

Management Discussion and Analysis Translation

For the year ended December 31 2022 and December 31 2021

Operating and Financial Status

Overview

Company operating profits of Bt. 632.07 million were up Bt. 13.14 million (+2.12%) in comparison with 2021. Turnover in 2022 amounted to Bt. 3,246.22 million, an increased by Bt. 143.41 million (+4.62%). Most of the increase sale come from Domestic sales, Modern trade and Trading firm channels with an increase of Bt. 32.11 million (+2.92%), Bt. 63.83 million (+7.47%) and Bt.5.64 million (+2.81%), respectively.

For export sales, increased Bt.2.79 million(0.73%).

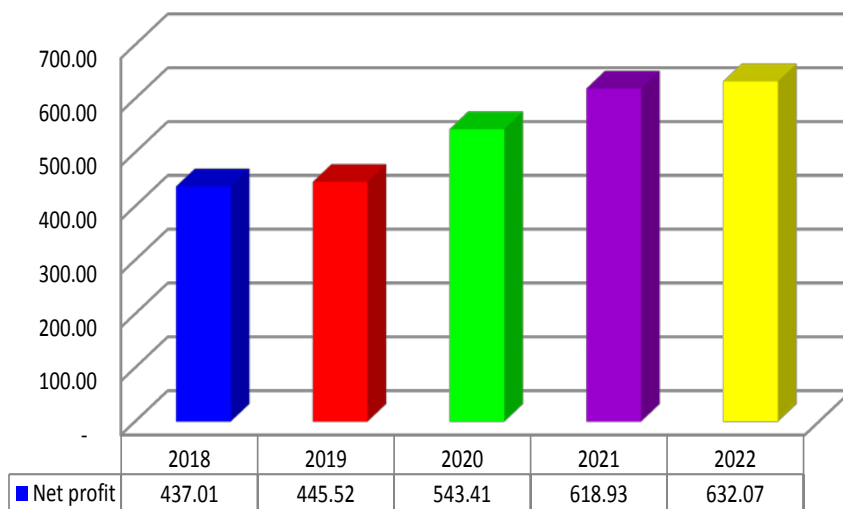
Cost of sales in 2022 amounted to Bt. 2,099.20 million and increased from 2021 in the amount of Bt.145.62 million (7.45%). Due to high cost of main raw materials such as soybean, wheat, chili, garlic, and packaging.

Distribution expenses in 2022 amounted to Bt. 270.95 million, an increased from 2021 in the amount Bt. 1.68 million (0.62%), mainly come from transportation costs, travel expenses.

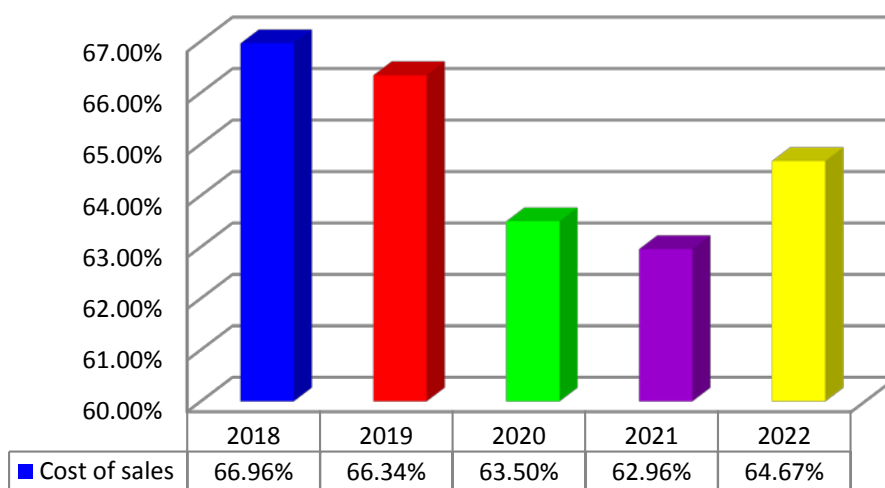
Administrative expenses in 2022 amounted to Bt.149.11 million, an increase of Bt. 4.23 (2.92%) from 2021. Due to higher employee expenses and termination of obsolete machinery.

(in million Baht)	2021 Jan. - Dec.	%	2022 Jan. - Dec.	%	Change	% Y on Y
Domestic Sales	2,390.81	76.22	2,494.38	75.98	103.57	4.33
Industrial Sales	324.51	10.35	347.78	10.59	23.27	7.17
Sales to associate	39.77	1.27	56.42	1.72	16.65	41.87
Export Sales	381.57	12.16	384.36	11.71	2.79	0.73
Total	3,136.66	100.00	3,282.94	100.00	146.28	4.66
Less volume rebates	(33.85)	(1.08)	(36.72)	(1.12)	(2.87)	8.48
Net Sales	3,102.81	98.92	3,246.22	100.00	143.41	4.62
Cost of Sales	1,953.58	62.96%	2,099.20	64.67%	145.62	7.45
Gross profit	1,149.23	37.04%	1,147.02	35.33%	(2.21)	(0.19)
Distribution Expenses	269.27	8.68%	270.95	8.35%	1.68	0.62
Administrative Expenses	144.88	4.67%	149.11	4.59%	4.23	2.92
Net Profit Per Sales	618.93	19.95%	632.07	19.47%	13.14	2.12
Earnings per share (baht)	1.72		1.76			

Net profit (Million Bht.) Previous 5 yrs.



Cost of sales (% of sales) compared 5 Years



Operating Analysis

Profitability

Thai Theparos Plc's net profit for year ended December 31,2021 and December 31, 2022 as follow:

The net profit margin on turnover decreased from 19.75 % to 19.13%. Cost of production raised more than price increase to consumer. Distribution and Administrative expenses were under control.

		2021	2022	Change	%
Net profit (Million Baht)		618.93	632.07	13.14	2.12
Gross Profit	%	37.04	35.33	(1.71)	
Net Profit (Net Sales)	%	19.75	19.13	(0.62)	
Return on Equity	%	22.76	22.32	(0.44)	
Return on Total Assets	%	20.45	20.11	(0.34)	

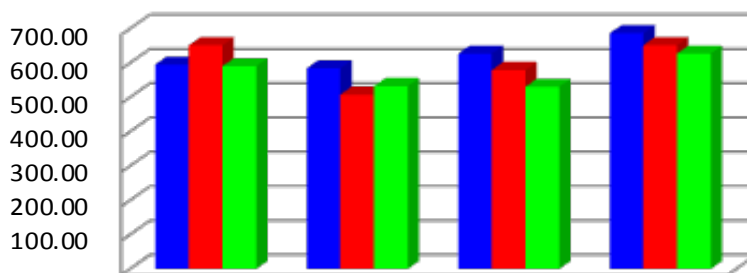
The company's net profit in 2022 increased by Bt.13.14 million (2.12%) from the year 2021.

(Million Baht)	2021	%	2022	%	Change	%
1.Domestic Sales	2,390.81	76.22	2,494.38	75.98	103.57	4.33
Industrial Sales	324.51	10.35	347.78	10.59	23.27	7.17
Sales to associate	39.77	1.27	56.42	1.72	16.65	41.87
Export Sales	381.57	12.16	384.36	11.71	2.79	0.73
Total	3,136.66	100.00	3,282.94	100.00	146.28	4.66
Less volume rebates	(33.85)	(1.08)	(36.72)	(1.12)	(2.87)	8.48
Net sales	3,102.81	100.00	3,246.22	100.00	143.41	4.62
2.Cost of sales of goods	1,953.58		2,099.20		145.62	7.45
% of total sales of goods	62.96%		64.67%		1.70	
3. Distribution expenses	269.27		270.95		1.68	0.62
% of total sales of goods	8.68%		8.35%		(0.33)	
4. Administrative expenses	144.88		149.11		4.23	2.92
% of total sales of goods	4.67%		4.59%		(0.08)	
5. Other income						
Interest income	5.91		5.76		(0.15)	(2.54)
Other	25.30		51.89		26.59	105.10
Total Other Income	31.21		57.65		26.44	84.72

Total domestic sales in 2022 increased Bt. 103.57 million or 4.33% , mainly from the domestic sales channel increased by Bt. 32.11 million or 2.92% , Modern trade sales increased by Bt. 63.83 million or 7.47%, moving in the step of recovering economy with support by government measures to stimulate domestic consumption.

Total net sales in 2022 increased by Bt. 143.41 million or 4.62%. Consumers started to travel domestic, eat at the restaurants, and business provided regular services after COVID-19, resulting in higher sales.

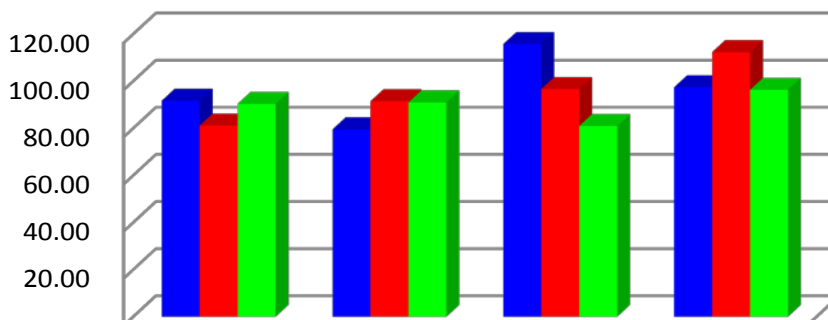
Domestic sales by Quarterly (Million Bht.)



	Q1	Q2	Q3	Q4	Annual
2022	595.41	584.63	627.65	686.69	2,494.38
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 in 2022 increased by Bt. 2.79 million or 0.73%. Logistic to transport goods from Thailand to customer is better than 2021. Economy slowdown in oversea markets, inflation and fluctuation of Thai currency, export business remained weak.

Export Sales By Quarterly (Million Bht.)

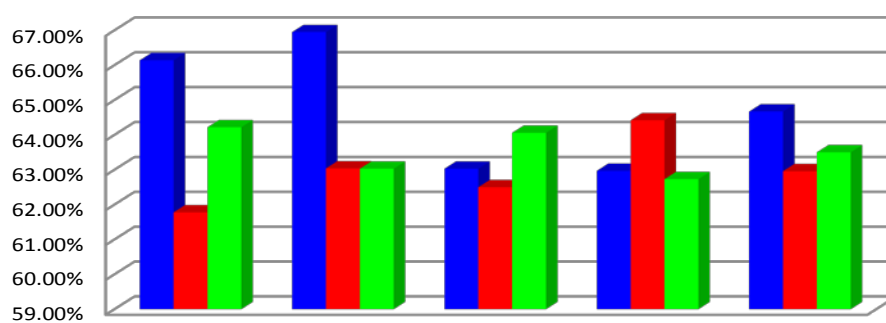


	Q1	Q2	Q3	Q4	Annual
2022	91.71	79.53	115.72	97.40	384.36
2021	81.17	91.47	96.64	112.29	381.57
2020	90.33	90.98	80.93	96.31	358.55

The sale of associated companies in 2022 , Exter (Thailand) Limited sales higher than the year 2021 amounted to Bt.16.65 million (41.87%). Exter (Thailand)'s sales increased due to business expansion of new customers.

(Million Baht)	2021	2022	Change	%
Extet (Thailand)	39.77	56.42	16.65	41.87

Cost of goods sold (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	66.14%	66.95%	63.03%	62.97%	64.67%
2021	61.78%	63.04%	62.50%	64.42%	62.96%
2020	64.22%	63.03%	64.06%	62.73%	63.50%

Company cost of goods sold increased 7.45% from 62.96% of total sales in 2021 to 64.67% of total sales in 2022. Due to the main raw materials, protein cereals, chili, garlic, packaging, both glass bottles and in plastic and box groups, has increased the cost price.

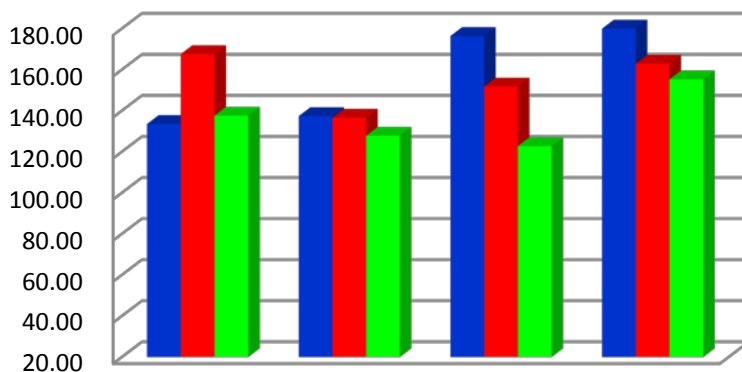
The distribution expenses of sales increased Bt. 1.68 million from Bt. 269.27 million in 2021 to Bt. 270.95 million in 2022. We were able to manage marketing expenses at appropriate level. Most of increase came from transportation costs and travel expenses.

The administrative expenses increased Bt.2.92 million from Bt. 144.88 million in 2021 to Bt.149.11 million in 2022. Mainly from employee expenses and removal of obsolete machineries.

From the reasons mentioned above performance for the year as of December 31, 2022

The company had a net profit of Bt.632.07 million, an increased of Bt. 13.14 million (2.12%) over the same period of the year 2021.

Net profit (Million Bt.) by Quarterly



	Q1	Q2	Q3	Q4	Annual
■ 2022	133.55	137.38	176.39	184.75	632.07
■ 2021	167.59	136.62	151.79	162.93	618.93
■ 2020	137.59	127.80	122.74	155.28	543.41

Earning Before Income Tax (EBT) for the year ended December 31, 2022, as following:

	2021	2022	Change	%
Earning before income tax expense	770.94	791.20	20.26	2.63
EBT Margin	% 24.60	23.95	(0.65)	

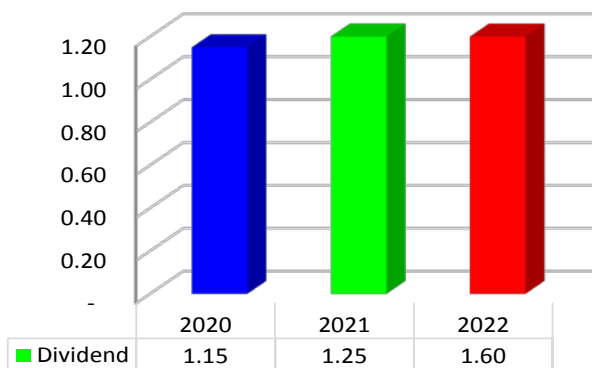
Dividend Policy

Company has policy to pay dividend not less than 50% of annual net profit according to financial statement. Dividend will be paid in the following year.

At the annual general shareholder meeting held on 22 April 2022, the shareholders approved the appropriation of dividend for 2021 for 360 million shares, approved dividend at 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	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	%	82.81	93.06	10.25

Dividend payment by Annually (Baht)



Report and Analysis of Financial Position

Financial Structure

Company have conservative financial policy which resulted in debt equity ratio 0.113 for 2021 and 0.107 for 2022. Money is being saved and business is buffered from price and seasonal volatility of agriculture raw material. Most of debt are current liabilities.

(Million Baht)	31 Dec. 2021	%	31 Dec. 2022	%
Total liabilities	317.21	10.16	306.83	9.69
Equity	2,803.42	89.84	2,859.49	90.31
Total assets	3,120.63	100.00	3,166.32	100.00
Trade accounts payable	100.29	3.21	68.20	2.15
Income tax payable	76.80	2.46	89.91	2.84
Other accounts payable	89.46	2.87	93.33	2.95
Non current liabilities	50.66	1.62	55.39	1.75
Total liabilities	317.21	10.16	306.83	9.69
Issued and paid-up share capital	360.00	11.54	360.00	11.37
Premium on ordinary shares	615.60	19.73	615.60	19.44
Fair value change in investment	-	-	-	-
Legal reserve retained eaming	60.00	1.92	60.00	1.89
Unappropriated retained eaming	1,767.82	56.65	1,823.89	57.60
Total equity	2,803.42	89.84	2,859.49	90.31

The company do not have long term loans for financing. The company uses most of its capital structure from shareholders' equity.

Liquidity

Cash flows

(Million Baht)	31 Dec. 2021	31 Dec. 2021	Change	%
Cash flows from operating activities	637.31	512.14	(125.17)	(19.64)
Net cash uses in investment activities	(65.18)	(23.56)	41.62	(63.85)
Net cash uses in financing activities	(450.00)	(576.26)	(126.26)	28.06
Net in cash and cash equivalents (Decrease) Increase	122.13	(87.68)	(209.81)	(171.79)

(Million Baht)	31 Dec. 2021	31 Dec. 2021	Change	%
Current assets	1,982.65	2,067.26	84.61	4.27
Current liabilities	266.55	251.44	(15.11)	(5.67)
Current ratio (Time)	7.44	8.22	0.78	10.53

Current ratio

Current ratio 8.22 times of 2022 is higher than 2021. This resulted from the increased of current assets by Bt. 84.63 million, most of which was due to an increased in trade receivables by Bt.45.05 million, inventories increased by Bt. 75.08 million, advance payments for agriculture raw material by Bt. 82.28 million. And current liabilities decreased by Bt. 15.11 million, most of which were trade payables, decreased by Bt. 32.09 million.

However, the company has strictly adhered to the financial management policy. The company has a high working capital ratio, there is no liquidity issue. As of December 31, 2022, the company has cash and cash equivalents of over Bt. 583.38 million and overdraft loan facility which has not been used from bank around Bt. 97.50 million 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 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 December 31, 2022 amounting to Bt. 3,166.32 million increased by 1.46 % compared to total assets of Bt. 3,120.63 million as of December 31, 2021.

(Million Baht)	31 Dec. 2021	31 Dec. 2022	Change	%
Current assets	1,982.65	2,067.28	84.63	4.27
Non current assets	1,137.98	1,099.04	(38.94)	(3.42)
Total assets	3,120.63	3,166.32	45.69	1.46
Current assets / Total assets	% 63.53	65.29	1.76	
Non current assets / Total assets	% 36.47	34.71	(1.76)	
Total assets	% 100.00	100.00	0.00	

As of December 31, 2022, company has current assets and non-current assets as 65.29% and 34.71% of the total assets compared to 63.53% and 36.47% as at December 31, 2021.

Increased in total assets as of 31 December 2022, mainly due to an increase in trade receivables of Bt.45.05 million in Traditional sales, Modern trade and inventories increased by Bt. 75.08 million. Because the company sales targets are added, the production department increased product production capacity to meet the sales orders and deliver to customers in time during January 2023, advance payments for goods increased by Bt. 82.28 million.

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		31 Dec. 2021	31 Dec. 2022	Change	%
Net / Sales		3,102.81	3,246.22	143.41	4.62
Trade accounts receivable -Net		343.89	388.93	45.04	13.10
Average trade receivables		332.98	366.41	33.43	10.04
Accounts receivable Turnover	Equal	9.32	8.86	(0.46)	(4.94)
Average debt Collection Period	Days	39.00	41.00	2.00	5.13
Inventories Turnover Period	Days	80.00	84.00	4.00	5.00
Repayment Period	Days	17.00	14.00	(3.00)	(17.65)
Cash Cycle Period	Days	102	111	9.00	8.82

As of December 31, 2022, payment is tracked and credit is carried out strictly to customers.

Overall, the Company's account receivable turnover 8.86 in 2022, it is 4.94% lower than 2021.

Debt Collection period increased from 39 days to 41 days come from Modern Trade account. Geopolitical conflict and high inflation of 2022 were the most pressing economic slowdown.

Asset Components

	31 Dec.		31 Dec.	
	2021		2022	
	Million Baht	%	Million Baht	%
Property, plant and equipment	853.32	27.34	822.19	25.97
Cash and cash equivalent	671.05	21.50	583.38	18.42
Inventories	452.58	14.50	527.66	16.66
Trade accounts	343.89	11.02	388.93	12.28
Current investments	417.93	13.39	387.69	12.24
Unused land	189.90	6.09	204.07	6.45
Advance payment for raw materials	79.70	2.55	161.97	5.13
Investments in associates	25.41	0.81	30.94	0.98
Other long-term investment	40.38	1.29	20.31	0.64
Other current assets	10.73	0.37	10.83	0.35
Deferred tax assets	14.98	0.48	10.50	0.33
Long-term loans to associate	7.00	0.22	5.00	0.16
Bank deposits under commitment	4.59	0.15	4.85	0.15
Other receivables	4.77	0.14	4.82	0.15
Current portion of loan to associate -				
Loan of associate	2.00	0.06	2.00	0.06
Other non-current assets	0.65	0.03	0.75	0.02
Intangible assets	1.75	0.06	0.43	0.01
Total assets	3,120.63	100.00	3,166.32	100.00

For property, building and equipment is lower because the company has written off the deteriorated value from the asset account. The Company allocated sufficient allowance for doubtful accounts. Based on facts as of December 31, 2022, there is an allowance for doubtful accounts in the amount of Bt. 4.41 million, equal to the amount of Bt. 4.41 million as of December 31, 2021.

(Million Baht)	31 Dec. 2021	31 Dec. 2022	Change	%
Related parties	11.92	26.06	14.14	118.62
Other parties	336.38	367.28	30.90	9.19
Total	348.30	393.34	45.04	12.93
Less allowance for doubtful accounts	(4.41)	(4.41)	0.00	0.00
Net trade accounts receivable	343.89	388.93	45.04	13.10

Inventories no deterioration or obsolescence.

(Million Baht)	31 Dec. 2021	31 Dec. 2022	Change	%
Finished goods	74.12	106.31	32.19	43.43
Work in progress	148.33	153.20	4.87	3.28
Raw materials	212.24	268.07	55.83	26.31
Raw materials in transit	18.30	0.00	(18.30)	(100.00)
Supplies	0.73	0.79	0.06	8.22
Less allowance for devaluation of inventories	(1.14)	(0.71)	0.43	(37.72)
Total inventories	452.58	527.66	75.08	16.59

Inventories of finished goods and work in progress increased due to slow sale in December 2022. Raw materials increase from price of raw material and high stock of imported raw material. There is a policy to increased stock to reduce the risk from external factors such as transportation and geopolitical issue.

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

(Million Baht)	31 Dec. 2021	31 Dec. 2022	Change	%
Debentures	40.00	20.00	(20.00)	(50.00)
Investment in marketable equity security	0.38	0.31	(0.07)	(18.42)
Total long-term investment	40.38	20.31	(20.07)	(49.70)

Allowance for impairment losses

Unused land

(Million Baht)	31 Dec. 2021	31 Dec. 2022	Change	%
Unused land at cost	204.07	204.07	0.00	0.00
Less allowance for impairment losses	(14.17)	0.00	14.17	(100.00)
Net	189.90	204.07	14.17	7.46

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. With an appraised value of Bt. 277.90 million.

Tanawat Winyarat
(Mr. Tanawat Winyarat)
Deputy Managing Director