



Thai President Foods Public Company Limited
Management Discussion and Analysis
For the three-month and six-month periods ended 30 June 2023

1. Performance Results

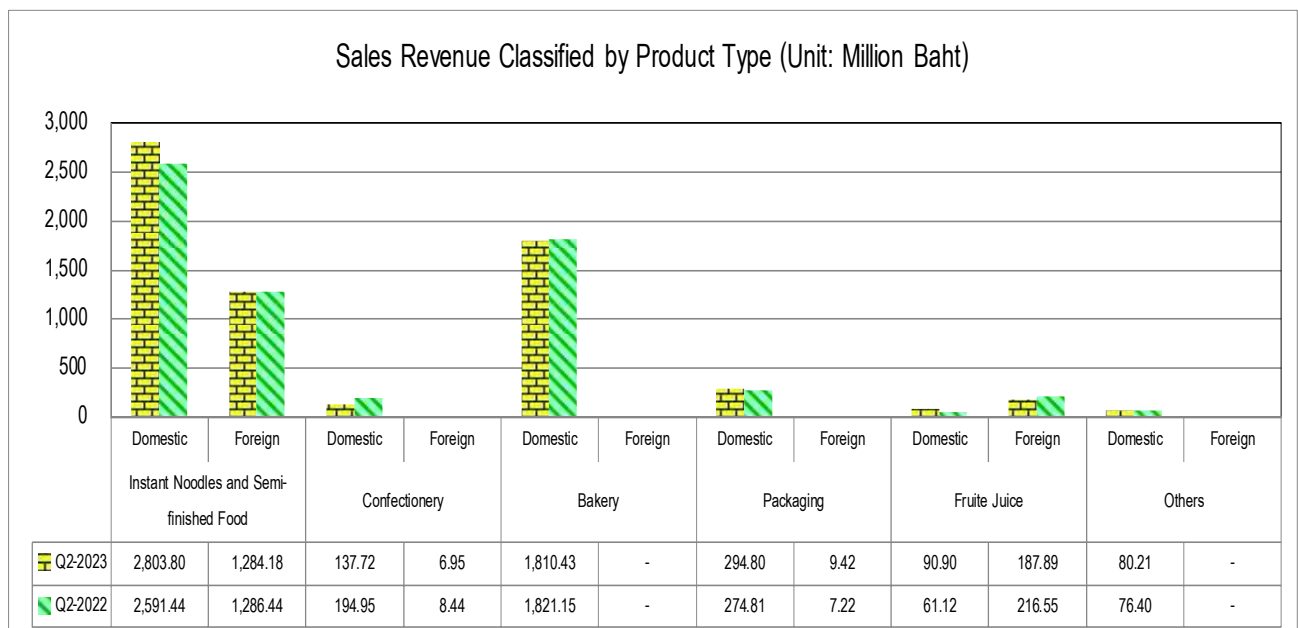
For the operating result of second Quarter ended June 30, 2023 and six-month period ended June 30, 2023 with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

	The three-month period ended 30 June		Change	The six-month period ended 30 June		Change
	2023	2022	%	2023	2022	%
Sales	6,706.30	6,538.53	2.57	13,506.42	12,694.88	6.39
Cost of sales	4,565.20	4,763.94	(4.17)	9,289.39	9,143.95	1.59
Gross profit	2,141.10	1,774.59	20.65	4,217.03	3,550.93	18.76
Gross profit margin	31.93%	27.14%	4.79	31.22%	27.97%	3.25
Selling and administrative expenses	989.24	1,052.71	(6.03)	1,939.96	2,036.32	(4.73)
Loss on exchange	-	-	-	16.45	-	100.00
Profit from operating activities	1,268.73	808.75	56.88	2,427.05	1,667.29	45.57
Non-controlling interests of the subsidiaries	304.49	265.52	14.68	577.58	533.08	8.35
Profit on equity holders of the Company	940.30	556.24	69.05	1,743.91	1,164.98	49.69

1.1 Sales

The company recorded the total sales of Baht 6,706.30 million and Baht 6,538.53 million in Q2/2023 and Q2/2022 respectively or increasing by 2.57. Additionally, the total sales in first half of 2023 stood at Baht 13,506.42 million, increasing by Baht 811.54 million or 6.39% from the same period last year.





When classified by products and regions in Q2/2023, the domestic sales of Instant Noodles food increased by 8.19% due to the product price adjustments which increase the sales value while foreign sales decreased by 0.18% mainly due to the slowdown in the America region. The biscuit decreased sales by 28.87% resulting from the price increasing which affect to the total sales value. While the packaging group has sales increased by 7.87% along with the overall market growth.

1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 4,565.20 million in Q2/2023, decreasing by Baht 198.74 million or 4.17% from the previous year, and the cost of sales in first half of 2023 stood at Baht 9,289.39 million, increasing by Baht 145.44 million or 1.59% from the same period last year, due to the selling prices increased. And the price of main raw materials such as palm oil decreased. But the price of wheat flour was higher. Thus, the cost of sales to total sales revenues ratio was at 68.07%, 68.78% in Q2/2023, H1/2023 respectively, lower than that in the previous year which stood at 72.86%, 72.03% respectively, due to the products prices adjustment.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q2/2023 totaled to Baht 989.24 million, decreasing by Baht 63.47 million or 6.03% from a year earlier, resulted from lower exporting expenses. Hence, the selling and administrative expenses to the total revenues' ratio was at 14.75%, 16.10% in Q2/2023, Q2/2022 respectively.

1.4 Net Profit

The Company recorded net profit of Baht 940.30 million in Q2/2023, increasing by Baht 384.06 million or 69.05% from the previous year. The profit margin of the company stood at 13.41% of total revenue (plus Share of profit from investments in associates and finance income), which resulted from cost of raw material prices and selling and administrative expenses decreased, including an increase in products selling prices. The Company gained net profit of Baht 1,743.91 million in H1/2023, increasing by Baht 578.93 million or 49.69% from the previous year.



2. Financial Position

For statement of financial as at June 30, 2023, changes as compared to December 31, 2022 are as followed:

2.1 Assets

Unit: Million Baht

	Total assets			
	30-Jun-2023	31-Dec-2022	Change	(%)
Cash and cash equivalents	5,535.27	3,827.29	1,707.98	44.63
Trade and other receivables	3,731.82	3,923.81	(191.99)	(4.89)
Inventories	2,831.61	2,685.22	146.39	5.45
Other current financial assets	8,117.90	8,404.90	(287.00)	(3.41)
Current portion of account receivable under repurchase agreement	500.00	-	500.00	100.00
Other current assets	246.37	229.37	17.00	7.41
Total current assets	20,962.97	19,070.59	1,892.38	9.92
Loan and Investment in associates, joint venture	4,581.20	4,897.47	(316.27)	(6.46)
Other non-current financial assets	9,536.39	9,895.23	(358.84)	(3.63)
Investment properties	414.43	411.01	3.42	0.83
Property, plant and equipment	8,252.09	8,335.17	(83.08)	(1.00)
Other non-current assets	296.12	270.87	25.25	9.32
Total non-current assets	23,080.23	23,809.75	(729.52)	(3.06)
Total assets	44,043.20	42,880.34	1,162.86	2.71

The total assets of the Company as of June 30, 2023 amounted to Baht 44,043.20 million, increasing by Baht 1,162.86 million or 2.71% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 23,080.23 million, accounting for 52.40% of total assets, and the current assets of Baht 20,962.97 million, accounting for 47.60% of total assets. Our asset mainly increased from; increasing in Cash and Cash equivalents, current portion of account receivable under repurchase agreement and the increasing in finish goods waiting to be sent to customers.



2.2 Liabilities

Unit: Million Baht

	Total liabilities and shareholders' equity			
	30-Jun-2023	31-Dec-2022	Change	(%)
Short-term loan from financial institution	346.77	-	346.77	100.00
Trade and other payables	2,108.77	2,239.91	(131.14)	(5.85)
Current portion of long-term lease liabilities	42.45	45.78	(3.33)	(7.27)
Other current liabilities	1,090.92	1,124.14	(33.22)	(2.96)
Other non-current liabilities	1,037.50	1,030.14	7.36	0.71
Total liabilities	4,626.41	4,439.97	186.44	4.20
Total shareholders' equity	39,416.79	38,440.37	976.42	2.54

Total liability if the Company stood at Baht 4,626.41 million as of June 30, 2023, increasing by Baht 186.44 million mostly from the short-term loan from financial institutions which belonged to a subsidiary. While the non-current liability was accounted for 22.43% of total liability, and the debt-to-equity ratio of the Company was at 0.15 .

2.3 Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2023 amounted to Baht 39,416.79 million, increasing by Baht 976.42 million or 2.54% from the end of 2022, resulting from the operation profit of this quarter.

3. Liquidity Position

Cash flow statement for the period ended June 30, 2023, details as follow:

Unit: Million Baht

	January - June	
	2023	2022
Net cash flows from operating activities	2,377.79	1,598.83
Net cash flows used in investing activities	(80.07)	(80.41)
Net cash flows used in financing activities	(587.44)	(650.73)
Increase (decrease) in translation adjustments	(2.29)	(9.40)
Net increase (decrease) in cash and cash equivalents	1,707.99	858.29



The balance of operation activities cash inflow in Q2/2023 totaled to Baht 2,377.79 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 80.07 million and Baht 587.44 million respectively. The Company, as of June 30, 2023, recorded cash and cash equivalents item of Baht 5,535.28 million, increasing by Baht 1,707.99 million which resulted from the company has profit from operation, while the cash outflow was used in purchasing machineries for expanding the production line and the company has paid its dividend by Baht 903.39 million on May 25, 2023.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

August 15, 2023