

Management Discussion and Analysis Translation
For the 3 month ended March 31, 2023 and March 31, 2022
Operating and Financial Status

Overview

Company's operating results in Q1/2023 had a net profits of Bt. 169.88 million, an increased of Bt. 36.33 million or 27.20%. Turnover amounted to Bt. 853.80 million, an increased by Bt. 74.82 million or 9.60%. Most of the increased sale come from Domestic sales of Bt. 88.81 million or 14.92%.

Export sales in Q1/2566 decreased by Bt. 12.01 million or 13.10%.

Cost of sales in Q1/2023 amounted to Bt. 541.90 million, an increased of Bt. 26.71 million or 5.18% from Q1/2022. Due to high cost of main raw materials such as soybean, wheat, chili has increased to a higher level.

Distribution expenses in Q1/2023 amounted to Bt. 69.99 million, an increased of Bt. 3.23 million or 4.84% from Q1/2022. Mainly from promotional and advertising expenses.

Administrative expenses in Q1/2023 amounted to Bt. 41.47 million, an increased of Bt. 1.44 million or 3.60% from Q1/2022, from write-offs bad debt and loss from foreign exchange.

(in million Baht)	March 31, 2022	%	March 31, 2023	%	Change	%Q on Q
Domestic Sales	595.41	75.64	684.22	79.16	88.81	14.92
Industrial Sales	89.78	11.41	87.20	10.09	(2.58)	(2.87)
Sales to associate	10.28	1.31	13.28	1.54	3.00	29.18
Export Sales	91.71	11.65	79.70	9.22	(12.01)	(13.10)
Total	787.18	100.00	864.40	100.00	77.22	9.81
Less volume rebates	(8.20)	(1.04)	(10.60)	(1.23)	(2.40)	29.27
Net Sales	778.98	98.96	853.80	98.77	74.82	9.60
Cost of Sales	515.19	66.14%	541.90	63.47%	26.71	5.18
Gross profit	263.79	33.86%	311.90	36.53%	48.11	18.24
Distribution Expenses	66.76	8.57%	69.99	8.20%	3.23	4.84
Administrative Expenses	40.03	5.14%	41.47	4.86%	1.44	3.60
Net Profit	133.55	17.14%	169.88	19.90%	36.33	27.20
Earning per share (Baht)	0.37		0.47		0.10	27.20

Operating review

Profitability

Thai Theparos Plc's net profit for 3 month ended March 31 2022 and March 31 2023.

The net profit margin on turnover increased from 16.95% to 19.65%.

		March 31, 2022	March 31, 2023	Change	%
Net profit (Million Baht)		133.55	169.88	36.33	27.20
Gross Profit Margin	%	33.86	36.53	2.67	
Net Profit Margin	%	16.95	19.65	2.70	

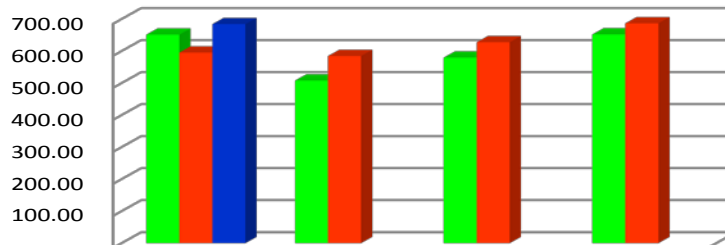
The company's net profit in Q1/2023 increased Q1/2022 by Bt. 36.33 million or 27.20%.

(Million Baht)	March 31, 2022	%	March 31, 2023	%	Change	%
1. Domestic Sales	595.41	75.64	684.22	79.16	88.81	14.92
Industrial Sales	89.78	11.41	87.20	10.09	(2.58)	(2.87)
Sales to associate	10.28	1.31	13.28	1.54	3.00	29.18
Export Sales	91.71	11.65	79.70	9.22	(12.01)	(13.10)
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Less volume rebates	(8.20)	(1.04)	(10.60)	(1.23)	(2.40)	29.27
Net Sales	778.98	98.96	853.80	98.77	74.82	9.60
2. Cost of sales of goods	515.19		541.90		26.71	5.18
% of total sales of goods	66.14%		63.47%		(2.67)	
3. Distribution expenses	66.76		69.99		3.23	4.84
% of total sales of goods	8.57%		8.20%		(0.37)	
4. Administrative expenses	40.03		41.47		1.44	3.60
% of total sales of goods	5.14%		4.86%		(0.28)	
Earnings Per Share (Baht)	0.37		0.47		0.10	27.20

Total domestic sales in Q1/2023 increased Bt. 88.81 million or 14.92% , mainly from the domestic sales channel increased by Bt. 16.84 million or 5.99% , cash van sales increased by Bt. 8.37 million or 14.94%, modern trade sales increased by Bt. 50.38 million or 24.14% and trading firm increased by Bt. 14.78 million or 31.41%. Moving in the step of recovering economy with support by government measures to stimulate domestic consumption.

Total net sales in Q1/2023 increased by Bt. 74.82 million or 9.60%. Consumers started to shopping and living as usual, resulting in higher sales.

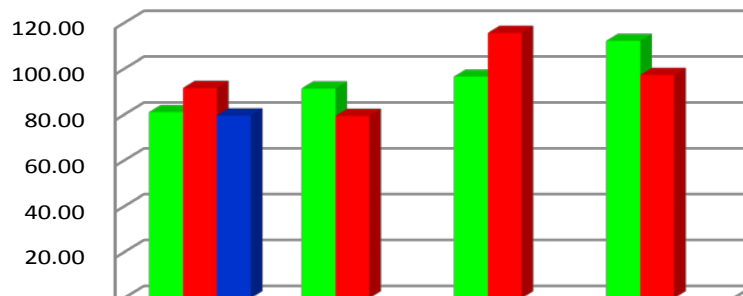
Domestic sales by Quarterly (Million Baht)



	Q1	Q2	Q3	Q4	Annual
2021	651.40	507.90	579.54	651.97	2,390.81
2022	595.41	584.63	627.65	686.69	2,494.38
2023	684.22				684.22

Export Sales in Q1/2023 decreased by Bt. 12.01 million or 13.10%. The problem was caused by a machine improvements in the thick sauce line. Therefore the packing plan has been adjusted causing inability to produce enough products to meet customer demands.

Export sales by Quarterly (Million Baht)

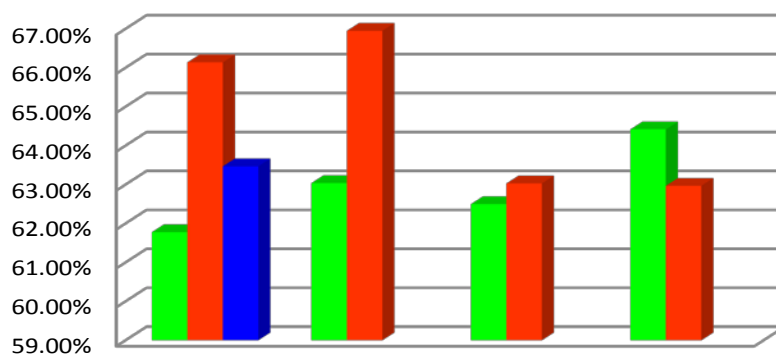


	Q1	Q2	Q3	Q4	Annual
2021	81.17	91.47	96.64	112.29	381.57
2022	91.71	79.53	115.72	97.40	384.36
2023	79.70				79.70

The sale of associated companies for 3 month ended March 31 2022 and March 31 2023, Exter (Thailand) Limited sales higher than in Q1/2023 amounted to Bt. 3 million or 29.18%. Exter (Thailand)'s sales increased due to the parent company (Exter B V) has expanded its customer base in Southeast Asia.

(Million Baht)	March 31, 2022	March 31, 2023	Change	%
Exter (Thailand) Limited	10.28	13.28	3.00	29.18

Cost of goods (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2021	61.78%	63.04%	62.50%	64.42%	62.96%
2022	66.14%	66.95%	63.03%	62.97%	64.67%
2023	63.47%				63.47%

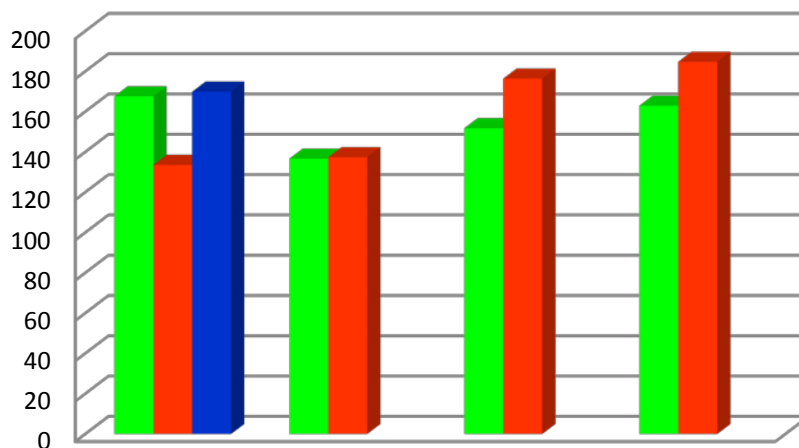
Company cost of goods sold decreased from 66.14% compare the percentage of sales in Q1/2022 to 63.47% compare the percentage of sales in Q1/2023 decreased 2.67%. As a result from higher selling price of products.

For the above reasons performance for 3 month ended March 31 2022 and March 31 2023. The company had a net profit of Bt. 169.88 million, an increased of Bt. 36.33 million or 27.20% in Q1/2022.

Earning Before Income Tax (EBT) for 3 month ended March 31 2022 and March 31 2023, as following:

	March 31, 2022	March 31, 2023	Change	%
Earning before income tax expense (Million Baht)	166.99	212.44	45.45	27.22
EBT Margin	% 21.19	24.57	3.38	

Net Profit (Million Baht) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2021	167.59	136.62	151.79	162.93	618.93
2022	133.55	137.38	176.39	184.75	632.07
2023	169.88				169.88



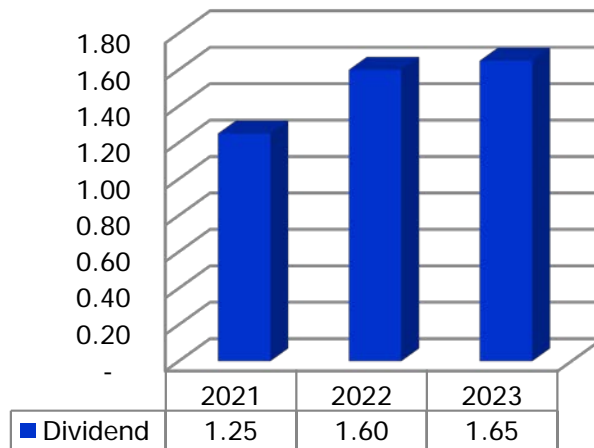
Dividend Policy

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 25 April 2023, the shareholders approved the appropriation of dividend for 2022 amounting 360 million shares, operation of Bt.1.65 per share, amounting to Bt. 594 million (payout ratio 93.98%). An investor must be listed on May 8, 2023 to be eligible for dividend payout. The payment of dividend to share holder is set to be on May19, 2023.

	2022	2023	Change	%
Net profit (Last year)	618.93	632.07	13.14	2.12
Dividends paid (Million Baht)	576.00	594.00	18.00	3.13
Dividends per share (Baht)	1.60	1.65	0.05	3.12
Dividends pay out	%	93.06	93.98	0.91

Dividend payment by Annually (Baht)



Report and Analysis of Financial PositionFinancial Structure

Debt Equity Ratios

Company have conservative financial policy which resulted in debt equity ratio 0.107 for 2022 and 0.122 for 2023. 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)	December 31, 2022	%	March 31, 2023	%
Total liabilities	306.83	9.69	370.34	10.89
Equity	2,859.49	90.31	3,029.37	89.11
Total assets	3,166.32	100.00	3,399.71	100.00
Trade accounts payable	68.20	2.15	97.18	2.86
Income tax payable	89.91	2.84	133.27	3.92
Other accounts payable	93.33	2.95	82.15	2.41
Non current liabilities	55.39	1.75	57.74	1.70
Total liabilities	306.83	9.69	370.34	10.89
Issued and paid-up share capital	360.00	11.38	360.00	10.59
Premium on ordinary shares	615.60	19.44	615.60	18.11
Fair value change in investment	-	-	-	-
Legal reserve retained eaming	60.00	1.89	60.00	1.76
Unappropriated retained eaming	1,823.89	57.60	1,993.77	58.65
Total equity	2,859.49	90.31	3,029.37	89.11
Debt Equity Ratios	0.107		0.122	

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)	March 31, 2022	March 31, 2023	Change	%
Cash flows from operating activities	120.64	237.97	117.33	97.26
Net cash uses in investment activities	105.88	(19.29)	(125.17)	(118.22)
Net cash uses in financing activities	-	-	-	-
Net in cash and cash equivalents increase (decrease)	226.52	218.68	(7.84)	(3.46)

Cash flow from operating activities in Q1/2023 increased from Q1/2022 in the amount of Bt. 117.33 million or 97.26%. Caused by changes to assets and liabilities, most of them were higher profit of Bt. 36.33 million, lower trade accounts receivables of Bt. 58.79 million, and lower trade payables of Bt. 29.03 million.

Net cash uses in investment activities in Q1/2023 decreased from Q1/2022 in the amount of Bt. 125.17 million or 118.22%. Expenses were spent to expand production capacity and improvement of impaired machinery equipment in 2023.

(Million Baht)	December 31, 2022	March 31, 2023	Change	%
Current assets	2,067.28	2,292.14	224.86	10.88
Current liabilities	251.44	312.59	61.15	24.32
Current ratio (Time)	8.22	7.33	(0.89)	(10.81)

Current ratio

In 2023, Current ratio 7.33 times is decreased 8.22 times in 2022. This result from the increased of current assets by Bt. 224.86 million, most of these are cash of cash equivalent by Bt. 218.68 million, inventories Bt. 44.59 million, advance payment for raw materials purchased Bt. 29.31 million and current liabilities Bt. 61.15 million most of these are trade payables of Bt. 28.98 million, income tax payable Bt. 43.36 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 March 31, 2023, the company has cash and cash equivalents of over Bt. 802.05 million (before dividend payment Bt. 594 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 current liabilities 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 at March 31, 2023 amounting to Bt. 3,399.71 million increased by 7.37% compared to total assets of Bt. 3,166.32 million as of December 31, 2022.

(Millon Baht)		December 31,	March 31,	Change	%
		2022	2023		
Current assets		2,067.28	2,292.14	224.86	10.88
Non current assets		1,099.04	1,107.57	8.53	0.78
Total assets		3,166.32	3,399.71	233.39	7.37
Current assets / Total assets	%	65.29	67.42	2.13	
Non current assets / Total assets	%	34.71	32.58	(2.13)	
Total assets	%	100.00	100.00	-	

As of March 31, 2023, company has current assets and non-current assets as 67.42% and 32.58% of the total assets compared to 65.29% and 34.71% as at December 31, 2022.



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.

		December 31,	March 31,		
Million Baht		2022	2023	Change	%
Net / Sales		875.00	853.80	(21.20)	(2.42)
Trade accounts receivable -Net		388.93	330.20	(58.73)	(15.10)
Average trade receivables		365.15	359.57	(5.58)	(1.52)
Accounts receivable Turnover/Quarter	Times	2.40	2.37	(0.03)	(1.25)
Average debt Collection Period	Days	38	38	-	-
Inventories Turnover Period	Days	92	91	(1.00)	(1.09)
Repayment Period	Days	14	15	1.00	7.14
Cash Cycle Period	Days	115	115	-	-

In Q1/2023, payment is tracked and credit is carried out strictly to customers.

Overall, the average trade receivables in Q1/2023 was 2 times, which is at the same level as Q4/2022, the debt collection period for Q1/2023 and Q4/2022 is the same 38 days.



Main Part of Assets

	December 31,		March 31,	
	2022		2023	
	Million Baht	%	Million Baht	%
Property, plant and equipment	822.19	25.97	829.11	24.39
Cash and cash equivalent	583.38	18.42	802.05	23.59
Inventories	527.66	16.66	572.25	16.83
Current investments	387.69	12.24	377.70	11.11
Trade accounts receivable	388.93	12.28	330.20	9.71
Land not used in operations	204.07	6.45	204.07	6.00
Advance payment for raw materials purchased	161.97	5.13	191.28	5.63
Investments in associate	30.94	0.98	32.14	0.95
Other long-term investments	20.31	0.64	20.30	0.60
Deferred tax assets	10.50	0.33	11.38	0.33
Other current assets	10.83	0.35	9.74	0.29
Other receivables	4.82	0.15	6.92	0.20
Bank deposits under commitment	4.85	0.15	4.85	0.14
Long-term loans to associate	5.00	0.16	4.50	0.13
Current portion of loan to associate-				
Loan to associate	2.00	0.06	2.00	0.06
Other non-current assets	0.75	0.02	0.82	0.03
Intangible assets	0.43	0.01	0.40	0.01
Total assets	3,166.32	100.00	3,399.71	100.00



For property, building and equipment increased change, due to the company has invested in machinery. For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 31 March 2023, has an allowance for doubtful accounts of Bt. 3.86 million decreased from Bt. 4.41 million as of December 31, 2022.

(Million Baht)	December 31, 2022	March 31, 2023	Change	%
Related parties	26.06	28.44	2.38	9.13
Other parties	367.28	305.62	(61.66)	(16.79)
Total	393.34	334.06	(59.28)	(15.07)
Less allowance for doubtful accounts	(4.41)	(3.86)	0.55	(12.47)
Net trade accounts receivable	388.93	330.20	(58.73)	(15.10)

Inventory are not deterated or obsolete.

(Million Baht)	December 31, 2022	March 31, 2023	Change	%
Finished goods	106.31	121.30	14.99	14.10
Work in progress	153.20	179.19	25.99	16.96
Raw materials	268.07	271.74	3.67	1.37
Raw materials in transit	-	-	-	-
Suplies	0.79	0.73	(0.06)	(7.59)
Loss allowance for value adjustments	(0.71)	(0.71)	0.00	0.00
Total inventories	527.66	572.25	44.59	8.45

Inventories of finished goods and work in progress increased, most of them were due to higher product costs and more inventory to support future sales.



Long-term investment will be due in 2029 for the amount of Bt. 20 million.

(Million Baht)	December 31, 2022	March 31, 2023	Change	%
Debentures	20.00	20.00	-	-
Investment in marketable equity security	0.31	0.30	(0.01)	(3.23)
Total long-term investment	20.31	20.30	(0.01)	(0.05)

Allowance for impairment losses

Unused land

(Million Baht)	December 31, 2022	March 31, 2023	Change	%
Unused land at cost	204.07	204.07	-	-
Less allowance for impairment losses	-	-	-	-
Net	204.07	204.07	-	-

The company has the land not used in 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.

(Mr. Tanawat Winyarat)

Deputy Managing Director