

Management Discussion and Analysis Translation  
For the 6 month ended June 30, 2023 and June 30, 2022  
Operating and Financial Status

Overview

In the first half of 2023, Many factors continue to pressure the economy, especially the Russian-Ukraine war that leads to trade sanctions and a full-blown global energy crisis. The economic affects people's income and purchasing power, including disrupted supply chains. Therefore making consumer buying behavior look like during COVID-19. The demand of household consumers is still high, on the other hand trading in restaurants is not back to normal.

Operating results of the company for the 6 month period ended June 30, 2023, net profit increased by 33.16 % or increased by Bt. 89.85 million from the year 2022. From sales of Bt. 1,762.06 million, an increase of Bt. 230.01 million or 15.01% due to the increased in product prices. Most of the increased sales come from domestic sales of Bt. 206.83 million or 17.53%.

Export sales for the 6 month period of 2023, increased by Bt. 14.35 million or 8.38%. Sale quantity is less than target.

Cost of sales for the 6 month period of 2023, amounted to Bt. 1,114.30 million, an increase from 2022 of Bt. 94.96 million, an increase of 9.32%. Due to the price of main raw materials such as soybeans, wheat and chili. The price of agricultural raw materials has been adjusted higher than before, and the price of certain items of packaging increased, such as glass bottles, plastic bottles.

Distribution costs for the 6 month period of 2023, amounted to Bt. 136.81 million, an increased from 2022 of Bt. 5.87 million or 4.84%. Mainly from promotional, advertising and outbound transportation expenses.

Administrative expenses for the 6 month period of 2023, amounted to Bt. 84.21 million, an increased from the year 2022 in amount of Bt. 4.48 million or 5.62% from the loss from the cessation of assets.



| (in million Baht)       | 2022          |               |               | 2023          |               |              | 2022            |               |                 | 2023          |               |              |
|-------------------------|---------------|---------------|---------------|---------------|---------------|--------------|-----------------|---------------|-----------------|---------------|---------------|--------------|
|                         | Apr. - Jun.   | %             | Apr. - Jun.   | %             | Change        | Jan. - Jun.  | %               | Jan. - Jun.   | %               | Change        |               |              |
| Domestic Sales          | 584.63        | 76.87         | 702.65        | 76.49         | 118.02        | 20.19        | 1,180.04        | 76.24         | 1,386.87        | 77.78         | 206.83        | 17.53        |
| Industrial Sales        | 80.41         | 10.57         | 93.47         | 10.18         | 13.06         | 16.24        | 170.19          | 11.00         | 180.67          | 10.13         | 10.48         | 6.16         |
| Sales to associate      | 15.95         | 2.10          | 16.55         | 1.80          | 0.60          | 3.76         | 26.23           | 1.69          | 29.83           | 1.67          | 3.60          | 13.72        |
| Export Sales            | 79.53         | 10.46         | 105.89        | 11.53         | 26.36         | 33.14        | 171.24          | 11.06         | 185.59          | 10.41         | 14.35         | 8.38         |
| <b>Total</b>            | <b>760.52</b> | <b>100.00</b> | <b>918.56</b> | <b>100.00</b> | <b>158.04</b> | <b>20.78</b> | <b>1,547.70</b> | <b>100.00</b> | <b>1,782.96</b> | <b>100.00</b> | <b>235.26</b> | <b>15.20</b> |
| Less volume rebates     | (7.45)        | (0.99)        | (10.30)       | (1.13)        | (2.85)        | 38.26        | (15.65)         | (1.01)        | (20.90)         | (1.17)        | (5.25)        | 33.55        |
| <b>Net Sales</b>        | <b>753.07</b> | <b>99.01</b>  | <b>908.26</b> | <b>98.87</b>  | <b>155.19</b> | <b>20.61</b> | <b>1,532.05</b> | <b>98.99</b>  | <b>1,762.06</b> | <b>98.83</b>  | <b>230.01</b> | <b>15.01</b> |
| Cost of Sales           | 504.15        | 66.95%        | 572.40        | 63.02%        | 68.25         | 13.54        | 1,019.34        | 66.53%        | 1,114.30        | 63.24%        | 94.96         | 9.32         |
| Gross profit            | 248.92        | 33.05%        | 335.86        | 36.98%        | 86.94         | 34.93        | 512.71          | 33.47%        | 647.76          | 36.76%        | 135.05        | 26.34        |
| Distribution Expenses   | 64.18         | 8.52%         | 66.82         | 7.36%         | 2.64          | 4.11         | 130.94          | 8.55%         | 136.81          | 7.76%         | 5.87          | 4.48         |
| Administrative Expenses | 39.71         | 5.27%         | 42.74         | 4.71%         | 3.03          | 7.63         | 79.73           | 5.20%         | 84.21           | 4.78%         | 4.48          | 5.62         |
| <b>Net Profit</b>       | <b>137.38</b> | <b>18.24%</b> | <b>190.90</b> | <b>21.02%</b> | <b>53.52</b>  | <b>38.96</b> | <b>270.93</b>   | <b>17.68%</b> | <b>360.78</b>   | <b>20.47%</b> | <b>89.85</b>  | <b>33.16</b> |
| Earning Per Share       | 0.38          |               | 0.53          |               |               |              | 0.75            |               | 1.00            |               |               |              |

## Operating Analysis

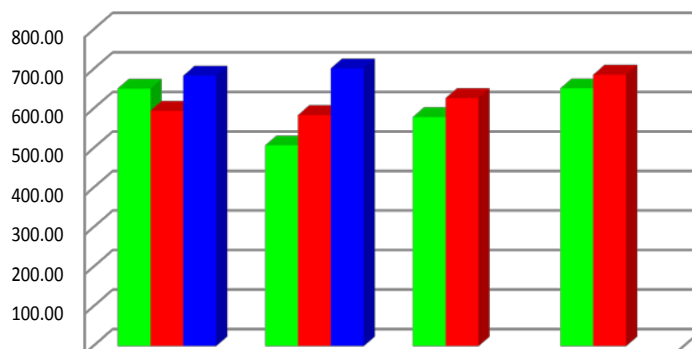
### Profitability

Thai Theparos Plc's net profit for 3 month period ended June 30, 2022 and June 30, 2023 as follow:-

The company's net profit in Q2/2023 is increased than Q2/2022 by 38.96% or Bt. 53.52 million.

Domestic sales in Q2/2023 increased 20.19% than in Q2/2022 or increased by Bt. 118.02 million, an increased from traditional trade sales of 30.26% or Bt. 77.70 million, cash van sales distribution channel an increased of 17.23% or Bt. 8.99 million, modern trade distribution channel an increased of 7.84% or Bt. 17.60 million and distribution channels for trading firm increased of 27.18% or Bt. 13.76 million. In Q2/2023, it is during the Songkran festival, the month of tourism. There are more tourists coming to the country and most Thai people start to travel back home to other provinces and visit each province, resulting in more spending.

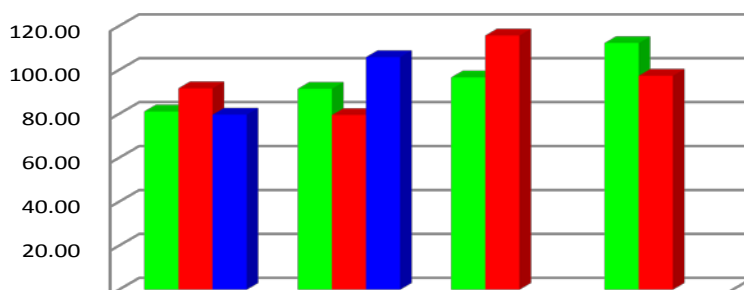
**Domestic sales by Quaterly (Million Bt.)**



|      | 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 | 702.65 |        |        | 1,386.87 |

Export sales for the 3 month period ended June 30, 2022 and June 30, 2023 increased 33.14% or Bt. 26.36 million. Thick sauce products have pending orders in late Q1/2023 for customers in Asia such as Myanmar, China, Indonesia, etc. The reason is due to the improvement of machinery in Q1/2023 causes a delayed shipment of backlog orders pushed back into Q2/2023.

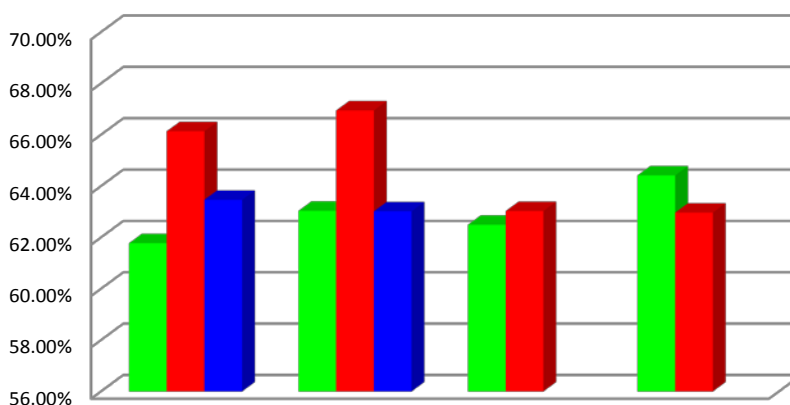
**Export sales by Quarterly (Million Bt.)**



|      | 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 | 105.89 |        |        | 185.59 |

Sales to associates for the 3-month period ended June 30, 2022 and June 30, 2023. The company had sales of products to Exter (Thailand) Limited in Q2/2023, increased by 3.76%, or Bt. 0.60 million, due to an increased in the selling price of approximately 3-10% / liter. Overall, volume of products sold to Exter (Thailand) Limited decreased by 24%.

**Cost of goods sold (% 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% | 63.02% |        |        | 63.24% |

Cost of goods sold decreased from 66.95% percentage of sales in Q2/2022 compare to 63.02% percentage of sales in Q2/2023 decreased 3.93%. Due to higher saling price.

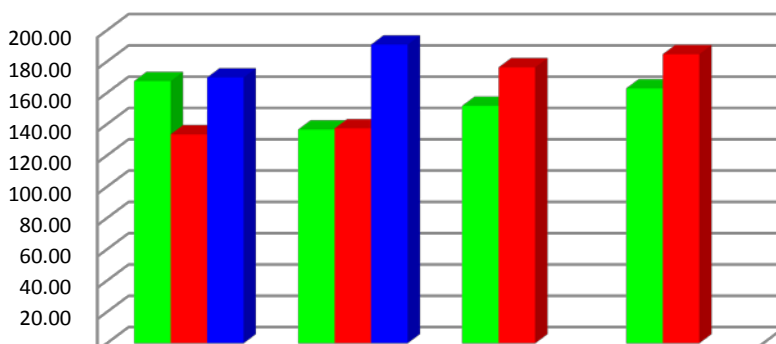
Distribution expenses of sales decreased from 8.52% percentage of sales in Q2/2022 compare to 7.36% percentage of sales in Q2/2023 decreased 1.16%.

Administrative expenses decreased from 5.27% percentage of sales in Q2/2022 compare to 4.71% percentage of sales in Q2/2023 decreased 0.56%. Improvement in distribution and administrative expenses resulted from higher revenue.

Sauce has earnings before income tax (EBT) for 3 month period ended June 30, 2022 and June 30, 2023, as follows:-

|  | Q2/2022<br>Apr. - Jun. | Q2/2023<br>Apr. - Jun. | Change | %     |
|--|------------------------|------------------------|--------|-------|
| Earning before income tax expense (Million baht) | 171.48                 | 238.35                 | 66.87  | 39.00 |
| EBT Margin                                       | 22.04%                 | 25.92%                 | 3.88%  |       |

#### Net profit(Million Bt.) 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 | 190.90 |        |        | 360.78 |

Thai Theparos Plc's net profit for 6 month period ended June 30, 2022 and June 30, 2023, an increased by 33.16% from the year 2022 or an increased of Bt. 89.85 million.

The domestic sales in 2023 increased from the year 2022 by 17.53% or Bt. 206.83 million, traditional trade sales channel increased by 17.58% or Bt. 94.54 million, cash van sales distribution channels increased by 16.04% or Bt. 17.36 million, modern trade distribution channels increased by 15.69% or Bt. 67.98 million and distribution channels trading firms increased by 29.22% or Bt. 28.54 million.

Export sales increased by 8.38% or Bt. 14.35 million from year 2022.

Sales to associates for the 6-month period ended June 30, 2022 and June 30, 2023. The company had sales of products to Exter (Thailand) Limited in 2023, increased by 13.72% than in 2022, or Bt. 3.60 million.

| (Million Baht)   | 2022      | 2023      | Change | %     |
|------------------|-----------|-----------|--------|-------|
|                  | Jan.-Jun. | Jan.-Jun. |        |       |
| Exter (Thailand) | 26.23     | 29.83     | 3.60   | 13.72 |

Cost of goods sold decreased from 66.53% percentage of sales in 2022 compare to 63.24% percentage of sales in 2023 decreased 3.29%. Due to the volume of products sold to Exter (Thailand) Limited decreased by 2.28%.

Distribution expenses decreased from 8.55% percentage of sales in 2022 compare to 7.76% percentage of sales in 2023 decreased 0.79%.

Administrative expenses decreased from 5.20% percentage of sales in 2022 compare to 4.78% percentage of sales in 2023 decreased 0.42%.

Sauce has earnings before income tax (EBT) for 6 month period ended June 30, 2022 and June 30, 2023, as follows:-

|                                   | 2022        | 2023        | Change | %     |
|-----------------------------------|-------------|-------------|--------|-------|
|                                   | Jan. - Jun. | Jan. - Jun. |        |       |
| Earning before income tax expense | 338.47      | 450.79      | 112.32 | 33.18 |
| EBT Margin %                      | 21.61       | 25.26       | 3.65   | 16.89 |

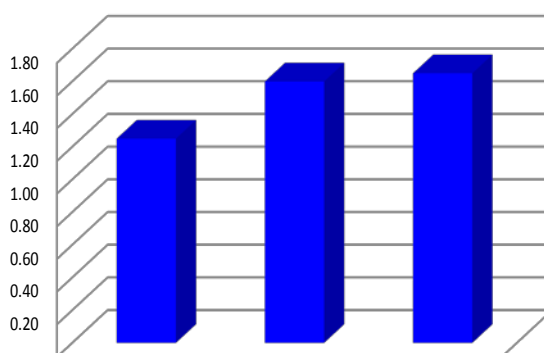
## Dividend Policy

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)



|           | 2021 | 2022 | 2023 |
|-----------|------|------|------|
| เงินปันผล | 1.25 | 1.60 | 1.65 |

Report and Analysis of Financial PositionFinancial StructureDebt Equity Ratios

Company have conservative financial policy which resulted in debt equity ratio 0.107 for 2022 and 0.126 for 2023. Have enough cash in order to prevent the price fluctuation of agricultural raw materials. Most of debt are current liabilities.

|                                  | December 31,    |               | June 30,        |               |
|----------------------------------|-----------------|---------------|-----------------|---------------|
|                                  | 2022            |               | 2023            |               |
|                                  | Million Baht    | %             | Million Baht    | %             |
| Total liabilities                | 306.83          | 9.69          | 330.66          | 11.19         |
| Equity                           | 2,859.49        | 90.31         | 2,626.27        | 88.81         |
| Total assets                     | <b>3,166.32</b> | <b>100.00</b> | <b>2,956.93</b> | <b>100.00</b> |
| Trade accounts payable           | 68.20           | 2.15          | 98.44           | 3.33          |
| Income tax payable               | 89.91           | 2.84          | 90.94           | 3.08          |
| Other accounts payable           | 93.33           | 2.95          | 81.19           | 2.75          |
| Non current liabilities          | 55.39           | 1.75          | 60.09           | 2.03          |
| Total liabilities                | <b>306.83</b>   | <b>9.69</b>   | <b>330.66</b>   | <b>11.19</b>  |
| Issued and paid-up share capital | 360.00          | 11.38         | 360.00          | 12.17         |
| Premium on ordinary shares       | 615.60          | 19.44         | 615.60          | 20.82         |
| Fair value change in investment  | -               | -             | -               | -             |
| Legal reserve retained earning   | 60.00           | 1.89          | 60.00           | 2.03          |
| Unappropriated retained earning  | 1,823.89        | 57.60         | 1,590.67        | 53.79         |
| Total equity                     | <b>2,859.49</b> | <b>90.31</b>  | <b>2,626.27</b> | <b>88.81</b>  |
| Debt Equity Ratios               | <b>0.107</b>    |               | <b>0.126</b>    |               |

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



### Liquidity

Cash flows decreased due to dividend payment in Q2

| (Million Baht)                                       | June 30,2022    | June 30,2023   | Change        | %              |
|--|-----------------|----------------|---------------|----------------|
| Cash flows from operating activities                 | 263.81          | 515.96         | 252.15        | 95.58          |
| Net cash uses in investment activities               | 23.63           | (3.84)         | (27.47)       | (116.25)       |
| Net cash uses in financing activities                | (576.26)        | (594.00)       | (17.74)       | 3.08           |
| Net increase (decrease) in cash and cash equivalents | <b>(288.82)</b> | <b>(81.88)</b> | <b>206.94</b> | <b>(71.65)</b> |

Cash flow from operating activities in 2023 increased from 2022 in the amount of Bt. 252.15 million, an increased of 95.58%. Caused by changes in operating assets and liabilities, mainly from receiving payment from trade accounts receivable, advance payments for goods decreased.

Cash flow from investing activities in 2023 decreased from 2022 in the amount of Bt. 27.47 million or decreased of 116.25%. Investment money is being spent , temporary investment, and from the sale of machinery and equipment.

The cash flows uses in financing activities are for dividend payout in Q2.

| (Million Baht)       | Dec.31,2022 | June 30,2023 | Change        | %              |
|----------------------|-------------|--------------|---------------|----------------|
| Current assets       | 2,067.28    | 1,848.42     | (218.86)      | (10.59)        |
| Current liabilities  | 251.44      | 270.57       | 19.13         | 7.61           |
| Current ratio (Time) | <b>8.22</b> | <b>6.83</b>  | <b>(1.39)</b> | <b>(16.91)</b> |

## Current ratio

In 2023, Current ratio 6.83 times is decreased 8.22 times in 2022. This result from the decreased of current assets by Bt. 218.86 million, most of these are cash of cash equivalent by Bt. 131.88 million, trade accounts Bt. 31.38 million, advance payment for raw materials Bt. 89.61 million and current liabilities increased Bt. 19.13 million. Most of which were trade payables of Bt. 30.25 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 June 30, 2023, the company has cash and cash equivalents of over Bt. 501.49 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

As at June 30, 2023 Sauce has Bt. 2,956.93 million of total assets, the growth decreased 6.61% compare to total assets of Bt. 3,166.32 million as at December 31, 2022, decreased due to a dividend payment in Q2/2023 amount of Bt. 594 million.

| (Million Baht)                    | Dec. 31, 2022   | June 30, 2023   | Change          | %             |
|-----------------------------------|-----------------|-----------------|-----------------|---------------|
| Current assets                    | 2,067.28        | 1,848.42        | (218.86)        | (10.59)       |
| Non current assets                | 1,099.04        | 1,108.51        | 9.47            | 0.86          |
| <b>Total assets</b>               | <b>3,166.32</b> | <b>2,956.93</b> | <b>(209.39)</b> | <b>(6.61)</b> |
| Current assets / Total assets     | % 65.29         | 62.51           | (2.78)          |               |
| Non current assets / Total assets | % 34.71         | 37.49           | 2.78            |               |
| Total assets                      | % <b>100.00</b> | <b>100.00</b>   | -               |               |

As of June 30, 2023, company has current assets and non-current assets as 62.51% and 37.49% 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. Cash sell
2. Credit sell
  - traditional trade sales and Export sales give credit 30-45 days.
  - Modern trade and Industrial sales give credit 60 days.

| Million Baht                          |       | 31-Mar-23 | 30-Jun-23 | Change | %       |
|---------------------------------------|-------|-----------|-----------|--------|---------|
| Net / Sales                           |       | 853.80    | 918.56    | 64.76  | 7.58    |
| Trade accounts receivable -Net        |       | 330.20    | 357.55    | 27.35  | 8.28    |
| Accounts receivable Turnover/ Quarter | Times | 2.37      | 2.67      | 0.30   | 12.66   |
| Average debt Collection Period        | Days  | 38        | 34        | (4.00) | (10.53) |
| Inventories Turnover Period           | Days  | 91        | 90        | (1.00) | (1.10)  |
| Repayment Period                      | Days  | 15        | 16        | 1.00   | 6.67    |
| Cash Cycle Period                     | Days  | 115       | 108       | (7.00) | (6.09)  |

In Q2/2023, payment is tracked and credit is carried out strictly to customers.

Overall, the average trade accounts receivable in Q2/2023, collection period was faster than in Q1/2023 from 38 days to 34 days.



## Main Part of Assets

|                                      | December 31,    |               | June 30,        |               |
|--------------------------------------|-----------------|---------------|-----------------|---------------|
|                                      | 2022            |               | 2023            |               |
|                                      | Million Baht    | %             | Million Baht    | %             |
| Property, plant and equipment        | 822.19          | 25.97         | 830.71          | 28.09         |
| Inventories                          | 527.66          | 16.66         | 563.14          | 19.04         |
| Cash and cash equivalent             | 583.38          | 18.42         | 501.49          | 16.96         |
| Trade accounts                       | 388.93          | 12.28         | 357.55          | 12.09         |
| Current investments                  | 387.69          | 12.24         | 337.70          | 11.42         |
| Unused land                          | 204.07          | 6.45          | 204.07          | 6.90          |
| Advance payment for raw materials    | 161.97          | 5.13          | 72.36           | 2.45          |
| Investments in associates            | 30.94           | 0.98          | 31.59           | 1.07          |
| Other long-term investment           | 20.31           | 0.64          | 20.24           | 0.69          |
| Deferred tax assets                  | 10.50           | 0.33          | 11.75           | 0.40          |
| Other receivables                    | 4.82            | 0.15          | 8.30            | 0.28          |
| Other current assets                 | 10.83           | 0.35          | 5.88            | 0.20          |
| Bank deposits under commitment       | 4.85            | 0.15          | 4.85            | 0.15          |
| Long-term loans to associate         | 5.00            | 0.16          | 4.00            | 0.14          |
| Current portion of loan to associate | 2.00            | 0.06          | 2.00            | 0.07          |
| Other non-current assets             | 0.75            | 0.02          | 0.81            | 0.03          |
| Intangible assets                    | 0.43            | 0.01          | 0.49            | 0.02          |
| <b>Total assets</b>                  | <b>3,166.32</b> | <b>100.00</b> | <b>2,956.93</b> | <b>100.00</b> |

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 30 June 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)                       | Dec. 31, 2022 | June 30, 2023 | Change         | %             |
|--------------------------------------|---------------|---------------|----------------|---------------|
| Related parties                      | 26.06         | 30.56         | 4.50           | 17.27         |
| Other parties                        | 367.28        | 330.85        | (36.43)        | (9.92)        |
| <b>Total</b>                         | <b>393.34</b> | <b>361.41</b> | <b>(31.93)</b> | <b>(8.12)</b> |
| Less allowance for doubtful accounts | (4.41)        | (3.86)        | 0.55           | (12.47)       |
| <b>Net trade accounts receivable</b> | <b>388.93</b> | <b>357.55</b> | <b>(31.38)</b> | <b>(8.07)</b> |

Inventory are not deterated or obsolete.

| (Million Baht)                      | Dec. 31, 2022 | June 30, 2023 | Change       | %           |
|-------------------------------------|---------------|---------------|--------------|-------------|
| Finished goods                      | 106.31        | 121.64        | 15.33        | 14.42       |
| Work in progress                    | 153.20        | 165.63        | 12.43        | 8.11        |
| Raw materials                       | 268.07        | 265.15        | (2.92)       | (1.09)      |
| Raw materials in transit            | -             | 10.71         | 10.71        | -           |
| Suplies                             | 0.79          | 0.72          | (0.07)       | (8.86)      |
| Less allowance for decline in value | (0.71)        | (0.71)        | 0.00         | 0.00        |
| <b>Total inventories</b>            | <b>527.66</b> | <b>563.14</b> | <b>35.48</b> | <b>6.72</b> |

Inventories of finished goods and work in process 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)                           | Dec. 31,2022 | June 30,2023 | Change        | %             |
|--|--------------|--------------|---------------|---------------|
| Debentures                               | 20.00        | 20.00        | -             | -             |
| Investment in marketable equity security | 0.31         | 0.24         | (0.07)        | (22.58)       |
| <b>Total long-term investment</b>        | <b>20.31</b> | <b>20.24</b> | <b>(0.07)</b> | <b>(0.34)</b> |

Allowance for impairment losses

Unused land

| (Million Baht)                       | Dec. 31,2022  | June 30,2023  | Change   | %        |
|--------------------------------------|---------------|---------------|----------|----------|
| Unused land at cost                  | 204.07        | 204.07        | -        | -        |
| Less allowance for impairment losses | -             | -             | -        | -        |
| <b>Net</b>                           | <b>204.07</b> | <b>204.07</b> | <b>-</b> | <b>-</b> |

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.

Tanawat Winyarat

(Mr. Tanawat Winyarat)

Deputy Managing Director