Management Discussion and Analysis Translation
For the year ended December 31 2024 and December 31 2023
Operating and Financial Status

Overview

Operating results of the company in 2024, net profit increased by Bt. 4.25 million or 0.6 % from 2023.

Domestic sales in 2024, amounted to Bt. 2,718.46 million, a increased from 2023 by Bt. 15.64 million or 0.6%, resulted from lower cash van sales of Bt. 4.19 million or 1.7%, and distribution channel of modern trade increased bt Bt. 50.40 million or 4.9%.

Export sales in 2024, amounted to Bt. 374.18 million, a decreased from 2023 by Bt. 39.33 million or 9.5%. Due to the ongoing conflict in Myanmar, the depreciation of neighboring countries's currencies. The rise of International shipping cost during 2024, impacted our customers decision to order goods from Thailand, and small international customers have difficeelty to complete in fiercely competitive market.

Cost of sales in 2024, amounted to Bt. 2,170.17 million, a decrease from 2023 by Bt. 17.71 million or 0.8%. Production process to have higher efficiency, and the cost of main raw materials slightly.

Distribution costs in 2024, amounted to Bt. 311.22 million, an increased from 2023 by Bt. 18.32 million or 6.3%. Most of it comes from marketing support activities and advertising expenses.

Administrative expenses in 2024, amounted to Bt. 159.82 million, an increased from 2023 by Bt. 2.15 million or 1.4%. Most of this come from employee expenses.

Operating Analysis

Profitability

Thai Theparos Plc's net profit in 2024 increased by Bt. 4.25 million or 0.6% from the year 2023.

		2023	2024	Change	%
Net profit (Million Baht)		739.6	743.85	4.25	0.6
Gross Profit Margin	%	37.7	38.2	0.5	
Net Profit Margin	%	20.8	20.9	0.1	
Return on Equity	%	25.1	24.1	(1.0)	
Return on Total Assets	%	22.8	21.9	(0.9)	

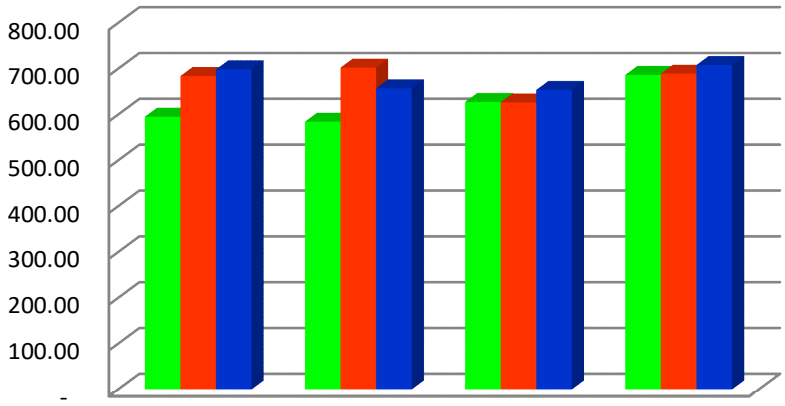
	(in million Baht)	2023	%	2024	%	Change	%
1	Domestic Sales	2,702.82	76.0	2,718.46	76.4	15.64	0.6
	Industrial Sales	381.99	10.7	390.45	11.0	8.46	2.2
	Sales to associate	57.23	1.6	75.25	2.1	18.02	31.5
	Export Sales	413.51	11.6	374.18	10.5	(39.33)	(9.5)
	Total	3,555.55	100.0	3,558.34	100.0	2.79	0.1
	Less volume rebates	(41.69)	(1.2)	(49.24)	(1.4)	(7.55)	18.1
	Net Sales	3,513.86	98.8	3,509.10	98.6	(4.76)	(0.1)
2	Cost of Sales	2,187.88		2,170.17		(17.71)	(0.8)
	% of total sales of goods	62.3		61.8		(0.4)	
3	Distribution Expenses	292.90		311.22		18.32	6.3
	% of total sales of goods	8.3		8.9		0.5	
4	Administrative Expenses	157.67		159.82		2.15	1.4
	% of total sales of goods	4.5		4.6		0.07	
	Net Profit	739.60		743.85		4.25	0.6
	Earning Per Share	2.05		2.07			

Operating Analysis

Profitability

Domestic sales in 2024 increased from 2023 by Bt. 15.64 million, or 0.6% increased from Van sales distribution channel increased by Bt. 4.19 million, or 1.7%, modern trade distribution channel an increased by Bt. 50.40 million, or 4.9%, traditional trade sales decreased by Bt. 18.31 million, or 1.5%, distribution channels for Export trading company decreased by Bt. 21.00 million, or 9.3%, Burmar's market have negative impact from civil war 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	708.28	2,718.46

Export sales in 2024 decreased from 2023 by Bt. 39.33 million, or 9.5%. Most come from the sluggish economic conditions in China, Burma, Lao, 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.

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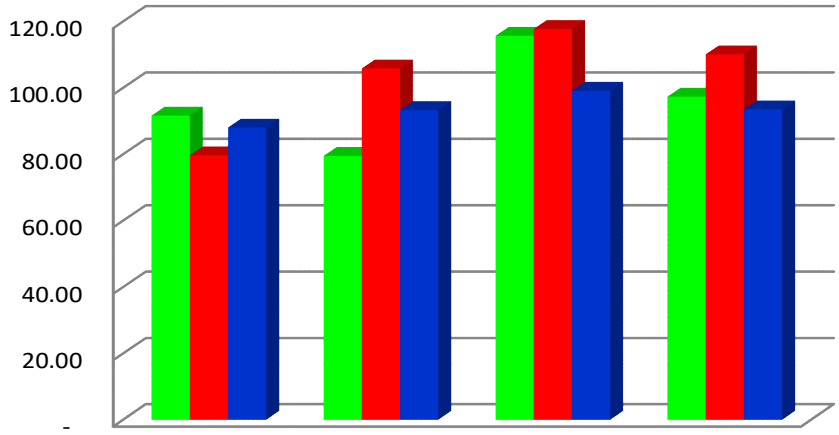
Export sales by Quarterly (Million Baht)

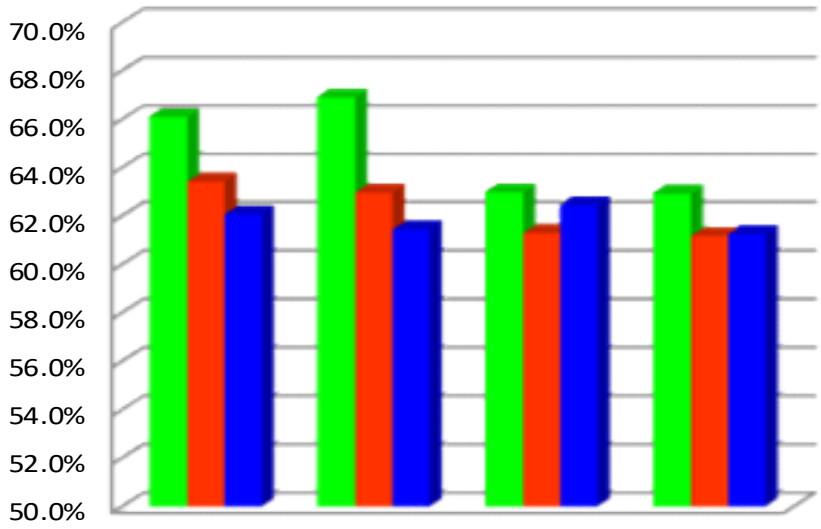


	Q1	Q2	Q3	Q4	Annual
2022	91.71	79.53	115.72	97.40	384.36
2023	79.70	105.89	117.79	110.13	413.51
2024	88.10	93.33	99.18	93.57	374.18

(Million Baht)	2023	2024	Change	%
Exter (Thailand) Limited	57.23	75.25	18.02	31.5

Sales to associates in 2024. The company had sales of products to Exter (Thailand) Limited increased by Bt. 18.02 million. or 31.5%.

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%	61.3%	61.8%

Cost of goods sold in 2024 decreased from 62.3% percentage of sales in 2023 compare to 61.8% percentage of sales in 2024 decreased 0.4%. In 2024, cost of Raw Material is lower than 2023.

Distribution expenses of sales increased from 8.3% percentage of sales in 2023 compare to 8.9% percentage of sales in 2024 increased 0.5%. Most of it comes from marketing support activities and advertising expenses.

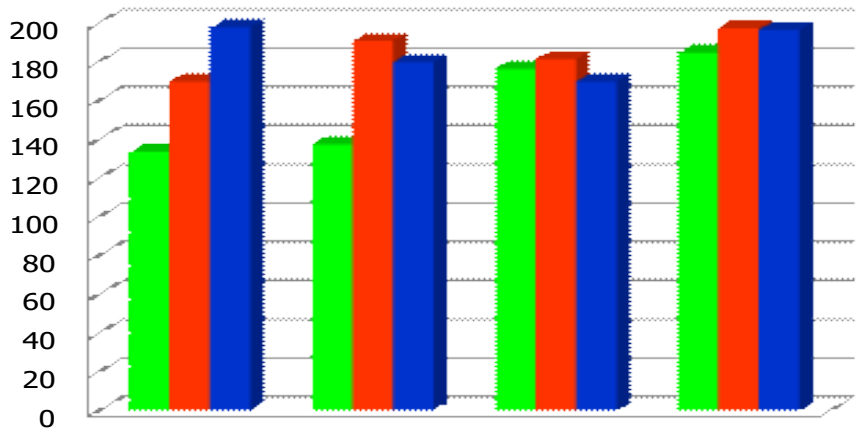
Administrative expenses in 2024 increased from 4.5% percentage of sales in 2023 compare to 4.6 percentage of sales in 2024 increased 0.1%. Most of this come from employee expenses.

From the reasons mentioned above performance for the year as of December 31, 2024. The company had a net profit of Bt. 743.85 million, and increase of Bt. 4.25 million than the same of 2023,an increased of 0.6%

Sauce has earnings before income tax (EBT) for year ended December 31, 2024 and December 31, 2023, as follows:-

		2023	2024	Change	%
Earning before income tax expense (Million baht)		925.57	929.78	4.21	0.5
EBT Margin	%	26.0	26.1	0.1	

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	196.40	743.85

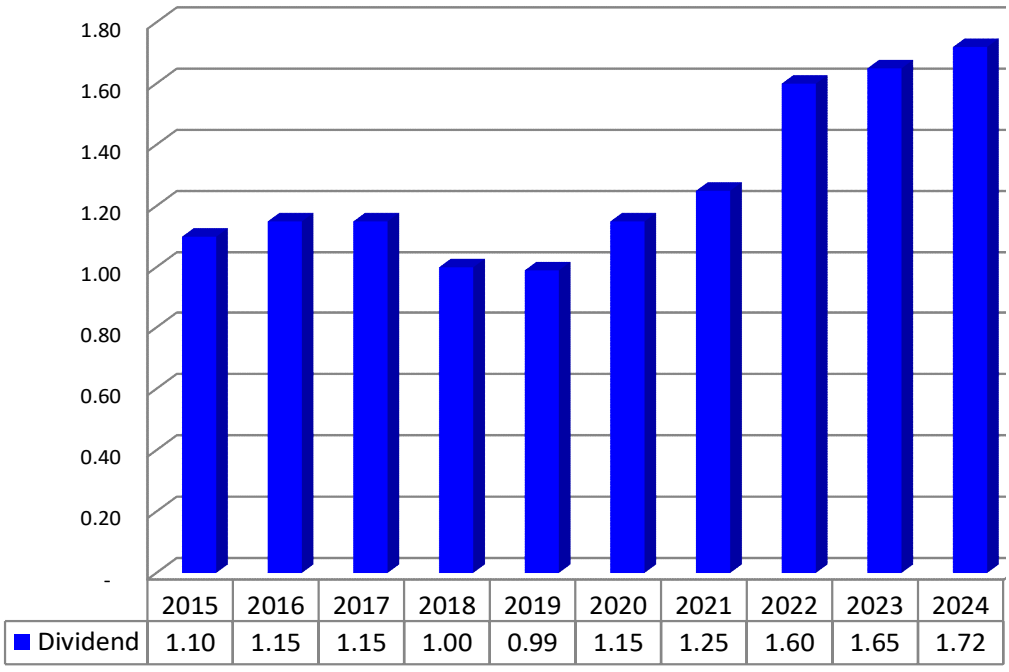
Dividend Policy

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 2024 and 0.102 for 2023. Have enough cash in order to prevent the price fluctuation of agricultural raw materials. Most of debt are current liabilities.

	2023		2024	
	Million Baht	%	Million Baht	%
Total liabilities	308.26	9.3	320.99	9.3
Equity	3,023.87	90.7	3,148.51	90.7
Total assets	**3,332.13**	**100.0**	**3,469.50**	**100.0**
Trade accounts payable	82.90	2.5	90.03	2.6
Income tax payable	93.52	2.8	91.80	2.6
Other accounts payable	97.86	2.9	103.33	3.0
Non current liabilities	33.98	1.0	35.83	1.0
Total liabilities	**308.26**	**9.3**	**320.99**	**9.3**
Issued and paid-up share capital	360.00	10.8	360.00	10.4
Premium on ordinary shares	615.60	18.5	615.60	17.7
Legal reserve retained earning	60.00	1.8	60.00	1.7
Unappropriated retained earning	1,988.27	59.7	2,112.91	60.9
Total equity	**3,023.87**	**90.7**	**3,148.51**	**90.7**
Debt Equity Ratios	**0.102**		**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)	2023	2024	Change	%
Cash flows from operating activities	947.81	817.31	(130.50)	(13.8)
Net cash uses in investing activities	(300.43)	(209.04)	91.39	(30.4)
Net cash uses in financing activities	(594.00)	(619.14)	(25.14)	4.2
Net increase (decrease) in cash and cash equivalents	53.38	(10.87)	(64.25)	(120.4)

Cash flow from operating activities in 2024 decreased from 2023 in the amount of Bt. 130.50 million, decreased of 13.8% resulted from changes in operating assets and liabilities, mainly due to an increase in trade receivables by Bt. 8.75 million, an increase in raw material inventory by Bt. 17.25 million, and the payment of income tax amounting to Bt. 187.67 million.

Net cash uses investing activities in 2024 decreased from 2023 in the amount of Bt. 91.39 million, due to an increase in fixed deposits with maturities over 3 months amounting to Bt. 160.19 million, as well as an increase in payments for the purchase of machinery and equipment by Bt. 89.00 million.

The cash flows uses in financing activities increased from higher dividend payout in the amount of Bt. 619.20 million.

(Million Baht)	2023	2024	Change	%
Current assets	2,270.08	2,437.58	167.50	7.4
Current liabilities	274.28	285.15	10.87	4.0
Current ratio (Time)	**8.3**	**8.5**	**0.3**	**3.3**

Current ratio

In 2024, Current ratio 8.5 times is increased 8.3 times in 2023. This result from the increased of current assets by Bt. 167.50 million, most of these are cash of cash equivalent by Bt. 160.81 million and current liabilities increased Bt. 10.87 million. Most of which were trade accounts payable by Bt. 7.12 million, and other payables by Bt.5.7 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, 2024, the company has cash and cash equivalents of over Bt. 625.87 million and overdraft loan facility which has not been used from bank around Bt. 97.50 million to support the need for emergency funds.

<u>The ability to pay debt and practice according to the loan</u>

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 December 31, 2024 Sauce has Bt. 3,469.50 million of total assets, the growth increased 4.1% compare to total assets of Bt. 3,332.13 million as at December 31, 2023.

(Million Baht)		2023	2024	Change	%
Current assets		2,270.08	2,437.58	167.50	7.4
Non current assets		1,062.05	1,031.92	(30.13)	(2.8)
Total assets		**3,332.13**	**3,469.50**	**137.37**	**4.1**
Current assets / Total assets	%	68.1	70.3	2.13	
Non current assets / Total assets	%	31.9	29.7	(2.13)	
Total assets	%	**100.0**	**100.0**	-	

As of December 31, 2024, company has current assets and non-current assets as 70.3% and 29.7% of the total assets compared to 68.1% and 31.9% as at December 31,2023.

Main Part of Assets

	2023	%	2024	%
	Million Baht		Million Baht	
Current investments	627.75	18.8	788.56	22.7
Property, plant and equipment	786.41	23.6	773.37	22.3
Cash and cash equivalent	636.75	19.1	625.87	18.0
Inventories	560.43	16.8	572.85	16.5
Trade receivables	375.47	11.3	383.91	11.1
Unused land	204.07	6.1	204.07	5.9
Advance payment for raw materials purchased	53.97	1.6	47.84	1.4
Investments in associates	37.34	1.1	42.32	1.2
Other receivables	5.19	0.2	9.39	0.3
Other current assets	8.52	0.3	7.16	0.2
Deferred tax assets	4.82	0.1	4.84	0.1
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
Other non-current assets	0.86	0.0	1.01	0.1
Long-term loans to associate	3.00	0.1	1.00	0.0
Intangible assets	0.45	0.0	0.35	0.0
Other long-term investment	20.25	0.6	0.16	0.0
Total assets	3,332.13	100.0	3,469.50	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		2023	2024	Change	%
Net / Sales		3,513.86	3,509.10	(4.76)	(0.1)
Trade accouts receivable -Net		375.47	383.91	8.44	2.2
Accouts receivable Turnover/ Quarter	Times	9.19	9.24	0.05	0.5
Average debt Collection Period	Days	40	39	(1.00)	(2.5)
Inventories Turnover Period	Days	91	95	4.00	4.4
Repayment Period	Days	14	15	1.00	7.1
Cash Cycle Period	Days	117	120	3.00	2.6

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

Overall, the average trade accounts receivable in 2024 the debt collection period is faster than in 2023. Inventories in 2024 increased more than in 2023, resulting in the average sales time increased 4 days.

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

(Million Baht)	2023	2024	Change	%
Related parties	11.67	16.00	4.33	37.1
Other parties	367.70	371.81	4.11	1.1
Total	379.37	387.81	8.44	2.2
Less allowance for doubtful accounts	(3.90)	(3.90)	0.00	0.0
Net trade accounts receivable	**375.47**	**383.91**	**8.44**	**2.2**

Inventory are not deterated or obsolete.

(Million Baht)	2023	2024	Change	%
Finished goods	127.93	103.28	(24.65)	(19.3)
Work in process	135.62	135.78	0.16	0.1
Raw materials	287.18	335.65	48.47	16.9
Raw materials intransit	9.03	2.44	10.71	-
Suplies	0.95	0.73	(0.22)	(23.2)
Less allowance for decline in value	(0.28)	(5.03)	(4.75)	1,696.4
Total inventories	560.43	572.85	12.42	2.2

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)	2023	2024	Change	%
Debentures	20.00	-	(20.00)	(100.0)
Investment in marketable equity security	0.25	0.16	(0.09)	(36.0)
Total long-term investment	20.25	0.16	(20.09)	(99.2)

Allowance for impairment losses

Unused land

(Million Baht)	2023	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