Management Discussion and Analysis Translation
For the 9 month ended September 30, 2024 and September 30,2023
Operating and Financial Status

Overview

Operating results of the company for the 9 month period ended Semtember 30, 2024, net profit increased by Bt. 5.31 million or 1 % from 2023.

Domestic sales for 9 month period fo 2024, amounted to Bt. 2,010.18 million, a decreased from 2023 by Bt. 3.21 million or 0.2%, resulted from lower sale of traditional trade sales of Bt. 24.80 million or 2.8%, and distributor channel of international trading company decreased bt Bt. 21.01 million or 12.1%

Export sales for the 9 month period of 2024, amounted to Bt. 280.61 million, a decreased from 2023 by Bt. 22.77 million or 7.5%. The sluggish Chinese economy, the purchasing power of consumers in Burma and Laos has decreased significantly, and orders for European goods have decreased due to the economic situation. Freight costs were unusually higher in the third quarter and small international customers have difficeelty to complete in fiercely competitive market.

Cost of sales for the 9 month period of 2024, amounted to Bt. 1,620.89 million, a decrease from 2023 by Bt. 14.72 million or 0.9%. It is a results of improving the energy system. Production process to have higher efficiency.

Distribution costs for the 9 month period of 2024, amounted to Bt. 225.06 million, an increased from 2023 by Bt. 11.98 million or 5.6%. Most of it comes from marketing support activities and advertising expenses.

Administrative expenses for the 9 month period of 2024, amounted to Bt. 125.99 million, an increased from 2023 by Bt. 4.76 million or 3.9%. Due to the foreign currency exchange rate with the baht appreciating.

Operating Analysis

Profitability

Thai Theparos Plc's net profit for 3 month and 6 month ended June 30 2023 and June 30 2024.

		Q3 2023	Q3 2024	Change	%	9 Month 2023	9 Month 2024	Change	%
Net profit (Million Baht)		181.36	169.77	(11.59)	(6.4)	542.14	547.45	5.31	1.0
Gross Profit Margin	%	38.7	37.5	(1.2)		37.4	38.0	0.6	
Net Profit Margin	%	21.1	19.5	(1.6)		20.5	20.7	0.2	

	(in million Baht)	Q3 2023	%	Q3 2024	%	Change	%	9 Month 2023	%	9 Month 2024	%	Change	%
1	Domestic Sales	626.52	73.2	653.97	74.7	27.45	4.4	2,013.39	76.3	2,010.18	76.0	(3.21)	(0.2)
	Industrial Sales	98.49	11.5	98.39	11.2	(0.10)	(0.1)	279.16	10.6	294.76	11.2	15.60	5.6
	Sales to associate	12.74	1.5	23.63	2.7	10.89	85.5	42.57	1.6	58.03	2.2	15.46	36.3
	Export Sales	117.79	13.8	99.18	11.3	(18.61)	(15.8)	303.38	11.5	280.61	10.6	(22.77)	(7.5)
	Total	855.54	100.0	875.17	100.0	19.63	2.3	2,638.50	100.0	2,643.58	100.0	5.08	0.2
	Less volume rebates	(5.69)	(0.7)	(12.98)	(1.5)	(7.29)	128.1	(26.59)	(1.0)	(30.46)	(1.2)	(3.87)	14.6
	Net Sales	849.85	99.3	862.19	98.5	12.34	1.5	2,611.91	99.0	2,613.12	98.8	1.21	0.0
2	Cost of Sales	521.31		538.89		17.58	3.4	1,635.61		1,620.89		(14.72)	(0.9)
	% of total sales of goods	61.3		62.5		1.2		62.6		62.0		(0.6)	
3	Distribution Expenses	76.27		82.29		6.02	7.9	213.08		225.06		11.98	5.6
	% of total sales of goods	9.0		9.5		0.6		8.2		8.6		0.5	
4	Administrative Expenses	37.02		41.70		4.68	12.6	121.23		125.99		4.76	3.9
	% of total sales of goods	4.4		4.8		0.5		4.6		4.8		0.18	
	Net Profit	181.36		169.77		(11.59)	(6.4)	542.14		547.45		5.31	1.0
	Earning Per Share	0.50		0.47				1.51		1.52			

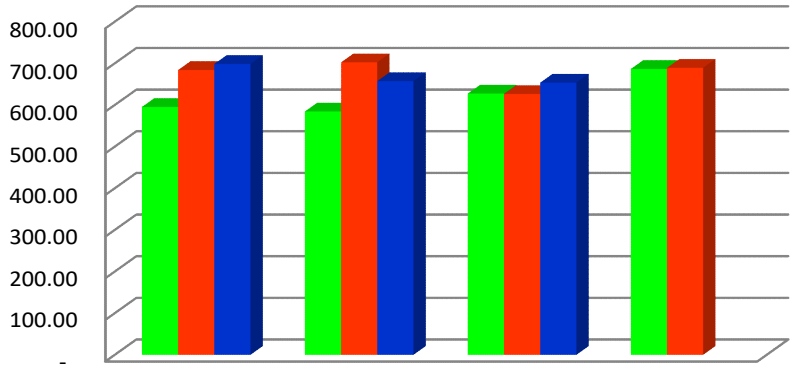
Operating Analysis

Profitability

Domestic sales in Q3/2024 increased from Q3/2023 increased by Bt. 27.45 million, or 4.4% increased from traditional trade sales by Bt. 16.24 million, or 6.3%. Van sales distribution channel increased by Bt. 0.22 million, or 0.4%, distributor channels of international trading company increased by Bt.1.52 million, or 3.2, modern trade distribution channel an increased by Bt. 8.92 million, or 3.4%.

Domestic sales for 9 month period of 2024 decreased from 2023 by Bt. 3.21 million, or 0.2% decreased from traditional trade sales by Bt. 24.80 million, or 2.8%, Van sales distribution channel increased by Bt. 1.04 million, or 0.6%, modern trade distribution channel increased by Bt. 41.82 million, or 5.5% and distribution channels for trading company decreased by Bt. 21.01 million, or 12.1%. From stores selling in Burma that are facing political and transportation problems.

Domestic sales by Quarterly (Million Baht)

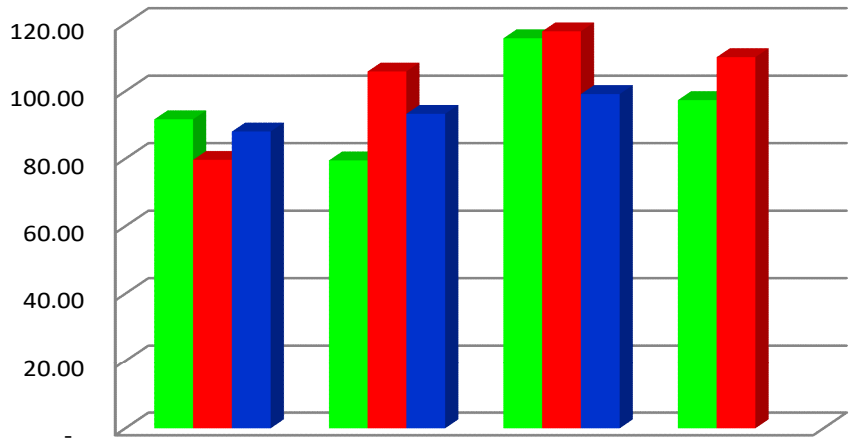


	Q1	Q2	Q3	Q4	Annual
2022	595.41	584.63	627.65	686.69	2,494.38
2023	684.22	702.65	626.52	689.43	2,702.82
2024	698.78	657.43	653.97		2,010.18

Export sales in Q3/2024 decreased from Q3/2023 by Bt. 18.61 million, or 15.8%. Most come from the sluggish economic conditions in China, Burma, Europe, (except England), and economic situation in Australia and unusually high shipping costs in the third quarter. For small customers who order 8-12 containers of products per year, their competitiveness has decreased.

Export sales for the 9 month period of 2024 decreased from 2023 by Bt. 22.77 million, or 7.5%.

Export sales by Quarterly (Million Baht)



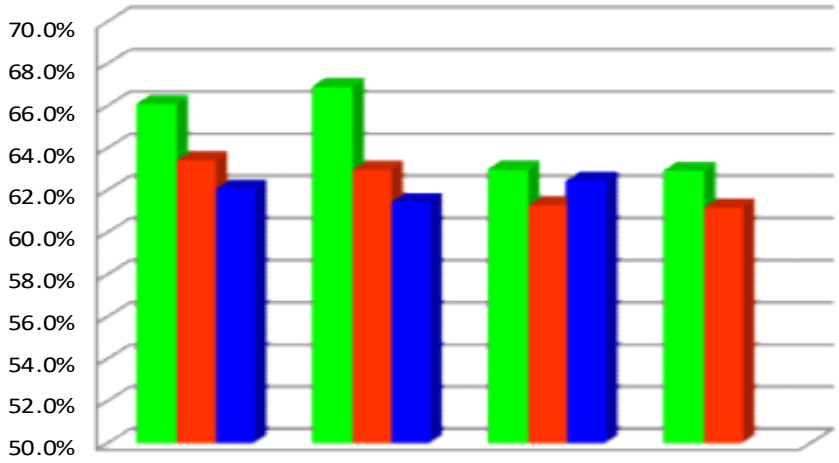
	Q1	Q2	Q3	Q4	Annual
2022	91.71	79.53	115.72	97.40	384.36
2023	79.70	105.89	117.79	110.13	413.51
2024	88.10	93.33	99.18		280.61

(Million Baht)	Q3 2023	Q3 2024	Change	%	9 Month 2023	9 Month 2024	Change	%
Exter (Thailand) Limited	12.74	23.63	10.89	85.5	42.57	58.03	15.46	36.3

Sales to associates in Q3/2024. The company had sales of products to Exter (Thailand) Limited in Q2/2023, increased by Bt. 10.89 million. or by 85.5%

Sales to associates for 9 month 2024. The company had sales of products to Exter (Thailand) Limited increased by Bt. 15.46 million. or 36.3% million.

Cost of goods (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	66.1%	67.0%	63.0%	63.0%	64.7%
2023	63.5%	63.0%	61.3%	61.2%	62.3%
2024	62.1%	61.5%	62.5%		62.0%

Cost of goods sold increased from 61.3% percentage of sales in Q3/2023 compare to 62.5% percentage of sales in Q3/2024 increased 1.2%.

Cost of goods sold for 9 month period of 2024 decreased from 62.6% percentage of sales in 2023 compare to 62% percentage of sales in 2024 decreased 0.6%.

Distribution expenses of sales increased from 9% percentage of sales in Q3/2023 compare to 9.5% percentage of sales in Q3/2024 increased 0.6%. Most of it comes from marketing support activities and advertising expenses.

Distribution expenses of sales for 9 month period of 2024 increased from 8.2% percentage of sales in 2023 compare to 8.6% percentage of sales in 2024 increased 0.5%.

Administrative expenses increased from 4.4% percentage of sales in Q3/2023 compare to 4.8% percentage of sales in Q3/2024 increased 0.5%. Due to the foreign currency exchange rate with the baht appreciating.

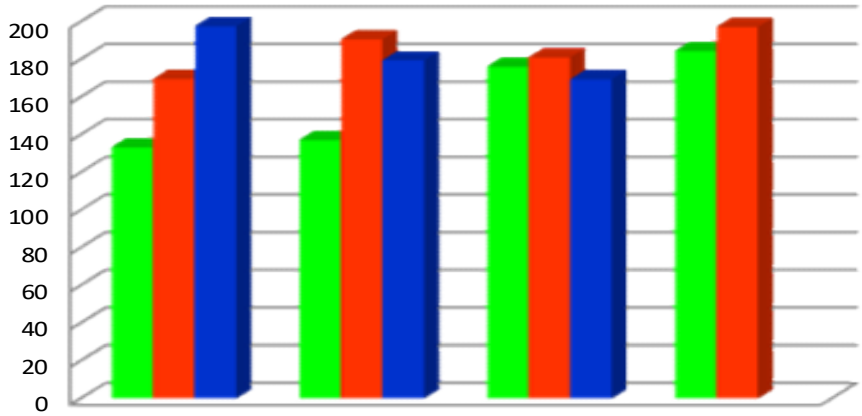
Administrative expenses for 9 month period of 2024 increased from 4.6% percentage of sales in 2023 compare to 4.8 percentage of sales in 2024 increased 0.2%.

For the above reasons performance for Q3/2024 decreased from Q3/2023. The company had a net profit of Bt. 11.59 million, or 6.4% and for 9 month period of 2024 increased of Bt. 5.31 million or 1% in 2023.

Sauce has earnings before income tax (EBT) for 3 month period and for 9 month period ended Semtember 30, 2023 and Semtember 30, 2024, as follows:-

	Q3 2023	Q3 2024	Change	%	9 month 2023	9 month 2024	Change	%
Earning before income tax expense (Million baht)	226.75	211.15	(15.60)	(6.9)	677.54	682.91	5.37	0.8
EBT Margin	26.3%	24.2%	(0.02)		25.6	25.8	1.3	

Net Profit (Million Baht) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2022	133.55	137.38	176.39	184.75	632.07
2023	169.88	190.90	181.36	197.46	739.60
2024	197.88	179.80	169.77		547.45

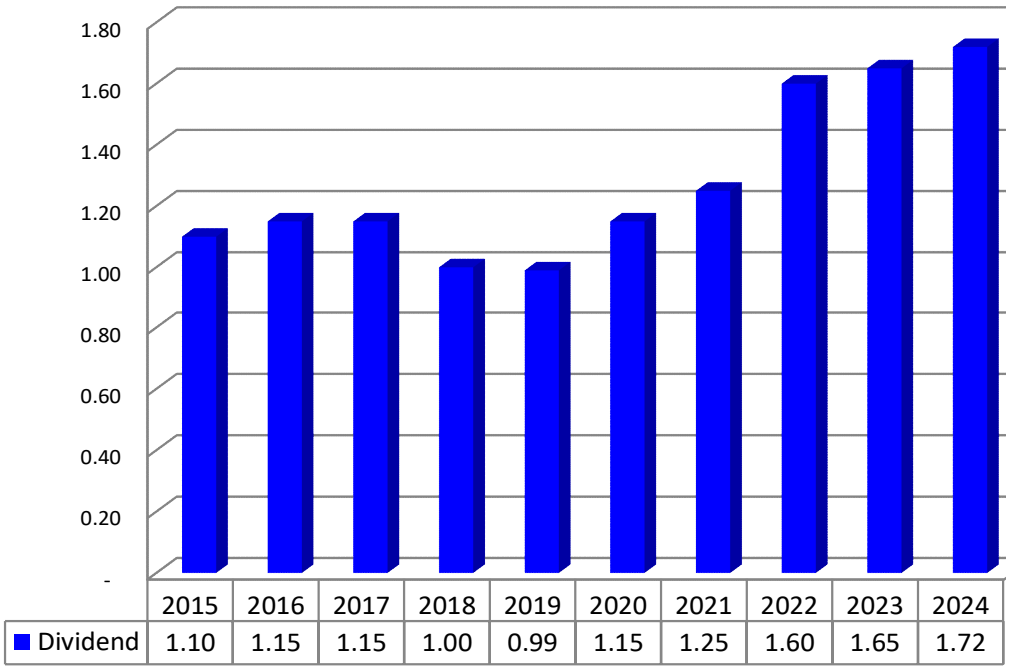
Dividend Policy

The Company has the policy to pay dividend to shareholders at not less than 50 percent of the net profit in each year and will be paid in the next year.

At the annual general meeting of the shareholders of the Company held on 24 April 2024, the shareholders approved the appropriation of dividend for 2023 amounting 360 million shares, and paid at Bt.1.72 per share, amounting to Bt. 619.20 million (payout ratio 83.72%). The shareholders must be listed on May 3, 2024 to be eligible for dividend payout. The payment was scheduled on May 17, 2024.

		2023	2024	Change	%
Net profit (Last year)		632.07	739.60	107.53	17.0
Dividends paid (Million Baht)		594.00	619.20	25.20	4.2
Dividends per share (Baht)		1.65	1.72	0.07	4.2
Dividends pay out	%	93.98	83.72		

Dividend payment by Annually (Baht)



Report and Analysis of Financial Position

Financial Structure

Debt Equity Ratios

Company have conservative financial policy which resulted in debt equity ratio 0.102 for 2023 and 0.094 for 2024. Have enough cash in order to prevent the price fluctuation of agricultural raw materials. Most of debt are current liabilities.

	December 31, 2023		September 30, 2024	
	Million Baht	%	Million Baht	%
Total liabilities	308.26	9.3	277.29	8.6
Equity	3,023.87	90.7	2,952.13	91.4
Total assets	**3,332.13**	**100.0**	**3,229.42**	**100.0**
Trade accounts payable	82.90	2.5	105.46	3.3
Income tax payable	93.52	2.8	41.87	1.3
Other accounts payable	97.86	2.9	91.11	2.8
Non current liabilities	33.98	1.0	38.85	1.2
Total liabilities	**308.26**	**9.3**	**277.29**	**8.6**
Issued and paid-up share capital	360.00	10.8	360.00	11.1
Premium on ordinary shares	615.60	18.5	615.60	19.1
Legal reserve retained earning	60.00	1.8	60.00	1.9
Unappropriated retained earning	1,988.27	59.7	1,916.53	59.3
Total equity	**3,023.87**	**90.7**	**2,952.13**	**91.4**
Debt Equity Ratios	**0.102**		**0.094**	

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 Q3

(Million Baht)	September 30, 2023	September 30, 2024	Change	%
Cash flows from operating activities	593.66	490.08	(103.58)	(17.4)
Net cash uses in investing activities	(111.31)	(23.30)	88.01	(79.1)
Net cash uses in financing activities	(594.00)	(619.14)	(25.14)	4.2
Net increase (decrease) in cash and cash equivalents	**(111.65)**	**(152.36)**	**(40.71)**	**36.5**

Cash flow from operating activities in 2024 decreased from 2023 in the amount of Bt. 103.58 million, decreased of 17.4% caused by changes in operating assets and liabilities, mainly from higher inventories of raw material of Bt. 37.42 million, Advance payment for raw materials purchased of Bt. 41.35 million.

Net cash uses investing activities in 2024 decreased from 2023 in the amount of Bt. 88.01 million. Payments are made for acquisition of equipment of Bt. 37.38 million.

Net cash uses in financing activities in 2024 increased from 2023 in the amount of Bt. 25.14 million. are for dividend payout in Q2.

(Million Baht)	December 31, 2023	September 30, 2024	Change	%
Current assets	2,270.08	2,223.78	(46.30)	(2.0)
Current liabilities	274.28	238.44	(35.84)	(13.1)
Current ratio (Time)	**8.3**	**9.3**	**1.0**	**12.7**

Current ratio

In 2024, Current ratio 9.3 times is increased 8.3 times in 2023. This result from the decreased of current assets by Bt. 46.30 million, most of these are cash of cash equivalent by Bt. 152.36 million and current liabilities increased Bt. 35.84 million. Most of which were corporate income tax payable of Bt. 51.65 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, 2024, the company has cash and cash equivalents of over Bt. 484.39 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, 2024 Sauce has Bt. 3,229.42 million of total assets, the growth decreased 3.1% compare to total assets of Bt. 3,332.13 million as at December 31, 2023.

(Million Baht)		December 31, 2023	September 30, 2024	Change	%
Current assets		2,270.08	2,223.78	(46.30)	(2.0)
Non current assets		1,062.05	1,005.64	(56.41)	(5.3)
Total assets		3,332.13	3,229.42	(102.71)	(3.1)
Current assets / Total assets	%	68.1	68.9	0.73	
Non current assets / Total assets	%	31.9	31.1	(0.73)	
Total assets	%	100.0	100.0	-	

As of September 30, 2024, company has current assets and non-current assets as 68.9% and 31.1% of the total assets compared to 68.1% and 31.9% as at December 31,2023

Main Part of Assets

	December 31, 2023	%	September 30, 2024	%
	Million Baht		Million Baht	
Property, plant and equipment	786.41	23.6	747.77	23.2
Current investments	627.75	18.8	648.19	20.1
Inventories	560.43	16.8	597.91	18.5
Cash and cash equivalent	636.75	19.1	484.39	15.0
Trade receivables	375.47	11.3	375.58	11.6
Unused land	204.07	6.1	204.07	6.3
Advance payment for raw materials purchased	53.97	1.6	95.31	3.0
Investments in associates	37.34	1.1	40.67	1.3
Other receivables	5.19	0.2	11.99	0.4
Other current assets	8.52	0.3	8.41	0.3
Deferred tax assets	4.82	0.1	5.25	0.2
Bank deposits under commitment	4.85	0.1	4.80	0.1
Current portion of loan to associate	2.00	0.1	2.00	0.1
Long-term loans to associate	3.00	0.1	1.50	0.0
Other non-current assets	0.86	0.0	1.02	0.0
Intangible assets	0.45	0.0	0.37	0.0
Other long-term investment	20.25	0.6	0.19	0.0
Total assets	3,332.13	100.0	3,229.42	100.0

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		June 30, 2024	September 30, 2024	Change	%
Net / Sales		855.72	862.19	6.47	0.8
Trade accouts receivable -Net		345.36	375.58	30.22	8.8
Accouts receivable Turnover/ Quarter	Times	2.41	2.39	(0.02)	(0.8)
Average debt Collection Period	Days	38	38	0.00	0.0
Inventories Turnover Period	Days	107	106	(1.00)	(0.9)
Repayment Period	Days	18	17	(1.00)	(5.6)
Cash Cycle Period	Days	127	127	0.00	0.0

In Q3/2024, payment is tracked and credit is carried out strictly to customers.

Overall, the average trade accounts receivable in Q3/2024, the debt collection period for Q2/2024 and Q3/2024 were 38 days. Inventories in the Q3/2024 decreased from Q2/2024, resulting in the average sales time decreased 1 days.

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 30 September 2024, has an allowance for doubtful accounts of Bt. 3.90 million which is at the same of December 31, 2023.

(Million Baht)	December 31, 2023	September 30, 2024	Change	%
Related parties	11.67	23.64	11.97	102.6
Other parties	367.70	355.84	(11.86)	(3.2)
Total	379.37	379.48	0.11	0.0
Less allowance for doubtful accounts	(3.90)	(3.90)	0.00	0.0
Net trade accounts receivable	**375.47**	**375.58**	**0.11**	**0.0**

Inventory are not deterated or obsolete.

(Million Baht)	December 31, 2023	September 30, 2024	Change	%
Finished goods	127.93	118.16	(9.77)	(7.6)
Work in process	135.62	129.24	(6.38)	(4.7)
Raw materials	287.18	344.03	56.85	19.8
Raw materials intransit	9.03	5.88	10.71	-
Suplies	0.95	0.79	(0.16)	(16.8)
Less allowance for decline in value	(0.28)	(0.16)	0.12	(42.9)
Total inventories	560.43	597.94	37.51	6.7

Inventories of Raw materials increased due to lower sale than ower auticipation.

Long-term investment will be due in 2029 for the amount of Bt. 20 million was redeemed on June 28,2024

(Million Baht)	December 31, 2023	September 30, 2024	Change	%
Debentures	20.00	0.00	(20.00)	(100.0)
Investment in marketable equity security	0.25	0.19	(0.06)	(24.0)
Total long-term investment	20.25	0.19	(20.06)	(99.1)

Allowance for impairment losses

Unused land

(Million Baht)	December 31, 2023	September 30, 2024	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