

Management Discussion and Analysis Translation

For the year ended December 31 2023 and December 31 2022

Operating and Financial Status

Overview

Company operating profits of Bt. 739.60 million were up Bt. 107.53 million or 17.01% in comparison with 2022. Turnover in 2023 amounted to Bt. 3,513.86 million, an increased by Bt. 267.64 million or 8.24% in comparison with 2022. Most of the increased sale come from domestic sales of Bt. 208.44 million or 8.36% and industrial sales increased of Bt. 34.21 million or 9.84%.

For export sales, increased Bt. 29.15 million or 7.58%.

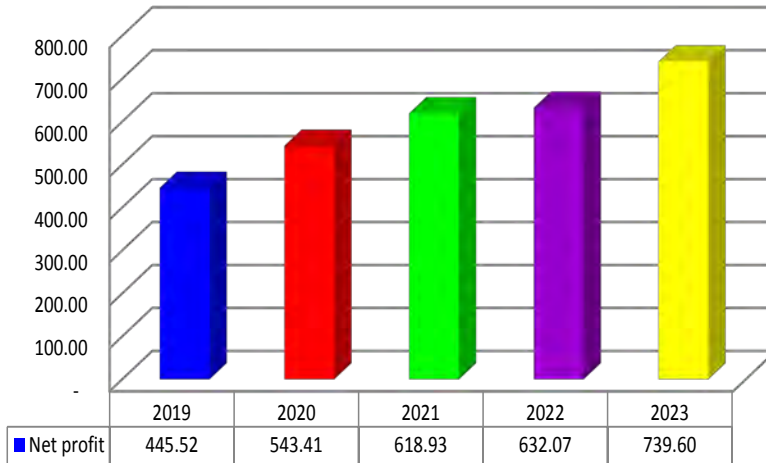
Cost of sales in 2023 amounted to Bt. 2,187.88 million and increased from 2022 in the amount of Bt. 88.68 million or 4.22%. Due to higher cost of main raw materials such as soybeans, wheat, chili and gallic, the price of agricultural raw materials has been adjusted higher than before, and the price of certain items of packaging increased, such as glass bottles, plastic bundles and boxes.

Distribution expenses in 2023 amounted to Bt. 292.90 million, an increased from 2022 in the amount Bt. 21.95 million or 8.10%, come from promotional expenses.

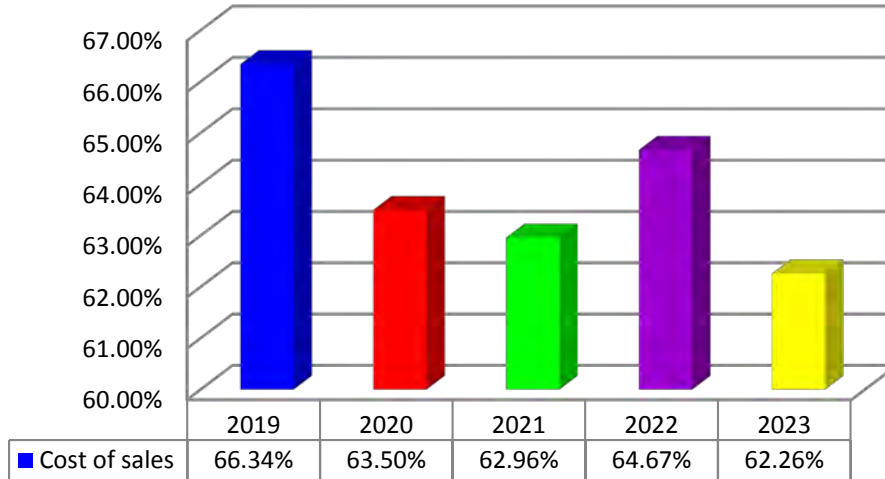
Administrative expenses in 2023 amounted to Bt. 157.67 million, an increased from 2022 in the amount Bt. 8.56 million or 5.74% from write-offs bad debt and loss from foreign exchange, employee expenses and loss from the use of assets.

(in million Baht)	2022	%	2023	%	Change	% Y on Y
	Jan. - Dec.		Jan. - Dec.			
Domestic Sales	2,494.38	75.98	2,702.82	76.02	208.44	8.36
Industrial Sales	347.78	10.59	381.99	10.74	34.21	9.84
Sales to associate	56.42	1.72	57.23	1.61	0.81	1.44
Export Sales	384.36	11.71	413.51	11.63	29.15	7.58
Total	3,282.94	100.00	3,555.55	100.00	272.61	8.30
Less volume rebates	(36.72)	(1.12)	(41.69)	(1.17)	(4.97)	13.53
Net Sales	3,246.22	98.88	3,513.86	98.83	267.64	8.24
Cost of Sales	2,099.20	64.67%	2,187.88	62.26%	88.68	4.22
Gross profit	1,147.02	35.33%	1,325.98	37.74%	178.96	15.60
Distribution Expenses	270.95	8.35%	292.90	8.34%	21.95	8.10
Administrative Expenses	149.11	4.59%	157.67	4.49%	8.56	5.74
Net Profit Per Sales	632.07	19.47%	739.60	21.05%	107.53	17.01
Earnings per share (baht)	1.76		2.05		0.30	

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, 2022 and December 31, 2023 as follow:

The net profit margin on turnover increased from 19.13 % to 20.79%.

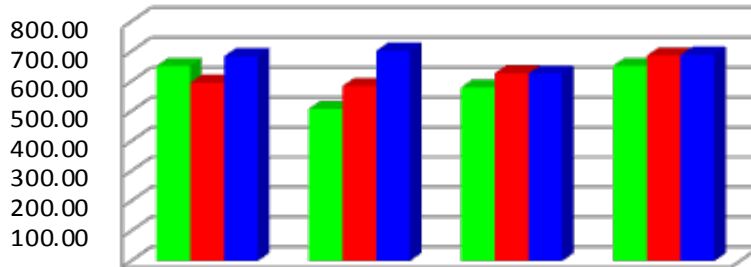
	2022	2023	Change	%
Net profit (Million Baht)	632.07	739.60	107.53	17.01
Gross Profit	% 35.33	37.74	2.41	
Net Profit (Net Sales)	% 19.13	20.79	1.66	
Return on Equity	% 22.10	24.46	2.36	
Return on Total Assets	% 19.96	22.20	2.24	

The company's net profit in 2023 increased by Bt. 107.53 million or 17.01% from the year 2022.

(Million Baht)	2022	%	2023	%	Change	%
1.Domestic Sales	2,494.38	75.98	2,702.82	76.02	208.44	8.36
Industrial Sales	347.78	10.59	381.99	10.74	34.21	9.84
Sales to associate	56.42	1.72	57.23	1.61	0.81	1.44
Export Sales	384.36	11.71	413.51	11.63	29.15	7.58
Total	3,282.94	100.00	3,555.55	100.00	272.61	8.30
Less volume rebates	(36.72)	(1.12)	(41.69)	(1.17)	(4.97)	13.53
Net sales	3,246.22	98.88	3,513.86	98.83	267.64	8.24
2.Cost of sales of goods	2,099.20		2,187.88		88.68	4.22
% of total sales of goods	64.67%		62.26%		(2.40)	
3. Distribution expenses	270.95		292.90		21.95	8.10
% of total sales of goods	8.35%		8.34%		(0.01)	
4. Administrative expenses	149.11		157.67		8.56	5.74
% of total sales of goods	4.59%		4.49%		(0.11)	
5. Other income						
Interest income	5.76		10.83		5.07	88.02
Other	51.89		32.11		(19.78)	(38.12)
Total Other Income	57.65		42.94		(14.71)	(25.52)

Total domestic sales in 2023 increased Bt. 208.44 million or 8.36% , mainly from the domestic sales channel increased by Bt. 55.42 million or 4.89% , modern trade sales increased by Bt. 115.57 million or 12.58%. The growth was resulting from promotional measures, at the end of the year. There were many frequency traveling trips during the year end festival, and resulted in higher spending.

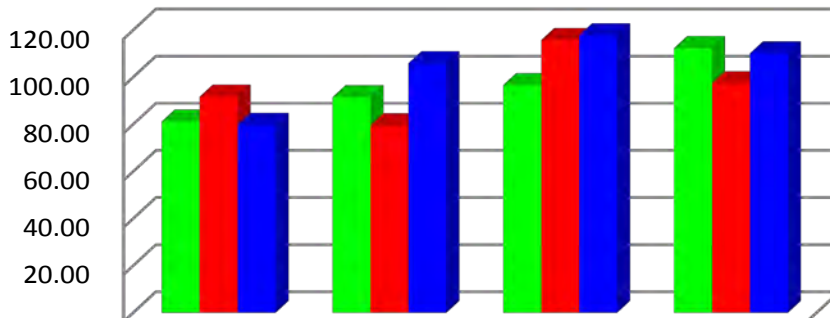
Domestic sales by Quarterly (Million Bht.)



	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	689.43	2,702.82

Export Sales in 2023 increased by Bt. 29.15 million or 7.58%. In Q1/2023, there was an improvements in machinery in the thick sauce line, therefore the packing plan has been adjusted and the logistic of goods to foreign countries is more convenient than in 2022.

Export Sales By Quarterly (Million Bht.)

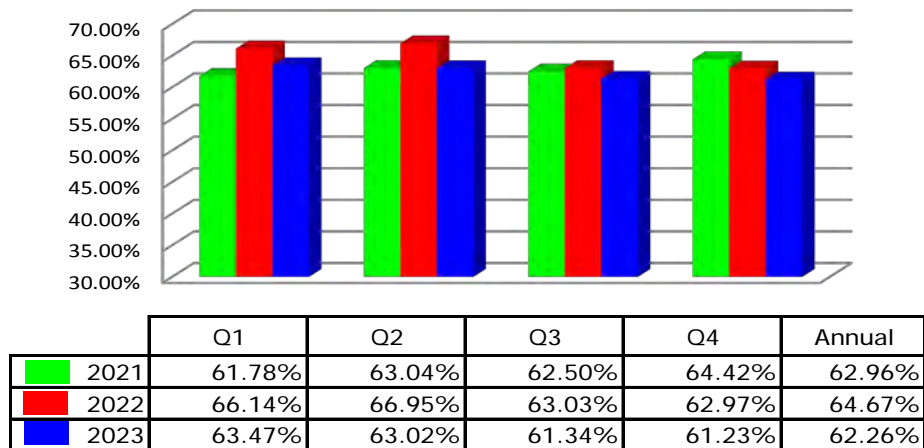


	Q1	Q2	Q3	Q4	Annual
2021	81.17	91.47	96.64	112.29	381.57
2022	91.71	79.53	115.72	97.40	384.36
2023	79.70	105.89	117.79	110.13	413.51

The sale of associated companies in 2023 , Exter (Thailand) Limited sales higher than the year 2022 amounted to Bt. 0.81 million or 1.44%. Growth was less than expected. The efforts to expand and capturing new customers did not go as plan.

(Million Baht)	2022	2023	Change	%
Extet (Thailand)	56.42	57.23	0.81	1.44

Cost of goods sold(% of sales) by Quarterly



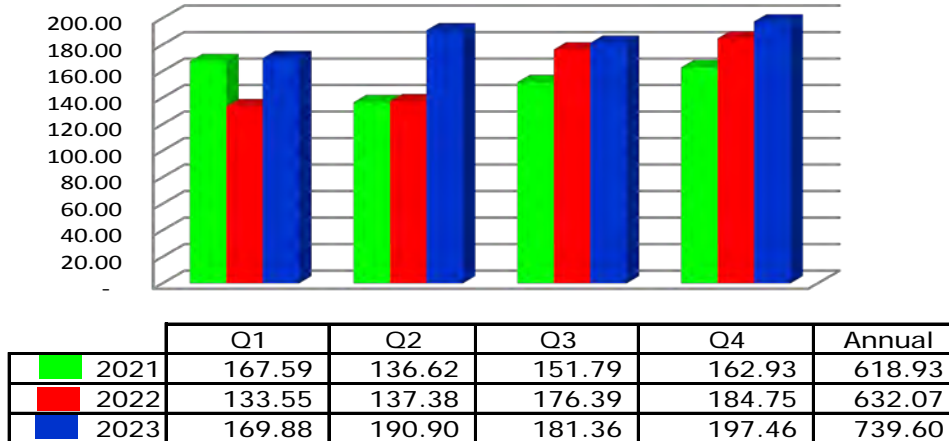
Company cost of goods sold decreased 64.67% compare the percentage of sales in 2022 to 62.26% compare the percentage of sales in 2023 decreased 2.40%.

The distribution expenses of sales decreased 8.35% compare the percentage of sales in 2022 to 8.34% compare the percentage of sales in 2023 decreased 0.01%.

The administrative expenses decreased 4.59% compare the percentage of sales in 2022 to 4.49% compare the percentage of sales in 2023 decreased 0.11%.

From the reasons mentioned above performance for the year as of December 31, 2023. The company had a net profit of Bt. 739.60 million, an increase of Bt. 107.53 million than the same period of 2022, or an increase of 17.01%.

Net profit (Million Bt.) by Quarterly



Earning Before Income Tax (EBT) for for year ended December 31, 2022 and December 31, 2023, as following:

	2022	2023	Change	%
Earning before income tax expense	791.32	925.57	134.25	16.97
EBT Margin	% 23.95	26.02	2.07	

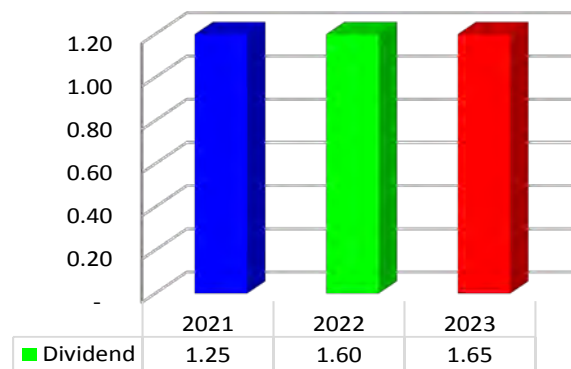
Dividend Policy

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 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 Position

Financial Structure

Company have conservative financial policy which resulted in debt equity ratio 0.107 for 2022 and 0.102 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)	31 Dec. 2022	%	31 Dec. 2023	%
Total liabilities	306.83	9.69	308.26	9.26
Equity	2,859.49	90.31	3,023.87	90.74
Total assets	3,166.32	100.00	3,332.13	100.00
Trade accounts payable	68.20	2.15	82.90	2.49
Income tax payable	89.91	2.84	93.52	2.81
Other accounts payable	93.33	2.95	97.86	2.94
Non current liabilities	55.39	1.75	33.97	1.02
Total liabilities	306.83	9.69	308.25	9.26
Issued and paid-up share capital	360.00	11.38	360.00	10.80
Premium on ordinary shares	615.60	19.44	615.60	18.47
Fair value change in investment	-	-	-	-
Legal reserve retained eaming	60.00	1.89	60.00	1.80
Unappropriated retained eaming	1,823.89	57.60	1,988.27	59.67
Total equity	2,859.49	90.31	3,023.87	90.74
	0.107		0.102	

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. 2022	31 Dec. 2023	Change	%
Cash flows from operating activities	512.14	947.81	435.67	85.07
Net cash uses in investment activities	(23.56)	(300.43)	(276.87)	1,175.17
Net cash uses in financing activities	(576.26)	(594.00)	(17.74)	3.08
Net in cash and cash equivalents (Decrease) Increase	(87.68)	53.38	141.06	(160.88)

Cash flow from operating activities in 2023 increased from 2022 in the amount of Bt. 435.67 million. Caused by changes in operating assets and liabilities, Most of this came from receiving payments from debtors of Bt. 13.46 million, a decrease in advance payments for goods Bt. 108 million lower, outstanding trade creditors Bt. 14.76 million.

Cash flow from investing activities in 2023 increased from 2022 in the amount of Bt. 276.87 million. Investment money is being spent, temporary such as fixed deposits and debentures, more machinery and equipment were purchased.

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

(Million Baht)	Dec. 31, 2022	Dec. 31, 2023	Change	%
Current assets	2,067.28	2,270.08	202.80	9.81
Current liabilities	251.44	274.28	22.84	9.08
Current ratio (Time)	8.22	8.28	0.05	0.67

Current ratio

In 2023, Current ratio 8.28 times is higher than 8.22 times in 2022. This result from the increased of current assets by Bt. 202.80 million, cash of cash equivalent by Bt. 53.37 million, short term investment by Bt. 240.06 million and inventories by Bt. 32.77 million and current liabilities increased by Bt. 22.84 million, most of which were trade payables, which increased by Bt. 14.71 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, 2023, the company has cash and cash equivalents of over Bt. 636.75 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, 2023 amounting to Bt. 3,332.13 million increased by 5.24 % compared to total assets of Bt. 3,166.32 million as of December 31, 2022.

(Million Baht)	31 Dec. 2022	31 Dec. 2023	Change	%
Current assets	2,067.28	2,270.08	202.80	9.81
Non current assets	1,099.04	1,062.05	(36.99)	(3.37)
Total assets	3,166.32	3,332.13	165.81	5.24
Current assets / Total assets	% 65.29	68.13	2.84	
Non current assets / Total assets	% 34.71	31.87	(2.84)	
Total assets	% 100.00	100.00	0.00	

As of December 31, 2023, company has current assets and non-current assets as 68.13% and 31.87% 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 Dec. 2022	31 Dec. 2023	Change	%
Net / Sales		3,246.22	3,513.86	267.64	8.24
Trade accouts receivable -Net		388.93	375.47	(13.46)	(3.46)
Accouts receivable Turnover	Times	8.86	9.19	0.33	3.72
Average debt Collection Period	Days	41.00	40.00	(1.00)	(2.44)
Inventories Turnover Period	Days	84.00	91.00	7.00	8.33
Repayment Period	Days	14.00	14.00	-	-
Cash Cycle Period	Days	111	117	6.00	5.41

As of December 31, 2023, payment is tracked and credit is carried out strictly to customers.

Overall :

-The Company's account receivable turnover in 2023 is 9.19 times increased 3.72% from 2022.

Customer payments within criteria, reduced by 1 day.

-Inventories turnover period in 2023 is 91 days, an increase of 7 days from 2022, coming from slightly higher quantities of raw materials, packaging and finished products. The real impact is resulted from higher cost of goods of the year 2023.

Asset Components

	31 Dec.		31 Dec.	
	2022		2023	
	Million Baht	%	Million Baht	%
Property, plant and equipment	822.19	25.97	786.41	23.60
Cash and cash equivalent	583.38	18.42	636.75	19.11
Current investments	387.69	12.24	627.75	18.84
Inventories	527.66	16.66	560.43	16.82
Trade accounts	388.93	12.28	375.47	11.27
Unused land	204.07	6.45	204.07	6.12
Advance payment for raw materials	161.97	5.13	53.97	1.62
Investments in associates	30.94	0.98	37.34	1.12
Other long-term investment	20.31	0.64	20.25	0.61
Other current assets	10.83	0.35	8.52	0.26
Other receivables	4.82	0.15	5.19	0.15
Bank deposits under commitment	4.85	0.15	4.85	0.15
Deferred tax assets	10.50	0.33	4.82	0.13
Long-term loans to associate	5.00	0.16	3.00	0.09
Current portion of loan to associate -				
Loan of associate	2.00	0.06	2.00	0.06
Other non-current assets	0.75	0.02	0.86	0.03
Intangible assets	0.43	0.01	0.45	0.02
Total assets	3,166.32	100.00	3,332.13	100.00

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 31 December 2023, has an allowance for doubtful accounts of Bt. 3.90 million decreased from Bt. 4.41 million as of December 31, 2022.

(Million Baht)	31 Dec. 2022	31 Dec. 2023	Change	%
Related parties	26.06	11.67	(14.39)	(55.22)
Other parties	367.28	367.70	0.42	0.11
Total	393.34	379.37	(13.97)	(3.55)
Less allowance for doubtful accounts	(4.41)	(3.90)	0.51	(11.56)
Net trade accounts receivable	388.93	375.47	(13.46)	(3.46)

Inventories no deterioration or obsolescence.

(Million Baht)	31 Dec. 2022	31 Dec. 2023	Change	%
Finished goods	106.31	127.93	21.62	20.34
Work in progress	153.20	135.62	(17.58)	(11.48)
Raw materials	268.07	287.18	19.11	7.13
Raw materials in transit	0.00	9.03	9.03	0.00
Supplies	0.79	0.95	0.16	20.25
Less allowance for devaluation of inventories	(0.71)	(0.28)	0.43	(60.56)
Total inventories	527.66	560.43	32.77	6.21

Inventories of finished goods rise because of slow sales in December 2023. The company has a policy to increase stock of products that are at risk from external factors of transportation. Due to costs of raw materials and packaging containers are higher.

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

(Million Baht)	31 Dec. 2022	31 Dec. 2023	Change	%
Debentures	20.00	20.00	0.00	0.00
Investment in marketable equity security	0.31	0.25	(0.06)	(19.35)
Total long-term investment	20.31	20.25	(0.06)	(0.30)

Allowance for impairment losses

Unused land

(Million Baht)	31 Dec. 2022	31 Dec. 2023	Change	%
Unused land at cost	204.07	204.07	0.00	0.00
Less allowance for impairment losses	0.00	0.00	0.00	0.00
Net	<u>204.07</u>	<u>204.07</u>	0.00	0.00

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