Management Discussion and Analysis Translation

For the 6 month ended June 30, 2025 and June 30,2024

Operating and Financial Status

Overview

Operating results of the company for the 6 month period ended June 30, 2025, net profit increased by Bt. 1.45 million or 0.38 % from 2024.

Domestic sales for 6 month period fo 2025, amounted to Bt. 1,356.53 million, a increased from 2024 by Bt. 0.32 million or 0.02%, resulted from modern trade distribution channel increased by Bt. 39.40 million or 7.38%, traditional trade decreased by Bt. 53.09 million or 8.98%.

Export sales for the 6 month period of 2025, amounted to Bt. 156.13 million, a decreased from 2024 by Bt. 25.29 million or 13.94%. The Myanmar and Laos currencies have lower purchasing power with fluctuation from month to month. The economy has not yet recovered from financial crisis. The cost of international transportation has increased, reducing our company competitiveness.

Cost of sales for the 6 month period of 2025, amounted to Bt. 1,046.25 million, a decrease from 2024 by Bt. 35.74 million or 3.30%. Resulting from the decrease in the cost of main raw materials.

Distribution costs for the 6 month period of 2025, amounted to Bt. 152.03 million, an increased from 2024 by Bt. 9.26 million or 6.49%. Most of it comes from marketing support activities and advertising expenses.

Administrative expenses for the 6 month period of 2025, amounted to Bt. 84.11 million, an decreased from 2024 by Bt. 0.18 million or 0.21%.

Operating Analysis

Profitability

Thai Theparos Plc's net profit for 3 month and 6 month ended June 30 2025 and June 30 2024.

		Q2 2024	Q2 2025	Change	%	6 Month 2024	6 Month 2025	Change	%
Net profit (Million Baht)		179.80	169.43	(10.37)	(5.77)	377.68	379.13	1.45	0.38
Gross Profit Margin	%	38.54	38.49	(0.05)		38.20	39.15	0.95	
Net Profit Margin	%	20.70	20.78	0.08		21.23	21.65	0.42	

	(in million Baht)	Q2 2024	%	Q2 2025	%	Change	%	6 Month 2024	%	6 Month 2025	%	Change	%
1	Domestic Sales	657.43	75.92	626.10	76.12	(31.33)	(4.77)	1,356.21	76.69	1,356.53	77.14	0.32	0.02
	Industrial Sales	97.25	11.23	104.48	12.70	7.23	7.43	196.37	11.10	215.34	12.25	18.97	9.66
	Sales to associate	17.94	2.07	13.55	1.65	(4.39)	(24.47)	34.40	1.95	30.52	1.74	(3.88)	(11.28)
	Export Sales	93.33	10.78	78.42	9.53	(14.91)	(15.98)	181.43	10.26	156.14	8.88	(25.29)	(13.94)
	Total	865.95	100.00	822.55	100.00	(43.40)	(5.01)	1,768.41	100.00	1,758.53	100.00	(9.88)	(0.56)
	Less volume rebates	(10.23)	(1.18)	(23.82)	(2.90)	(13.59)	132.84	(17.48)	(0.99)	(39.16)	(2.23)	(21.68)	124.03
	Net Sales	855.72	98.81	798.73	97.09	(56.99)	(6.66)	1,750.93	99.01	1,719.37	97.77	(31.56)	(1.80)
2	Cost of Sales	525.92		491.31		(34.61)	(6.58)	1,081.99		1,046.25		(35.74)	(3.30)
	% of total sales of goods	61.46		61.51		0.05		61.80		60.85		(0.95)	
3	Distribution Expenses	74.10		71.91		(2.19)	(2.96)	142.77		152.03		9.26	6.49
	% of total sales of goods	8.66		9.00		0.34		8.15		8.84		0.69	
4	Administrative Expenses	45.10		43.00		(2.10)	(4.66)	84.29		84.11		(0.18)	(0.21)
	% of total sales of goods	5.27		5.38		0.11		4.81		4.89		0.08	
	Net Profit	179.80		169.43		(10.37)	(5.77)	377.68		379.13		1.45	0.38
	Earning Per Share	0.50		0.47				1.05		1.05			

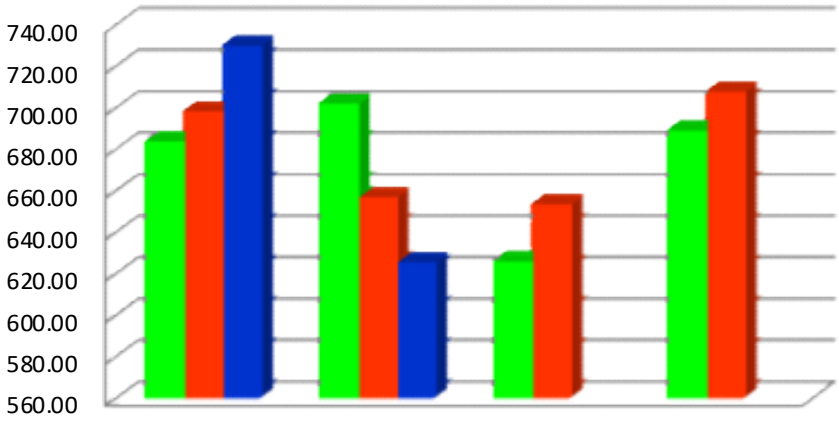
Operating Analysis

Profitability

Domestic sales in Q2/2025 decreased from Q2/2024 a decreased by Bt. 31.33 million, or 4.77% a decreased from traditional trade sales by Bt. 46.26 million, or 15.90%, Van sales distribution channel decreased by Bt. 5.74 million, or 9.11%. Market is moving very slowly. Customers order only enough products to resell and a few wholesalers dicided to discontinue it operation due to the sluggish economic situation and no business successor, Distribution channels for trading firm increased by Bt. 14.69 million, or 35.12%, modern trade distribution channel an increased by Bt. 4.79 million, or 1.84%.

Domestic sales for 6 month period of 2025 increased from 2024 by Bt. 0.32 million, or 0.02% increased from distribution channels for trading firm by Bt. 14.88 million, or 14.35, modern trade distribution channel increased by Bt. 39.40 million, or 7.38%, traditional trade sales decreased by Bt. 53.09 million, or 8.98%, Van sales distribution channel decreased by Bt. 2.90 million, or 2.29%.

Domestic sales by Quarterly (Million Baht)



	Q1	Q2	Q3	Q4	Annual
2023	684.22	702.65	626.52	689.43	2,702.82
2024	698.78	657.43	653.97	708.28	2,718.46
2025	730.43	626.10			1,356.53

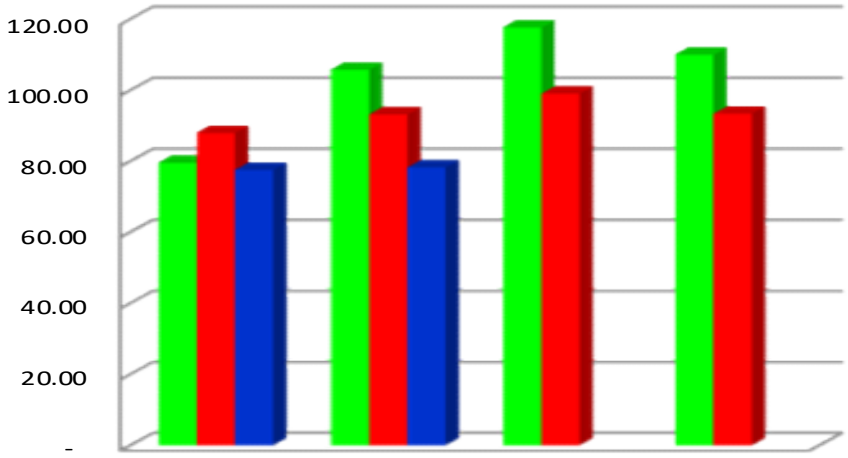
Sales in the industrial in Q2/2025 increased by Bt.7.23 million, or 7.43.

Sales in the industrial for 6 month period of 2025 increased from 2024 by Bt. 18.97 million, or 9.66%, driven by the growth of the ready-to-eat food manufacturing plants. However, we start to see slow down in June 2025.

Export sales in Q2/2025 decreased from Q2/2024 by 14.91 million, or 15.98%. Most of the dales decline from customers in the Asian region is due to the sluggish economy.

Export sales for the 6 month period of 2025 decreased from 2024 by Bt. 25.29 million, or 13.94%.

Export sales by Quarterly (Million Baht)



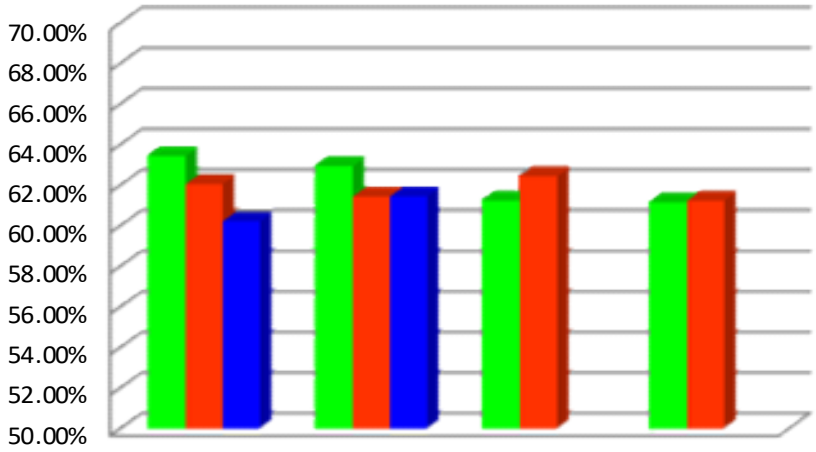
	Q1	Q2	Q3	Q4	Annual
2023	79.70	105.89	117.79	110.13	413.51
2024	88.10	93.33	99.18	93.57	374.18
2025	77.72	78.42			156.14

(Million Baht)	Q2 2024	Q2 2025	Change	%	6 Month 2024	6 Month 2024	Change	%
Exter (Thailand) Limitec	17.94	13.55	(4.39)	(24.47)	34.40	30.52	(3.88)	(11.28)

Sales to associates in Q2/2025. The company had sales of products to Exter (Thailand) Limited in Q2/2024, decreased by Bt. 4.39 million or 24.47%.

Sales to associates for 6 month 2025 decreased by Bt. 3.88 million or 11.28% ducts to Exter (Thailand) Limited in 6 month 2024.

Cost of goods (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2023	63.50%	63.00%	61.30%	61.20%	64.67%
2024	62.12%	61.50%	62.50%	61.30%	62.26%
2025	60.28%	61.51%			60.85%

Cost of goods sold increased from 61.46% percentage of sales in Q2/2024 compare to 61.51% percentage of sales in Q2/2025 increased 0.05%.

Cost of goods sold for 6 month period of 2025 decreased from 61.80% percentage of sales in 2024 compare to 60.85% percentage of sales in 2025 decreased 0.95%. Due to the lower cost of main raw materials such as soybeans, chilies, and fresh garlic.

Distribution expenses of sales increased from 8.66% percentage of sales in Q2/2024 compare to 9% percentage of sales in Q2/2025 increased 0.34%. Most of it comes from marketing support activities and advertising expenses.

Distribution expenses of sales for 6 month period of 2025 increased from 8.15% percentage of sales in 2024 compare to 8.84% percentage of sales in 2025 increased 0.69%.

Administrative expenses increased from 5.27% percentage of sales in Q2/2024 compare to 5.38% percentage of sales in Q2/2025 increased 0.11%.

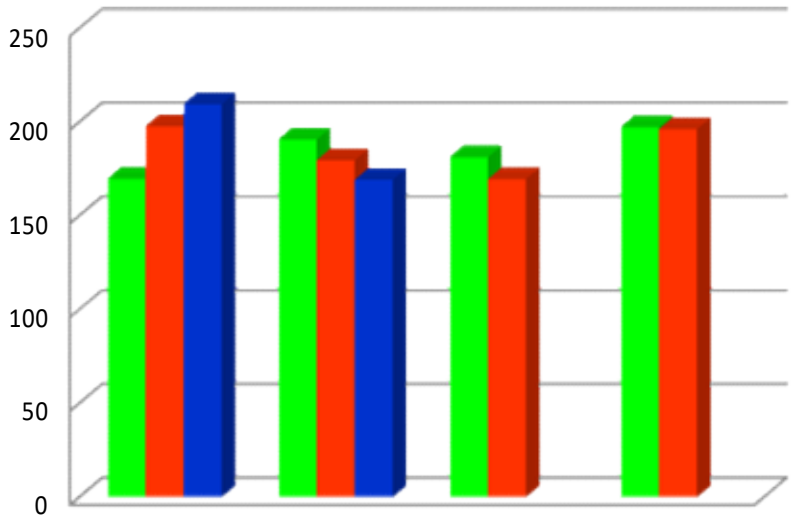
Administrative expenses for 6 month period of 2025 increased 0.08% percentage of sales in 2024.

For the above reasons performance for Q2/2025 decreased from Q2/2024. The company had a net profit of Bt. 10.37 million, or 5.77% and for 6 month period of 2025 increased of Bt. 1.45 million or 0.38% in 2024.

Sauce has earnings before income tax (EBT) for 3 month period and for 6 month period ended June 30, 2025 and June 30, 2024, as follows:-

	Q2 2024	Q2 2025	Change	%	6 month 2024	6 month 2025	Change	%
Earning before income tax expense (Million baht)	224.43	211.75	(12.68)	(5.65)	471.75	473.24	1.49	0.32
EBT Margin	25.84%	25.97%	0.13%		26.52%	27.02%	0.50%	

Net Profit (Million Baht) by Quarterly



	Q1	Q2	Q3	Q4	Annual
2023	169.88	190.90	181.36	197.46	739.60
2024	197.88	179.80	169.77	196.40	743.85
2025	209.70	169.43			379.13

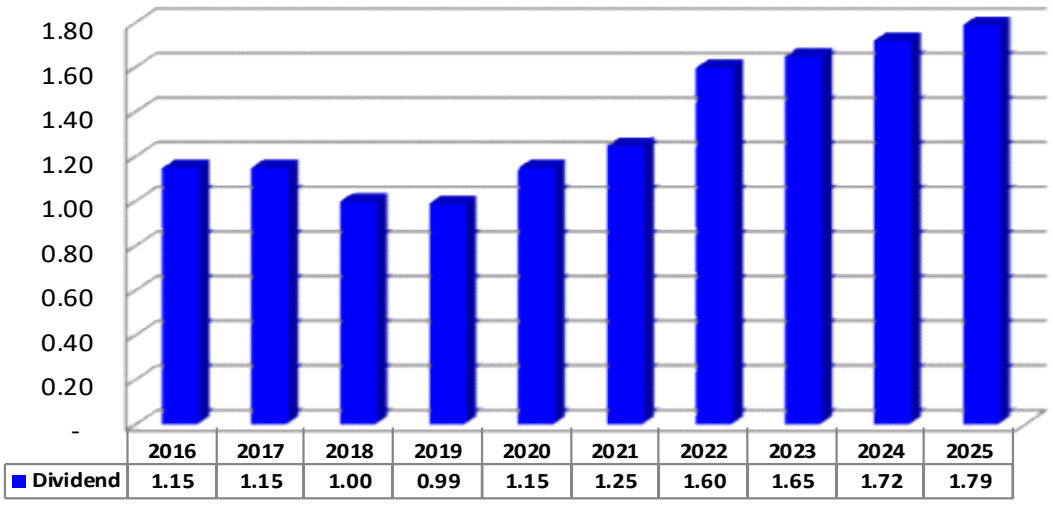
Dividend Policy

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 23 April 2025, the shareholders approved the appropriation of dividend for 2024 amounting 360 million shares, and paid at Bt.1.79 per share, amounting to Bt. 644.40 million (payout ratio 86.63%). The shareholders must be listed on May 2, 2025 to be eligible for dividend payout. The payment was scheduled on May 19, 2025.

		2024	2025	Change	%
Net profit (Last year)		739.60	743.85	4.25	0.57
Dividends paid (Million Baht)		619.20	644.40	25.20	4.07
Dividends per share (Baht)		1.72	1.79	0.07	4.07
Dividends pay out	%	83.72	86.63		

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 0.112 for 2025 and 0.102 for 2024. Have enough cash in order to prevent the price fluctuation of agricultural raw materials. Most of debt are current liabilities.

	December 31, 2024		June 30, 2025	
	Million Baht	%	Million Bah	%
Total liabilities	320.99	9.25	323.91	10.10
Equity	3,148.51	90.75	2,883.24	89.90
Total assets	**3,469.50**	**100.00**	**3,207.15**	**100.00**
Trade accounts payable	90.03	2.59	83.28	2.60
Income tax payable	91.80	2.65	94.86	2.96
Other accounts payable	103.33	2.98	106.48	3.32
Non current liabilities	35.83	1.03	39.29	1.23
Total liabilities	**320.99**	**9.25**	**323.91**	**10.10**
Issued and paid-up share capital	360.00	10.39	360.00	11.22
Premium on ordinary shares	615.60	17.74	615.60	19.19
Legal reserve retained earning	60.00	1.73	60.00	1.87
Unappropriated retained earning	2,112.91	60.90	1,847.64	57.61
Total equity	**3,148.51**	**90.75**	**2,883.24**	**89.90**
Debt Equity Ratios	**0.102**		**0.112**	

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, 2024	June 30, 2025	Change	%
Cash flows from operating activities	348.57	385.80	37.23	10.68
Net cash uses in investing activities	88.17	123.89	35.72	40.51
Net cash uses in financing activities	(619.14)	(644.40)	(25.26)	(4.08)
Net increase (decrease) in cash and cash equivalents	(182.40)	(134.71)	47.69	26.15

Cash flow from operating activities in 2025 increased from 2024 in the amount of Bt. 37.23 million, increased of 10.68%.

Net cash uses investing activities in 2025 increased from 2024 in the amount of Bt. 35.72 million. Payments are made for temporary investments in equities. and debt instruments.

Net cash uses in financing activities in 2025 increased from 2024 in the amount of Bt. 25.26 million. are for dividend payout in Q2.

(Million Baht)	December 31, 2024	June 30, 2025	Change	%
Current assets	2,437.58	2,169.67	(267.91)	(10.99)
Current liabilities	285.15	284.62	(0.53)	(0.19)
Current ratio (Time)	8.55	7.62	(0.93)	(10.83)

Current ratio

In 2025, Current ratio 7.62 times is decreased 8.55 times in 2024. This result from the decreased of current assets by Bt. 267.91 million, most of these are cash of cash equivalent by Bt. 134.74 million, current investments Bt. 160.45 million, and current liabilities decreased Bt. 0.53 million. Most of which were trade accounts payables of Bt. 6.75 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, 2025, the company has cash and cash equivalents of over Bt. 491.16 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, 2025 Sauce has Bt. 3,207.15 million of total assets, the growth decreased 7.56% compare to total assets of Bt. 3,469.50 million as at December 31, 2024.

(Million Baht)		December 31, 2024	June 30, 2025	Change	%
Current assets		2,437.58	2,169.67	(267.91)	(10.99)
Non current assets		1,031.92	1,037.48	5.56	0.54
Total assets		3,469.50	3,207.15	(262.35)	(7.56)
Current assets / Total assets	%	70.26	67.65	(2.61)	
Non current assets / Total assets	%	29.74	32.35	2.61	
Total assets	%	100.00	100.00	-	

As of June 30, 2025, company has current assets and non-current assets as 67.65% and 32.35% of the total assets compared to 70.26% and 29.74% as at December 31, 2024.

Main Part of Assets

	December 31, 2024		June 30, 2025	
	Million Baht	%	Million Baht	%
Property, plant and equipment	773.37	22.29	775.03	24.17
Current investments	788.56	22.73	628.11	19.58
Inventories	572.85	16.51	577.82	18.02
Cash and cash equivalent	625.87	18.04	491.16	15.31
Trade receivables	383.91	11.07	388.73	12.12
Land not used in operations	204.07	5.88	207.17	6.46
Advance payment for raw materials purchased	47.84	1.38	61.43	1.92
Investments in associates	42.32	1.22	42.81	1.33
Other receivables	9.39	0.27	11.97	0.37
Other current assets	7.16	0.21	8.45	0.26
Deferred tax assets	4.84	0.14	6.30	0.20
Bank deposits under commitment	4.80	0.14	4.80	0.15
Current portion of loan to associate	2.00	0.06	2.00	0.06
Other non-current assets	1.01	0.03	0.93	0.03
Intangible assets	0.35	0.01	0.31	0.01
Other long-term investment	0.16	0.00	0.13	0.00
Long-term loans to associate	1.00	0.03	-	-
Total assets	**3,469.50**	**100.00**	**3,207.15**	**100.00**

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		March 31, 2025	June 30, 2025	Change	%
Net / Sales		919.98	798.73	(121.25)	(13.18)
Trade accouts receivable -Net		374.89	388.73	13.84	3.69
Accouts receivable Turnover/ Quai	Times	2.42	2.09	(0.33)	(13.64)
Average debt Collection Period	Days	38	43	5.00	13.16
Inventories Turnover Period	Days	94	107	13.00	13.83
Repayment Period	Days	16	18	2.00	12.50
Cash Cycle Period	Days	115	132	17.00	14.78

In Q2/2025, payment is tracked and credit is carried out strictly to customers.

Overall, the Company's trade receivable collection period in Q2/2025 increased by 5 days compared to Q1/2025, with more trade receivables overdue by less than three months. The average sales period also increased by 13 days due to the buying period of chili and garlic raw materials for use in 2025-2026, resulting in higher inventories and slower inventory turnover.

For trade receivables, adequate allowance for doubtful accounts has been made based on the facts as of 30 June 2025, has an allowance for doubtful accounts decreased to Bt. 2.75 million from Bt. 3.90 million as of December 31, 2024.

(Million Baht)	December 31, 2024	June 30, 2025	Change	%
Related parties	16.00	32.60	16.60	103.75
Other parties	371.81	358.88	(12.93)	(3.48)
Total	387.81	391.48	3.67	0.95
Less allowance for doubtful accounts	(3.90)	(2.75)	1.15	(29.49)
Net trade accounts receivable	**383.91**	**388.73**	**4.82**	**1.26**

Inventory are not deterated or obsolete.

(Million Baht)	December 31, 2024	June 30, 2025	Change	%
Finished goods	103.28	96.93	(6.35)	(6.15)
Work in process	135.78	157.33	21.55	15.87
Raw materials	335.65	327.43	(8.22)	(2.45)
Raw materials in transit	2.44	-	(2.44)	(100.00)
Suplies	0.73	0.53	(0.20)	(27.40)
Less allowance for decline in value	(5.03)	(4.40)	0.63	(12.52)
Total inventories	**572.85**	**577.82**	**4.97**	**0.87**

The Inventories has increased due to the introduction of automated warehouses.

Long-term investment

(Million Baht)	December 31, 2024	June 30, 2025	Change	%
Investment in marketable equity security	0.16	0.13	(0.03)	(18.75)
Total long-term investment	**0.16**	**0.13**	**(0.03)**	**(18.75)**

Allowance for impairment losses

Unused land

(Million Baht)	December 31, 2024	June 30, 2025	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