 million. Traditional trade channels revenue increased by 3.07% or increase Bt. 8.13 million. Large increased from modern trade distribution channels 13.37% or increase Bt.28.50 million. The main reason for the increase in sales was partly due to higher price of products.

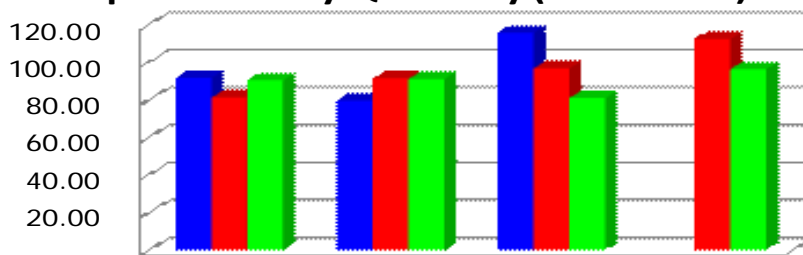
**Domestic sales by Quarterly (Million Bt.)**



	Q1	Q2	Q3	Q4	Annual
2022	595.41	584.63	627.65		1,807.69
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 for the 3 month periods ended September 30, 2021 and September 30, 2022 increased 19.74% or increased Bt. 19.08 million. Less problem with shortage of shipping containers with some the delays in the shipping schedule is still there.

**Export Sales By Quarterly (Million Bt.)**

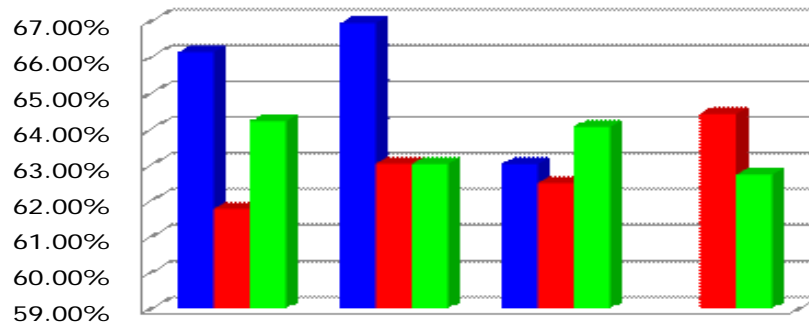


	Q1	Q2	Q3	Q4	Annual
2022	91.71	79.53	115.72		286.96
2021	81.17	91.47	96.64	112.29	381.57
2020	90.33	90.98	80.93	96.31	358.55

Sales to associate for the 3-month periods ended September 30, 2021 and September 30, 2022.

Company, Exter (Thailand), Sale increased 91.52% from that of Q3/2021, or increased Bt. 7.66 million. This is because Exter (Thailand) Co., Ltd. has produced more new products according to the needs of customers in the Asian market.

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



	Q1	Q2	Q3	Q4	Annual
2022	66.14%	66.95%	63.03%		65.29%
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 in Q3/2022 increased by 0.53% of sales from 62.50% of sales in Q3/2021 to 63.03% of sales in Q3/2022. Because higher cost of protein raw materials, plastic packaging and carton boxes have been adjusted to higher level according to world market pricing.

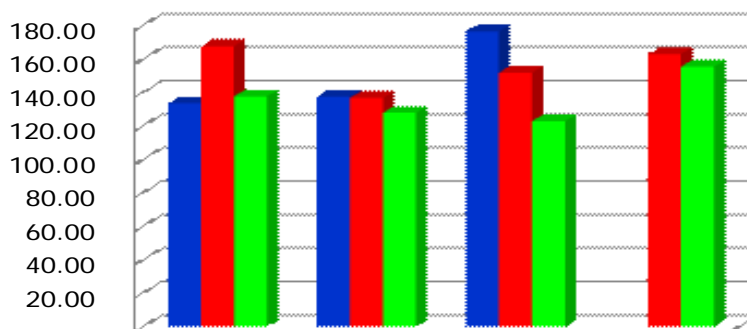
The distribution expenses of sales decreased 0.89%, from 8.91% of sales in Q3/2021 to 8.02% of sales in Q3/2022. This was mainly due to lower promotional expenses, control of expenses and better management of logistic contributed to lower expenses.

The administrative expenses decreased 0.96% of sales from 4.81% of sales in Q3/2021 to 3.85% of sales in Q3/2022, due to bad debts and doubtful accounts are reduced. This was resulted from no write-off of the allowance for doubtful accounts, therefore there is no loss incurred with trade accounts receivable.

The company has higher earning before income tax (EBT) for 3 month periods ended September 30, 2021 and September 30, 2022, as follows:-

	Q3/2021	Q3/2022	Change	%
	July - Sep.	July - Sep.		
Earning before income tax expense (Million baht)	189.09	220.79	31.70	16.76
EBT Margin	24.73%	25.99%	1.26%	

### Net profit (Million Bt.) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	133.55	137.38	176.39	-	447.32
2021	167.59	136.62	151.79	162.93	618.93
2020	137.59	127.80	122.74	155.28	543.41

Thai Theparos Plc's net profit for 9 month periods ended September 30, 2021 and September 30, 2022, the company's net profit in 2022, decreased 1.90% from the year 2021 or Bt. 8.68 million.

The domestic sales in 2022 increased from the year 2021 by 3.96% or Bt. 68.85 million, traditional sales channel increased by 2.14% or Bt. 16.96 million, modern trade distribution channels increased by 7.27% or Bt. 45.72 million.

Export sales increased by 6.57% or Bt. 17.68 million from year 2021.

#### บริษัท ไทยเทพรอส จำกัด (มหาชน)

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#### Thaitheparos Public Company Limited

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Sales to associate for the 9-month periods ended September 30, 2021 and September 30, 2022.

Company, Exter (Thailand), increased 63.04% from 2021, or increased Bt. 16.34 million.

(Million Baht)	2021 Jan.- Sep.	2022 Jan.- Sep.	Change	%
Exter (Thailand)	25.92	42.26	16.34	63.04

Cost of goods sold increased from 62.41% of total sales in 2021 to 65.29% of total sales in 2022, an increased of 2.88%

Distribution expenses decreased from 8.39% of total sales in 2021 to 8.36% of total sales in 2022, an decreased of 0.03%

The administrative expenses decreased from 5.27% of total sales in 2021 to 4.73% of total sales in 2022, an decreased of 0.55%

The company has earning before income tax (EBT) for 9 month periods ended September 30, 2021 and September 30, 2022, as follows:-

	2021 Jan. - Sep.	2022 Jan. - Sep.	Change	%
Earning before income tax expense (Million baht)	567.61	559.26	(8.35)	(1.47)
EBT Margin	% 24.93	23.15	(1.78)	

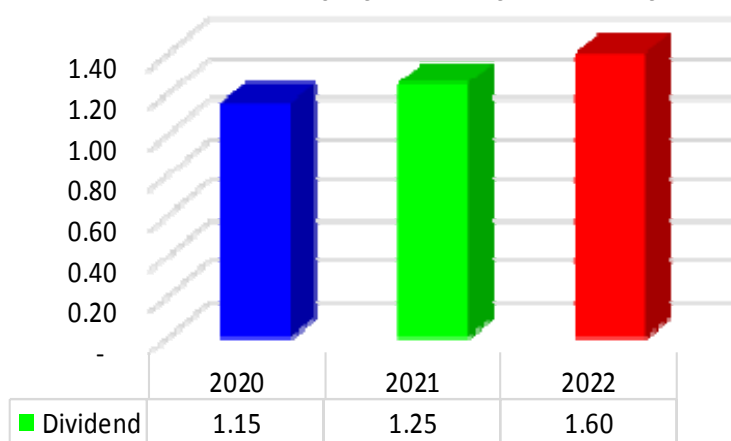
### Dividend Policy

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 May 18, 2022.

	2021 Jan.-Sep.	2022 Jan.-Sep.	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	% 82.81	93.06	10.25	

### Dividend payment by Annually (Baht)



## Report and Analysis of Financial Position

### Financial Structure

#### Debt Equity Ratios

In 2022 0.11 which is similar to 2021. The financial average structure has no significant change from previous year most liabilities being finance by current liabilities.

(Million Baht)	Dec. 31, 2021	%	Sep. 30, 2022	%
Total liabilities	317.21	10.16	298.82	10.05
Equity	2,803.42	89.84	2,674.73	89.95
<b>Total assets</b>	<b>3,120.63</b>	<b>100.00</b>	<b>2,973.55</b>	<b>100.00</b>
Trade accounts payable	100.29	3.21	115.17	3.87
Income tax payable	76.80	2.46	44.24	1.49
Other accounts payable	89.46	2.87	82.30	2.77
Non current liabilities	50.66	1.62	57.11	1.92
<b>Total liabilities</b>	<b>317.21</b>	<b>10.16</b>	<b>298.82</b>	<b>10.05</b>
Issued and paid-up share capital	360.00	11.54	360.00	12.11
Premium on ordinary shares	615.60	19.73	615.60	20.70
Fair value change in investment	-	-	-	-
Legal reserve retained eaming	60.00	1.92	60.00	2.02
Unappropriated retained eaming	1,767.82	56.65	1,639.13	55.12
<b>Total equity</b>	<b>2,803.42</b>	<b>89.84</b>	<b>2,674.73</b>	<b>89.95</b>

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



### Liquidity

Cash flows decreased due to dividend payment in May 2022, an increase of 126 million Baht

(Million Baht)	Sep. 30,2021	Sep. 30,2022	Change	%
Cash flows from operating activities	433.92	364.40	(69.52)	(16.02)
Net cash uses in investment activities	(97.52)	15.17	112.69	(115.56)
Net cash uses in financing activities	(450.00)	(576.26)	(126.26)	28.06
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(113.60)</b>	<b>(196.69)</b>	<b>83.09</b>	<b>(73.14)</b>

(Million Baht)	Dec. 31,2021	Sep. 30,2022	Change	%
Current assets	1,982.65	1,846.29	(136.36)	(6.88)
Current liabilities	266.55	241.71	(24.84)	(9.32)
<b>Current ratio (Time)</b>	<b>7.44</b>	<b>7.64</b>	<b>0.20</b>	<b>2.69</b>

### Current ratio

Current ratio of 2022 is 7.64 times, small increased from 7.44 times in 2021. This result from the decreased of current assets by Bt. 136.36 million, most of these are cash and cash equivalents, current investments, current liabilities decreased Bt. 24.84 million, mostly income tax.

However, the company has strictly adhered to the financial management policy. The company has very high working capital ratio, there is no liquidity issue. As of September 30, 2022, the company has cash and cash equivalents of over Bt. 474.36 million and also has overdraft loan facility, which has not been used from financial banks amount to 92.50 million baht to support the need for emergency funds.

### The ability to long term debt and practice according to the loan

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

### Quality of Assets

#### Change in Assets

As at September 30, 2022 Sauce has Bt. 2,973.55 million of total assets, the decreased 4.71% compare to Bt. 3,120.63 million as at December 31, 2021.

(Million Baht)		Dec. 31, 2021	Sep. 30,2022	Change	%
Current assets		1,982.65	1,846.29	(136.36)	(6.88)
Non current assets		1,137.98	1,127.26	(10.72)	(0.94)
<b>Total assets</b>		<b>3,120.63</b>	<b>2,973.55</b>	<b>(147.08)</b>	<b>(4.71)</b>
Current assets / Total assets	%	63.53	62.09	(1.43)	
Non current assets / Total assets	%	36.47	37.91	1.44	
<b>Total assets</b>	<b>%</b>	<b>100.00</b>	<b>100.00</b>		

As at September 30, 2022, Sauce has current assets and non-current assets as 62.09 and 37.91 of total assets compare to 63.53 and 36.47 as at December 31, 2021.

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		Q2/22 April - Jun.	Q3/22 Jul. - Sep.	change	%
Net / Sales		753.07	839.17	86.10	11.43
Trade accounts receivable -Net		344.53	341.36	(3.17)	(0.92)
Average trade receivables		331.19	342.95	11.76	3.55
Accounts receivable Turnover/ Quarter	Time	2.27	2.45	0.18	7.93
Average debt Collection Period	Days	40	38	(2.00)	(5.00)
Inventories Turnover Period	Days	86	94	8.00	9.30
Repayment Period	Days	23	22	(1.00)	(4.35)
Cash Cycle Period	Days	103	110	7.00	6.80

In Q3/2022, payment is tracked and credit is carried out strictly to quality customers.

Overall, the average trade accounts receivable increased 3.55% in Q3/2022, the payment was delayed in some area. Due to delay delivery to customers at the end of the month. We are unable to invoices within the accounting period. However the period of debt collection decreased from 40 days to 38 days which is better than last year.

**Main Part of Assets**

	Dec. 31,		Sep. 30,	
	2021		2022	
	Millon Baht	%	Millon Baht	%
Property, plant and equipment	853.32	27.34	832.68	28.00
Inventories	452.58	14.50	578.34	19.45
Cash and cash equivalent	671.05	21.50	474.36	15.95
Current investments	417.93	13.39	347.68	11.69
Trade accounts	343.89	11.02	341.36	11.48
Unused land	189.90	6.09	204.07	6.86
Advance payment for raw materials	79.70	2.55	68.19	2.29
Other long-term investment	40.38	1.29	40.27	1.35
Investments in associates	25.41	0.81	26.41	0.89
Other receivables	4.77	0.15	23.42	0.79
Deferred tax assets	14.98	0.48	12.03	0.40
Other current assets	10.73	0.34	10.94	0.37
Long-term loans to associate	7.00	0.22	5.50	0.18
Bank deposits under commitment	4.59	0.15	4.85	0.16
Current portion of loan to associate	2.00	0.06	2.00	0.07
Other non-current assets	0.65	0.02	0.73	0.02
Intangible assets	1.75	0.06	0.72	0.02
<b>Total assets</b>	<b>3,120.63</b>	<b>100.00</b>	<b>2,973.55</b>	<b>100.00</b>

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 30 September 2022, we have allowance for doubtful accounts amounting to Bt. 4.41 million, equal to Bt. 4.41 million as of December 31, 2021.

(Million Baht)	Dec. 31, 2021	Sep. 30, 2022	Change	%
Related parties	11.92	35.97	24.05	201.76
Other parties	336.38	309.80	(26.58)	(7.90)
<b>Total</b>	<b>348.30</b>	<b>345.77</b>	<b>(2.53)</b>	<b>(0.73)</b>
Less allowance for doubtful accounts	(4.41)	(4.41)	0.00	0.00
<b>Net trade accounts receivable</b>	<b>343.89</b>	<b>341.36</b>	<b>(2.53)</b>	<b>(0.74)</b>

Inventories no deterioration or obsolescence

(Million Baht)	Dec. 31, 2021	Sep. 30, 2022	Change	%
Finished goods	74.12	118.38	44.26	59.71
Work in progress	148.33	159.01	10.68	7.20
Raw materials	212.24	294.82	82.58	38.91
Raw materials in transit	18.30	6.00	(12.30)	(67.21)
Supplies	0.73	0.87	0.14	19.18
Less allowance for devaluation of inventories	(1.14)	(1.20)	(0.06)	5.26
<b>Total inventories</b>	<b>452.58</b>	<b>577.88</b>	<b>125.30</b>	<b>27.69</b>

Inventories of finished goods, work in process, and raw materials & packages are increased. Due to the higher cost of raw materials and packaging containers.

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

(Million Baht)	Dec.31 2021	Sep.30 2022	Change	%
Debentures	40.00	40.00	0.00	0.00
Investment in marketable equity security	0.38	0.27	(0.11)	(28.95)
<b>Total long-term investment</b>	<b>40.38</b>	<b>40.27</b>	<b>(0.11)</b>	<b>(0.27)</b>

Allowance for impairment losses

Unused land

(Million Baht)	Dec. 31, 2021	Sep. 30, 2022	Change	%
Unused land at cost	204.07	204.07	-	-
Less allowance for impairment losses	(14.17)	0.00	14.17	(100.00)
Net	<b>189.90</b>	<b>204.07</b>	<b>14.17</b>	<b>7.46</b>

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 current plant is able to support the growth of the company.

According to the appraisal report of an independent appraiser dated July 6, 2022, the independent appraised the land that has not been used to operate the company using the market price comparison method.

The Company recorded the reversal of the allowance for impairment losses to Bt. 14.17 million as other income in the statement of comprehensive income in Q2.

Tanawat Winyarat  
(Mr. Tanawat Winyarat)  
Deputy Managing Director