

Management Discussion and Analysis Translation

For the 9 month ended September 30, 2023 and September 30, 2022

Operating and Financial Status

Overview

Operating results of the company for the 9 month period ended September 30, 2023, net profit increased by 21.20 % or increased by Bt. 94.82 million from the year 2022. From sales of Bt. 2,611.91million, an increase of Bt. 240.70 million or 10.15%. Higher profit resulted from a price increase in 2023 and raw material cost management is better than expect. Most of the increased sales come from domestic sales of Bt. 205.70 million or an increase of 11.38%.

Export sales for the 9 month period of 2023, increased by Bt. 16.42 million or 5.72%.

Cost of sales for the 9 month period of 2023, amounted to Bt. 1,635.61 million, an increased from 2022 of Bt. 87.37 million, an increase of 5.64%. Price increase for packaging as expected contribute to high cost.

Distribution costs for the 9 month period of 2023, amounted to Bt. 213.08 million, an increased from 2022 of Bt.14.85 million or 7.49%. Mainly from promotional (Quarterly List) and advertising expenses.

Administrative expenses for the 9 month period of 2023, amounted to Bt. 84.21 million, an increased from the year 2022 in amount of Bt. 9.19 million or 8.20%. From employee expenses, repair and maintenance costs.

(in million Baht)	2022	%	2023	%	Change		2022	%	2023	%	Change	
	July - Sep.		July - Sep.				Jan. - Sep.		Jan. - Sep.			
Domestic Sales	627.65	73.92	626.52	73.23	(1.13)	(0.18)	1,807.69	75.42	2,013.39	76.31	205.70	11.38
Industrial Sales	89.71	10.57	98.49	11.51	8.78	9.79	259.90	10.84	279.16	10.58	19.26	7.41
Sales to associate	16.03	1.89	12.74	1.49	(3.29)	(20.52)	42.26	1.76	42.57	1.61	0.31	0.73
Export Sales	115.72	13.63	117.79	13.77	2.07	1.79	286.96	11.97	303.38	11.50	16.42	5.72
Total	849.11	100.00	855.54	100.00	6.43	0.76	2,396.81	100.00	2,638.50	100.00	241.69	10.08
Less volume rebates	(9.94)	(1.17)	(5.69)	(0.67)	4.25	(42.76)	(25.60)	(1.07)	(26.59)	(1.01)	(0.99)	3.87
Net Sales	839.17	98.83	849.85	99.33	10.68	1.27	2,371.21	98.93	2,611.91	98.99	240.70	10.15
Cost of Sales	528.90	63.03%	521.31	61.34%	(7.59)	(1.44)	1,548.24	65.29	1,635.61	62.62%	87.37	5.64
Gross profit	310.27	36.97%	328.54	38.66%	18.27	5.89	822.97	34.71	976.30	37.38%	153.33	18.63
Distribution Expenses	67.28	8.02%	76.27	8.97%	8.99	13.36	198.23	8.36	213.08	8.16%	14.85	7.49
Administrative Expenses	32.31	3.85%	37.02	4.36%	4.71	14.58	112.04	4.73	121.23	4.64%	9.19	8.20
Net Profit	176.39	21.02%	181.36	21.34%	4.97	2.82	447.32	18.86	542.14	20.76%	94.82	21.20
Earning Per Share	0.49		0.50				1.24		1.51			

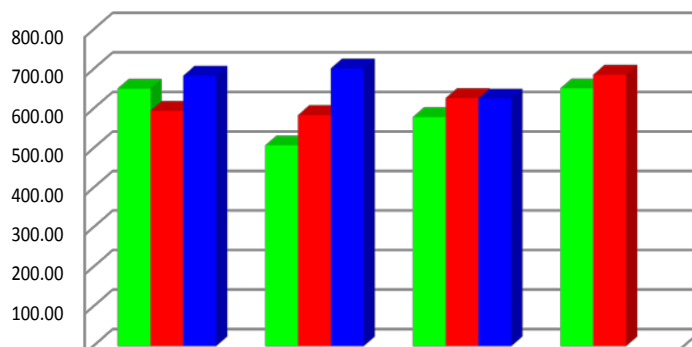
Operating AnalysisProfitability

Thaitheparos Plc's net profit for 3 month period ended September 30, 2022 and September 30, 2023 as follow. The company purchases raw materials and prepaid in advance to keep costs at a better position than the market price. It was an investment decision in Q4/2023, to prevent the risk of raw material prices fluctuation. As a result, the company's net profit in Q3/2023 is increased than Q3/2022 by 2.82% or Bt. 4.97 million.

		30 September 2022	30 September 2023	Change	%
Net profit (Million Baht)		176.39	181.36	4.97	2.82
Ngross Profit Margin	%	36.97	38.66	1.69	
Net profit Margin	%	20.76	21.06	0.30	

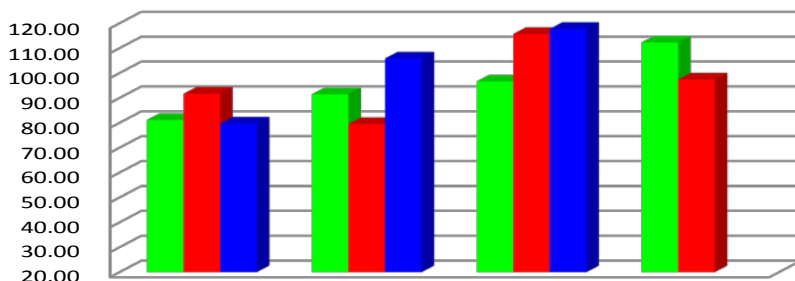
Domestic sales in Q3/2023 decreased 0.18% than in Q3/2022 or decreased by Bt. 1.13 million, an decreased from traditional trade sales of 6.30% or Bt. 17.21 million, distribution channels for trading firm an decreased of 16.94% or Bt. 9.64 million. Export sales for the 3 month period ended September 30, 2022 and September 30, 2023 increased 1.79% or Bt. 2.07 million. It is a lower sale number than the target, caused by the lower customer demand. Especially trade in Southeast Asia decreased more than expected. The purchasing power of neighboring countries is sluggish. As for distribution channels for cash van sales and modern trade increased slightly.

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	626.52	-	2,013.39

Export sales by Quarterly (Million Bt.)

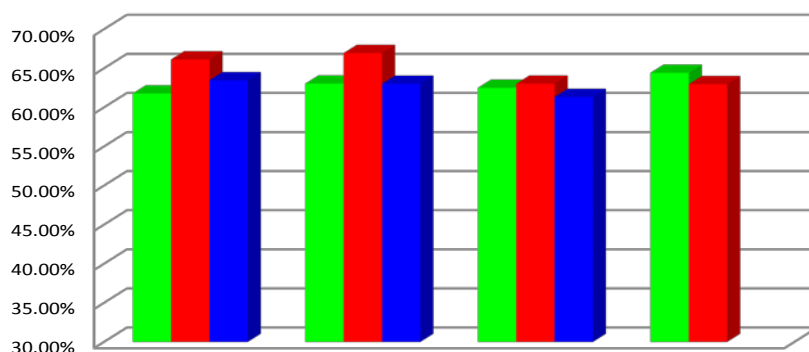


	Q1	Q2	Q3	Q4	ANNUAL
2021	81.17	91.47	96.64	112.29	381.57
2022	91.71	79.53	115.72	97.40	384.36
2023	79.70	105.89	117.79	-	303.38

Sales to associates for the 3-month period ended September 30, 2022 and September 30, 2023. The company had sales of products to Exter (Thailand) Limited in Q3/2023, decreased by 20.52%, or Bt. 3.29 million, due to lower orders from major customers in Southeast Asian countries. Especially industrial customers who produce products exported to the International market.

	30 September 2022	30 September 2023	Change	%
Exter (Thailand) Limited	16.03	12.74	(3.29)	(20.52)

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%	61.34%		62.62%

Cost of goods sold decreased from 63.03% percentage of sales in Q3/2022 compare to 61.34% percentage of sales in Q3/2023 decreased 1.69%. Due to raw material purchasing management

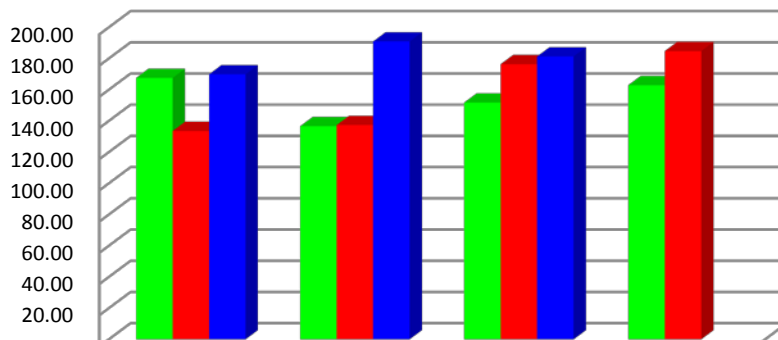
Distribution expenses of sales increased from 8.02% percentage of sales in Q3/2022 compare to 8.98% percentage of sales in Q3/2023 increased 0.96%. Most of it comes from promotional expenses, focusing on push traditional trade sales marketing management focus on pushing products with higher gross margins.

Administrative expenses increased from 3.85% percentage of sales in Q3/2022 compare to 4.36% percentage of sales in Q3/2023 increased 0.51%. From repair and maintenance costs.

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

	30 September 2022	30 September 2023	Change	%
Earning before income tax expense (Million baht)	220.79	226.75	5.96	2.70
EBT Margin	%	22.59	26.33	3.74

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	181.36	-	542.14

Thaitheparos Plc's net profit for 9 month period ended September 30, 2022 and September 30, 2023, an increased by 21.20% from the year 2022 or an increase of Bt. 94.82 million.

The domestic sales in 2023 increased from the year 2022 by 11.38% or Bt. 205.70 million, increased in every channel from traditional trade sales channel, cash van sales, modern trade and trading firms.

Export sales increased by 5.72% or increased Bt. 16.42 million from year 2022. Most of them come from Asia and America.

Sales to associates for the 9-month period ended September 30, 2022 and September 30, 2023. The company had sales of products to Exter (Thailand) Limited in 2023, increased by 0.73% than in 2022, or Bt. 0.31 million.

(Million Baht)	2022	2023	Change	%
	Jan.-Sep.	Jan.-Sep.		
Exter (Thailand)	42.26	42.57	0.31	0.73

Cost of goods sold decreased from 65.29% percentage of sales in 2022 compare to 62.62% percentage of sales in 2023 decreased 2.67%.

Distribution expenses decreased from 8.36% percentage of sales in 2022 compare to 8.16% percentage of sales in 2023 decreased 0.20%.

Administrative expenses decreased from 4.73% percentage of sales in 2022 compare to 4.64% percentage of sales in 2023 decreased 0.08%.

The Company has earnings before income tax (EBT) for 9 month period ended September 30, 2022 and September 30, 2023, as follows:-

	30 September 2022	30 September 2023	Change	%
Earning before income tax expense (Million Baht)	559.26	677.54	118.28	21.15
EBT Margin %	23.15	25.61	2.46	10.63

Dividend Policy

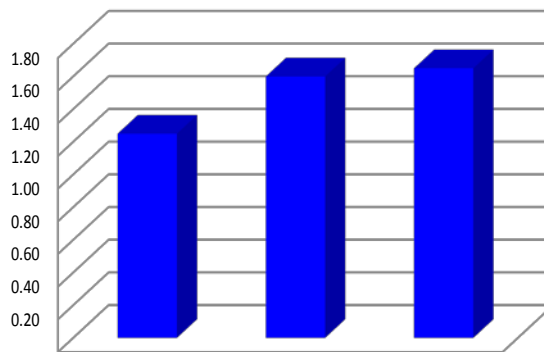
Minimum of 50% of net profit annually and will be paid in next year.

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 Position

Financial Structure

Debt Equity Ratios

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



	December 31,		September 30,	
	2022		2023	
	Million Baht	%	Million Baht	%
Total liabilities	306.83	9.69	300.50	9.67
Equity	2,859.49	90.31	2,807.64	90.33
Total assets	3,166.32	100.00	3,108.14	100.00
Trade accounts payable	68.20	2.15	106.46	3.43
Income tax payable	89.91	2.84	45.19	1.45
Other accounts payable	93.33	2.95	86.42	2.78
Non current liabilities	55.39	1.75	62.43	2.01
Total liabilities	306.83	9.69	300.50	9.67
Issued and paid-up share capital	360.00	11.38	360.00	11.58
Premium on ordinary shares	615.60	19.44	615.60	19.81
Fair value change in investment	-	-	-	-
Legal reserve retained earning	60.00	1.89	60.00	1.93
Unappropriated retained earning	1,823.89	57.60	1,772.04	57.01
Total equity	2,859.49	90.31	2,807.64	90.33
Debt Equity Ratios	0.107		0.107	

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)	September 30,2022	September 30,2023	Change
Cash flows from operating activities	364.40	593.66	229.26
Net cash uses in investment activities	15.17	(111.31)	(126.48)
Net cash uses in financing activities	(576.26)	(594.00)	17.74
Net increase (decrease) in cash and cash equivalents	(196.69)	(111.65)	(85.04)

Cash flow from operating activities in 2023 increased from 2022 in the amount of Bt. 229.26 million. Caused by changes in operating assets and liabilities, Most of this came from a decrease in advance payments for goods.

Cash flow from investing activities in 2023 decreased from 2022 in the amount of Bt. 126.48 million. Investment money is being spent, temporary investment, and from the purchase of machinery and equipment.

The cash flows uses in financing activities decreased from dividend payout in the amount of Bt.594 million.

Summary of cash and cash equivalents for the 9 month period of 2023 amount of Bt.111.65 million, decreased from 2022 at Bt. 196.69 million.

(Million Baht)	Dec. 31, 2022	Sep. 30, 2023	Change	%
Current assets	2,067.33	2,018.80	(48.53)	(2.35)
Current liabilities	251.44	238.08	(13.36)	(5.31)
Current ratio (Time)	8.22	8.48	0.26	3.13

Current ratio

In 2023, Current ratio 8.48 times is increase 8.22 times in 2022. This result from the decreased of current assets by Bt. 48.48 million, most of these are cash of cash equivalent by Bt. 111.64 million, trade accounts Bt. 14.50 million, advance payment for raw materials Bt. 67.25 million and current liabilities decreased Bt. 14.06 million. Most of which were payment for accrued income tax of Bt. 45.20 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 September 30, 2023, the company has cash and cash equivalents of over Bt. 471.73 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 September 30, 2023 Sauce has Bt. 3,108.14 million of total assets, the growth decreased 1.84% compare to total assets of Bt. 3,166.32 million as at December 31, 2022.

(Million Baht)	Dec. 31, 2022	Sep. 30, 2023	Change	%
Current assets	2,067.28	2,018.80	(48.48)	(2.35)
Non current assets	1,099.04	1,089.34	(9.70)	(0.88)
Total assets	3,166.32	3,108.14	(58.18)	(1.84)
Current assets / Total assets	% 65.29	64.95	(0.34)	
Non current assets / Total assets	% 34.71	35.05	0.34	
Total assets	% 100.00	100.00	-	

As of September 30, 2023, company has current assets and non-current assets as 64.95% and 35.05% 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		30-Jun-23	30-Sep-23	Change	%
Net / Sales		918.56	849.85	(68.71)	(7.48)
Trade accounts receivable -Net		357.55	374.43	16.88	4.72
Accounts receivable Turnover/ Quarter	Times	2.67	2.32	(0.35)	(13.11)
Average debt Collection Period	Days	34	40	6.00	17.65
Inventories Turnover Period	Days	90	104	14.00	15.56
Repayment Period	Days	16	18	2.00	12.50
Cash Cycle Period	Days	108	126	18.00	16.67

In Q3/2023, payment is tracked and credit is carried out strictly to customers.

Overall, the average trade accounts receivable in Q3/2023, collection period was faster than in Q2/2023 from 38 days to 34 days.

Overall, the Company's average trade receivable turnover rate in Q3/2023 is more than 2 times, decreased compared to Q2/2023, the debt collection period increased by 6 days from 34 days in Q2/2023 to 40 days in Q3/2023. The market environment where the economy is starting to tighten has found that large customers are trying to extend their payments.



Main Part of Assets

	December 31,		September 30,	
	2022		2023	
	Million Baht	%	Million Baht	%
Property, plant and equipment	822.19	25.97	811.93	26.12
Inventories	527.66	16.66	616.79	19.84
Cash and cash equivalent	583.38	18.42	471.73	15.18
Current investments	387.69	12.24	437.70	14.08
Trade accounts	388.93	12.28	374.43	12.05
Unused land	204.07	6.45	204.07	6.57
Advance payment for raw materials	161.97	5.13	94.72	3.05
Investments in associates	30.94	0.98	31.82	1.02
Other long-term investment	20.31	0.64	20.22	0.65
Other receivables	4.82	0.15	13.72	0.44
Deferred tax assets	10.50	0.33	11.64	0.37
Other current assets	10.83	0.35	7.71	0.25
Bank deposits under commitment	4.85	0.15	4.85	0.16
Long-term loans to associate	5.00	0.16	3.50	0.11
Current portion of loan to associate	2.00	0.06	2.00	0.06
Other non-current assets	0.75	0.02	0.84	0.03
Intangible assets	0.43	0.01	0.47	0.02
Total assets	3,166.32	100.00	3,108.14	100.00

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 30 September 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	Sep. 30, 2023	Change	%
Related parties	26.06	27.48	1.42	5.45
Other parties	367.28	350.81	(16.47)	(4.48)
Total	393.34	378.29	(15.05)	(3.83)
Less allowance for doubtful accounts	(4.41)	(3.86)	0.55	(12.47)
Net trade accounts receivable	388.93	374.43	(14.50)	(3.73)

Inventory are not deterated or obsolete.

(Million Baht)	Dec. 31, 2022	Sep. 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
Total inventories	527.66	563.14	35.48	6.72

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



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

(Million Baht)	Dec. 31,2022	Sep. 30,2023	Change	%
Debentures	20.00	20.00	-	-
Investment in marketable equity security	0.31	0.24	(0.07)	(22.58)
Total long-term investment	20.31	20.24	(0.07)	(0.34)

Allowance for impairment losses

Unused land

(Million Baht)	Dec. 31,2022	Sep. 30,2023	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.

Tanawat Winyarat

(Mr. Tanawat Winyarat)

Deputy Managing Director