



**Thai President Foods Public Company Limited**

**Management Discussion and Analysis**

**For the three-month and nine-month periods ended 30 September 2022**

**1. Performance Results**

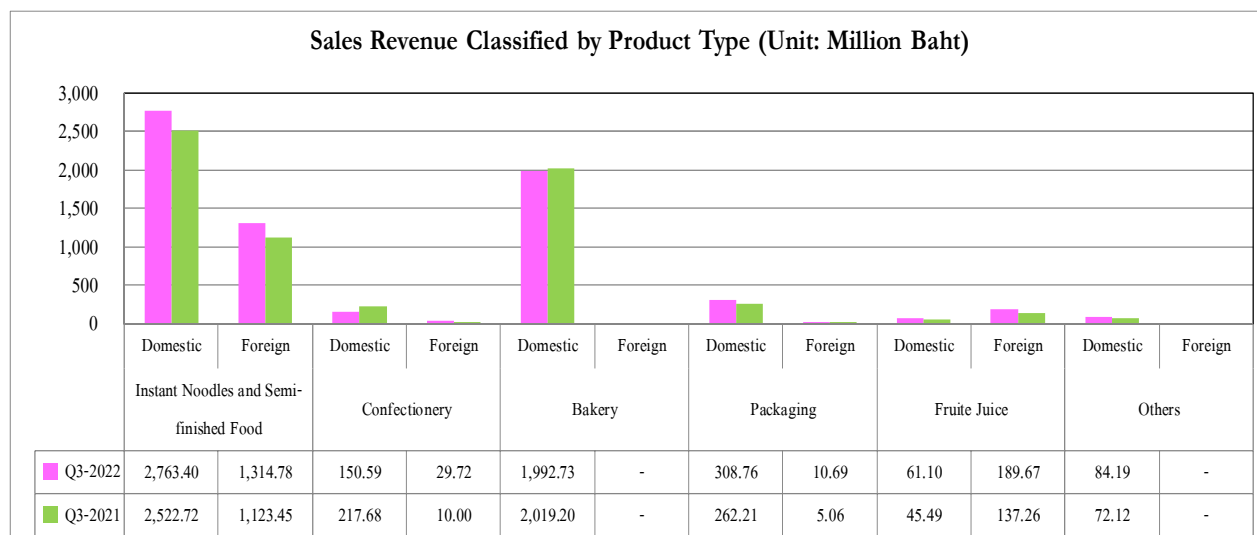
For the operating result of third Quarter ended September 30, 2022 and nine-month period ended September 30, 2022 with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

	The three-month period ended 30 September			The nine-month period ended 30 September		
	2022	2021	Change (%)	2022	2021	Change (%)
Sales	6,905.63	6,415.18	7.65	19,600.51	17,972.54	9.06
Cost of sales	4,931.67	4,136.89	19.21	14,075.62	11,735.15	19.94
Gross profit	1,973.96	2,278.29	(13.36)	5,524.89	6,237.39	(11.42)
Gross profit margin	28.58%	35.51%	(6.93)	28.19%	34.71%	(6.52)
Selling and administrative expenses	968.50	997.87	(2.94)	3,004.62	2,878.81	4.37
Profit from operating activities	1,161.56	1,363.32	(14.80)	2,828.85	3,655.28	(22.61)
Non-controlling interests of the subsidiaries	333.93	336.07	(0.64)	867.01	860.31	0.78
Profit on equity holders of the Company	789.75	984.33	(19.77)	1,954.73	2,707.31	(27.80)

**1.1 Sales**

The company recorded the total sales of Baht 6,905.63 million and Baht 6,415.18 million in Q3/2022 and Q3/2021 respectively or increasing by 7.65 %. Additionally, the total sales in the nine-month of 2022 stood at Baht 19,600.51 million, increasing by Baht 1,627.97 million or 9.06 % from the same period last year.





When classified by products and regions in Q3/2022 compared to Q3/2021, the domestic sales and foreign sales of Instant Noodles food increased by 9.54 % and 17.03 % respectively because of the company has increased the products price to compensate with the higher raw material costs, and the depreciation in Thai baht has boosted up the export sales value. The packaging sales increased by 19.53 % along with the overall market growth.

### **1.2 Cost of Sales**

The cost of sales of the Company amounted to Baht 4,931.67 million in Q3/2022, increasing by Baht 794.78 million or 19.21 % from the previous year, and the cost of sales in the nine-month of 2022 stood at Baht 14,075.62 million, increasing by Baht 2,340.47 million or 19.94 % from the same period last year, those resulted from the price of the main raw materials has continued to rise, due to rising inflation and the protracted Russo-Ukraine war which affected to the increasing commodity price.

Thus, the cost of sales to total sales revenues ratio was at 71.42%, 71.81% in Q3/2022, the nine-month of 2022 respectively, higher than that in the previous year which stood at 64.49% , 65.29% accordingly.

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

The selling and administrative expenses in Q3/2022 totaled to Baht 968.50 million, decreasing by Baht 29.37 million or 2.94 % from a year earlier, resulted from the lower freight rates. However the selling and administrative expenses to the total revenues' ratio was at 14.02 %, 15.55 % in Q3/2022, Q3/2021 respectively.

### **1.4 Net Profit**

The Company recorded net profit of Baht 789.75 million in Q3/2022, decreasing by Baht 194.58 million or 19.77 % from the previous year. The profit margin of the company stood at 11.44 % of sales revenue, lower than Q3/2021 which stood at 15.34%, resulted from the increase in cost of sales. However The Company gained net profit of Baht 1,954.73 million in the nine-month of 2022, decreasing by Baht 752.58 million or 27.80 % from the previous year.



## 2. Financial Position

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

### 2.1 Assets

**Unit: Million Baht**

	<b>Total assets</b>			
	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>Change</b>	<b>(%)</b>
Cash and cash equivalents	5,253.13	3,588.59	1,664.54	46.38
Trade and other receivables	3,680.20	3,649.02	31.18	0.85
Inventories	2,575.14	1,907.40	667.74	35.01
Other current financial assets	7,276.36	8,484.45	(1,208.09)	(14.24)
Other current assets	271.49	98.63	172.86	175.26
<b>Total current assets</b>	<b>19,056.32</b>	<b>17,728.09</b>	<b>1,328.23</b>	<b>7.49</b>
Loan and Investment in associates, joint venture	3,885.19	3,808.62	76.57	2.01
Other non-current financial assets	10,168.77	9,785.37	383.40	3.92
Investment properties	411.01	406.40	4.61	1.13
Property, plant and equipment	8,310.40	8,594.92	(284.52)	(3.31)
Other non-current assets	305.85	170.28	135.57	79.62
<b>Total non-current assets</b>	<b>23,081.22</b>	<b>22,765.59</b>	<b>315.63</b>	<b>1.39</b>
<b>Total assets</b>	<b>42,137.54</b>	<b>40,493.68</b>	<b>1,643.86</b>	<b>4.06</b>

The total assets of the Company as of September 30, 2022 amounted to Baht 42,137.54 million, increasing by Baht 1,643.86 million or 4.06 % from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 23,081.22 million, accounting for 54.78% of total assets, and the current assets of Baht 19,056.32 million, accounting for 45.22% of total assets. Our asset mainly increased from the Cash and Cash equivalents, while its inventory was the finish goods on hand to be sent to customers.



## 2.2 Liabilities

Unit: Million Baht

Total liabilities and shareholders' equity				
30 September 2022	31 December 2021	Change	(%)	
Trade and other payables	2,343.40	2,070.89	272.51	13.16
Current portion of long-term lease liabilities	41.34	35.48	5.86	16.52
Other current liabilities	1,470.32	1,129.31	341.01	28.43
Other non-current liabilities	1,068.76	1,035.46	33.30	3.22
Total liabilities	4,923.82	4,271.14	652.68	15.28
Total shareholders' equity	37,213.73	36,222.54	991.19	2.74

Total liability if the Company stood at Baht 4,923.82 million as of September 30, 2022, increasing by Baht 652.68 million from the end of last year. Our liability increased mainly from the Baht 441.80 million accrued dividend, which is due to be paid on October 12, 2022. Most of liability of the company was current liability, while the long-term liability was accounted for 21.71% of total liability. Additionally, debt to equity ratio of the Company was at 0.17.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2022 amounted to Baht 37,213.73 million, increasing by Baht 991.19 million or 2.74 % from the end of 2021, which contributed from the company net profit of this quarter.

## 3. Liquidity Position

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

Unit: Million Baht

	January - September	
	2022	2021
Net cash flows from operating activities	2,415.32	3,521.65
Net cash flows used in investing activities	(81.47)	(954.37)
Net cash flows used in financing activities	(643.28)	(713.46)
Increase (decrease) in translation adjustments	(26.02)	5.47
Net increase (decrease) in cash and cash equivalents	1,664.54	1,859.29



The balance of operation activities cash inflow in Q3/2022 totaled to Baht 2,415.32 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 81.47 million and Baht 643.28 million respectively. The Company, as of September 30, 2022, recorded cash and cash equivalents item of Baht 5,253.13 million, increasing by Baht 1,664.54 million which resulted from the company has profit from operation, while the cash outflow was used in purchasing machineries for expanding the production line.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

November 14, 2022