

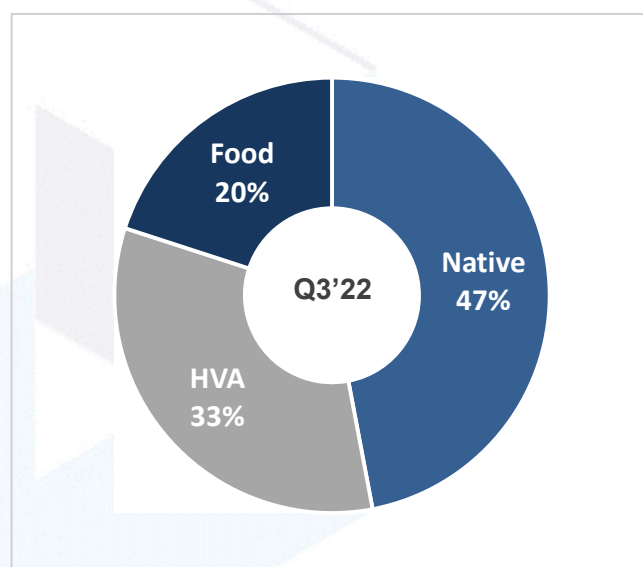
THAI WAH PCL

Management Discussion and Analysis For Q3'22 Performance ended Sep 30, 2022

Sale Revenue Breakdown by Quarter



Sales Breakdown by Business



Key summary

In Q3/2022, the Company consolidated Sales comprised revenue from the Native tapioca business THB 1,232 million or 47 percent, the High value-added (HVA) products business THB 858 million or 33 percent, and the Food business THB 512 million or 20 percent. The

group's sale was THB 2,603 million, which increased by THB 335 million or 15 percent over the same period last year.

The gross profit margin recorded 13 percent, which dropped 5 percent YOY. The profit decreased mainly from the Starch business as



the increase in raw material price was higher than the increase in selling price. For the food business, the Company maintained the gross margin at the same level as the previous year, even under various cost pressures. The Company managed the price increase this year while the operation continued the productivity improvement program to reduce costs.

In the first nine months of the 2022 sales, the Company consolidated Sales comprised of Native 3,817 million or 49 percent, the High value-added (HVA) products business THB 2,503 million or 32 percent, and the Food business THB 1,481 million or 19 percent. The group's sale was THB 7,801 million, which increased by THB 1,182 million or 18 percent over the same period last year.

The gross profit margin for nine months of 2022 recorded 18 percent, which decreased by 2 percent YOY. The net profit margin recorded 3 percent, which dropped 1 percent from the same period last year. The decrease was due to the higher raw material cost and the increase in Freight and transportation fees, as mentioned.



The Company's consolidated financial performance by business units as follows:

	Q3'22	Q3'21	QOQ	9M'22	9M'21	YoY
Sales	2,603	2,268	15%	7,801	6,619	18%
COGS	2,255	1,855	22%	6,390	5,279	21%
GP	348	412	-15%	1,411	1,340	5%
SG&A	309	358	-14%	1,091	1,007	8%
Other income*	25	9	172%	50	62	-20%
EBIT	64	63	1%	370	395	-6%
Finance cost	14	16	-14%	49	51	-3%
EBT	49	47	6%	321	344	-7%
Tax	9	10	-1%	58	69	-15%
Net Profit	40	37	8%	263	275	-5%
Share to NCI	(7)	(2)	-349%	2	33	-93%
Share to equity holder	48	39	22%	260	242	7%
EPS	0.05	0.04	22%	0.30	0.28	7%
FX: USD/THB	36.4	32.9	11%	34.6	31.5	10%
GPM	13%	18%	-5%	18%	20%	-2%
%SG&A/Sales	12%	16%	-4%	14%	15%	-1%
NPM	2%	2%	0%	3%	4%	-1%

*Including net exchange gain and loss on fair value of derivatives

Revenue from Tapioca Starch and High value-added Businesses

In Q3/2022, the sale of tapioca starch business was THB 1,232 million, which had increased by 11 percent from the previous year. The high value-added (HVA) products business sales were THB 858 million, which had risen 19 percent from the prior year.

For the nine-months result, the tapioca starch sales were THB 3,817 million, which had increased by 24 percent from the previous year. The high value-added (HVA) products business sales were 2,503 million, an increase of 11 percent from the prior year.

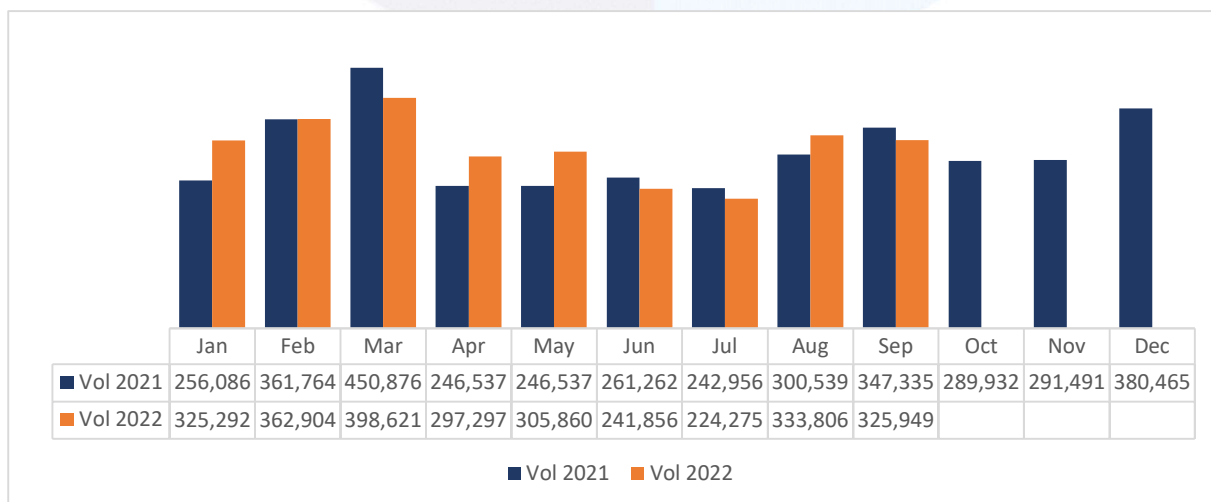
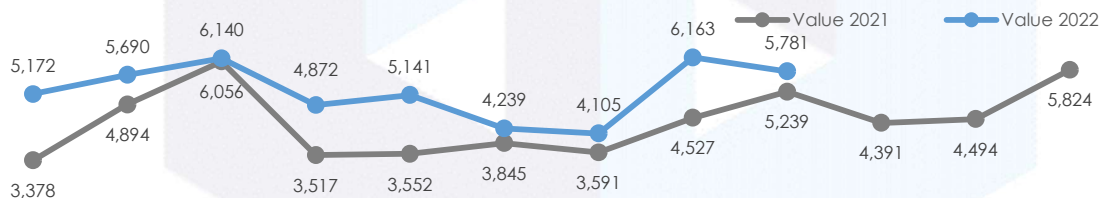
The increased sales of native tapioca starch resulted from the high demand of key import countries, the rise in selling price, and the Baht depreciation against the USD, which favorably impacted the export business.

Thailand's tapioca starch export volume for nine months of 2022 increased by 4 percent, while the export value increased by 23 percent YoY. (Source: Thai Customs).

The sales of HVA products increased by 7 percent, mainly from the glucose business.

As there was the covid lockdown in China in some key cities in April-May 2022, there was weak demand during the lockdown period, but it bounced back in June as the market resumed. However, after the relaxing Covid measures in June. As a result, the Company's export outlook in 2022 would be positive for continuing to grow from solid demand with customer portfolio expansion.

Volume and Value of tapioca starch exports in Thailand



Source: Thai Custom

THAI WAH PUBLIC COMPANY LIMITED

21/11, 21/13 Thai Wah Tower I, 6th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120
 Tel: 66 (0) 2285-0040, 66 (0) 2285-0031, 66 (0) 2285-0315-20 Fax: 66 (0) 2285-0268, 66 (0) 2285-0270-71
 Corporate Website : www.thaiwah.com

Revenue from Food Business

The Company continues to be one of the top market leaders for vermicelli and rice noodle in Thailand, with solid growth in all key channels.

In Q3/2022, the Company recorded sales for the food business of THB 512 million, which increased by 19 percent over the previous year. Domestic sales contributed 87 percent of the food revenue, while export sales accounted for 13 percent. In addition, in Q3'22, the Company adjusted the selling price of a few products to cover the increase in raw materials and energy costs.

The sales increase was mainly from wholesale, Van sales, and Industrial & Catering channels. The food business in Vietnam delivered 23 percent growth due to coverage expansion and

more product assortments. The New products launched that offered hygiene and healthy food, which is part of the Company's strategy of providing innovative healthy food convenient to consumers, was also the main driver for the sales growth.

For nine months, the Company recorded sales for the food business of THB 1,481 million, which increased by 15 percent over the previous year. Domestic sales contributed 86 percent of the food revenue, while export sales accounted for 14 percent.

The Company expected the sales to grow from increasing the demand for main products, the new products offered to the market, and the distribution expansion.

Gross Profit

In Q3/2022, the gross profit was THB 348 million, or a gross profit margin of 13 percent, which decreased by 5 percent over the same period as the previous year.

For nine months, the gross profit was THB 1,411 million, or a gross profit margin of 18 percent, which decreased by 2 percent over the same period as the previous year.

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The increase in starch raw material was the main driver that dropped the gross profit. The Starch business gross profit for nine months was 10 percent, which decreased by 5 percent over the same period last year, and the gross profit for nine months of 2022 was 15 percent, which dropped 3 percent from the same period of the previous year. The increase in cost was mainly

from the raw material cost and the increase in the energy cost.

For the Food business, the gross profit was maintained as the Company increased the selling price, adjusted the portfolio to sell more in high-margin channels, and continued the lean program to increase production cost-efficiency, resulting in a higher gross profit.

Selling and Administrative Expenses

In Q3/2022, the selling and administrative expenses were THB 309* million, which increased by 14 percent from the previous year, and for nine months in 2022, the selling and administrative expenses were 1,091 million, which increased by 8 percent over the same period last year.

The increase was mainly due to the higher logistic costs of 46 million, which aligned with the sales volume increase. In addition, the higher freight and transportation fee resulted from the rise in the oil prices, the increase in people's cost to serve the new business, and the one-time bad debt provision of 30 million.

*Net of 2022 expense classification by transferring selling expense to cost of sales 68 million baht

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Net Profit Attributable to Shareholders

For the Quarter 3 2022 result, the Company's net profit was THB 48 million, which increased by THB 9 million compared to the previous year. This net profit decrease was mainly due to the increased raw material cost, Freight and transportation

expenses increase, and the one-time bad debt provision. For nine months of 2022 results, the Company's consolidated net profit was 260 million, an increase of 7 percent compared to the previous year.

Cash Flow analysis

For nine months of 2022, net cash generated from operating activities was THB 587 million, increased by THB 226 million mainly from the strong business performance and the management of the inventory level.

The Company continued to be in a strong cash flow position sufficient for future business expansion.

The Outlook for the year 2022

Expected 2022 Company's Sales will grow double-digit with gross profit levels close to the previous year, even raw material, energy cost, new labor rate, and electricity remained the key challenges. The Company continued to drive the productivity improvement program to improve cost-efficiency and invest in Solar-roof projects that target to reach 50% green energy by 2025.

From the latest survey by the Tapioca starch association in August 2022 for the 2022/2023 crop season, expected tapioca roots to be 34.9 million tons, an increase of 4.3 percent compared with the 2020/2021 crop season.

However, there are also challenges to concern, i.e., the demand for tapioca chips that are still in high demand, flooding in some northeast area

that caused harvesting before the root matured, and the Cassava Mosaic virus still exist. On the demand side, the total export is still growing as high demand from Indonesia drives overall volume up, while China's market shirked this year, impacted by the Covid's lockdown in Q2. However, the Company's export to China still grew by double digits.

The outlook business of Food continued to grow from distribution expansion and the new product launch, while continuing production efficiency through the lean program to offset the raw material cost inflation.

The Bioplastic line had its first sales record in May 2022. This project aimed to drive the circular economy through a step-change in tapioca-based bioplastics to support sustainable growth in the long term.

As the demand for native tapioca starch keeps increasing, the Company started to build the tapioca starch factory in Cambodia, which plan to commission in late 2023.

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