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Ref. WINNER 028/2020

November 12, 2020

Subject: Management Discussion and Analysis for the 3-month period and 9-month period ended 30 September 2020

To: The President  
 The Stock Exchange of Thailand

1. Analysis of Operating Results and Financial Position for the Company and its subsidiary

1.1 Analysis of Operating Results for the Company and its subsidiary for the 3-month period ended 30 September 2020

Table 1: Operating results for the 3-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements		Increase (Decrease)		Separate Financial Statements		Increase (Decrease)	
	2020	2019	Thousand Baht	%	2020	2019	Thousand Baht	%
Total revenues	423,747	359,564	64,183	17.9	411,639	350,167	61,472	17.6
Sales and service income	421,688	356,062	65,626	18.4	408,381	345,757	62,624	18.1
Cost of sales and service	326,511	272,045	54,466	20.0	317,072	264,233	52,839	20.0
<b>Gross profit</b>	<b>95,177</b>	<b>84,017</b>	<b>11,160</b>	<b>13.3</b>	<b>91,309</b>	<b>81,524</b>	<b>9,785</b>	<b>12.0</b>
Other income	2,059	3,502	(1,443)	(41.2)	3,258	4,410	(1,152)	(26.1)
<b>Profit before expenses</b>	<b>97,236</b>	<b>87,519</b>	<b>9,717</b>	<b>11.1</b>	<b>94,567</b>	<b>85,934</b>	<b>8,633</b>	<b>10.0</b>
Selling and distribution expenses	25,530	26,689	(1,159)	(4.3)	23,090	24,427	(1,337)	(5.5)
Administrative expenses	44,286	44,583	(297)	(0.7)	35,188	33,921	1,267	3.7
<b>Total Expenses</b>	<b>69,816</b>	<b>71,272</b>	<b>(1,456)</b>	<b>(2.0)</b>	<b>58,278</b>	<b>58,348</b>	<b>(70)</b>	<b>(0.1)</b>
<b>Profit from operating activities</b>	<b>27,420</b>	<b>16,247</b>	<b>11,173</b>	<b>68.8</b>	<b>36,289</b>	<b>27,586</b>	<b>8,703</b>	<b>31.5</b>
Finance cost	(2,424)	(2,422)	(2)	0.1	(2,043)	(2,124)	81	(3.8)
<b>Profit before income tax expenses</b>	<b>24,996</b>	<b>13,825</b>	<b>11,171</b>	<b>80.8</b>	<b>34,246</b>	<b>25,462</b>	<b>8,784</b>	<b>34.5</b>
Income tax expenses	(6,549)	(2,715)	(3,834)	141.2	(6,722)	(5,037)	(1,685)	33.5
<b>Profit for the period</b>	<b>18,447</b>	<b>11,110</b>	<b>7,337</b>	<b>66.0</b>	<b>27,524</b>	<b>20,425</b>	<b>7,099</b>	<b>34.8</b>
Gross profit margin	22.6%	23.6%	(1.0%)		22.4%	23.6%	(1.2%)	
Selling and distribution expenses per net sales	6.1%	7.5%	(1.4%)		5.7%	7.1%	(1.4%)	
Administrative expense per net sales	10.5%	12.5%	(2.0%)		8.6%	9.8%	(1.2%)	
Net profit margin	4.4%	3.1%	1.3%		6.7%	5.8%	0.9%	
Earnings per share (Bath/Share)	0.05	0.03	0.02	66.0	0.07	0.05	0.02	34.8

In Q3/2020, the Company and its subsidiary's profit for the period increased from the same period of previous year amount of Baht 7 million or 66.0%. The net profit margin was at 4.4%, increasing 1.3% due to sales increased amount of Baht 66 million or 18.4% while cost of sales increased amount of Baht 55 million or 20.0%. As a result, gross profit increased amount of Baht 11 million and gross profit margin was at 22.6%, decreasing 1.0%. Moreover, selling and distribution expenses and administrative expenses decreased amount of Baht 1 million while other income decreased amount of Baht 1 million and income tax expenses increased amount of Baht 4 million according to the increasing of profit before income tax expenses.

- Revenues from sales and service

Table 2: Revenues from sales separated by Operating Segment for the 3-month period ended 30 September 2020

(Unit: Thousand Baht)

Operating Segment	For the 3-month period ended 30 September				Increase (Decrease)	
	2020	%	2019	%	Amount	%
Industrial food products segment	185,858	44.1	161,271	45.3	24,587	15.2
Consumer food products segment	222,303	52.7	184,470	51.8	37,833	20.5
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	13,527	3.2	10,321	2.9	3,206	31.1
<b>total</b>	<b>421,688</b>	<b>100.0</b>	<b>356,062</b>	<b>100.0</b>	<b>65,626</b>	<b>18.4</b>

The Company and its subsidiary had revenues from sales and service amount of Baht 422 million, increasing from the same period of previous year amount of Baht 66 million or 18.4% which was result from the increasing of revenues from every segment as follows;

Revenues from sales of industrial food products segment increased amount of Baht 25 million or 15.2% which was mainly from the product category of food additives. Revenues from sales of consumer food products segment increased amount of Baht 38 million or 20.5% which was from the product category of snacks and frozen foods. Furthermore, revenues from sales of manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment increased amount of Baht 3 million or 31.1% which was from the product category of skin care products.

- Gross Profit

The Company and its subsidiary's gross profit was Baht 95 million, increasing from the same period of previous year amount of Baht 11 million. The Company's gross profit was Baht 91 million, increasing from the same period of previous year amount of Baht 10 million which was consistent with the increasing in sales of the Company.

The Company and its subsidiary's gross profit margin was 22.6%, decreasing from the same period of previous year 1.0% while the Company's gross profit margin was 22.4% or 1.2% decrease.

- Other Income

The Company and its subsidiary's other income was Baht 2 million, decreasing amount of Baht 1 million mainly from the gain on exchange rate decreased amount of Baht 1 million. The gain on exchange rate of current period was Baht 1 million while the previous period was Baht 2 million.

#### Expenses

- Selling and distribution expenses

Selling and distribution expenses was Baht 26 million, decreasing from the same period of previous year amount of Baht 1 million or 4.3%. The ratio of selling and distribution expenses per net sales was 6.1%, decreasing from the same period of previous year 1.4% which was from the decreasing of the Company amount of Baht 1 million due to marketing and sale promotion expenses decreased amount of Baht 2 million while employee benefit expenses increased amount of Baht 1 million.

- Administrative expenses

Administrative expenses was Baht 44 million nearly the same period of previous year. The ratio of administrative expenses per net sales for the current period was 10.5% or 2.0% decrease.

- Profit for the period

In Q3/2020, the Company and its subsidiary's profit for the period was Baht 18 million, increasing from the same period of previous year amount of Baht 7 million or 66.0%. The Company's gross profit was Baht 28 million, increasing from the same period of previous year amount of Baht 7 million or 34.8% while the subsidiary had loss for the period approximately Baht 9 million, insignificantly changed from the same period of previous year.

1.2 Analysis of Operating Results for the Company and its subsidiary for the 9-month period ended  
 30 September 2020

Table 3: Overall operating results for the 9-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements				Separate Financial Statements			
			Increase (Decrease)				Increase (Decrease)	
	2020	2019	Thousand Baht	%	2020	2019	Thousand Baht	%
Total revenues	1,230,434	1,197,315	33,119	2.8	1,196,610	1,164,433	32,177	2.8
Sales and service income	1,223,636	1,185,927	37,709	3.2	1,186,632	1,151,145	35,487	3.1
Cost of sales and service	931,839	911,672	20,167	2.2	908,650	885,496	23,154	2.6
<b>Gross profit</b>	<b>291,797</b>	<b>274,255</b>	<b>17,542</b>	<b>6.4</b>	<b>277,982</b>	<b>265,649</b>	<b>12,333</b>	<b>4.6</b>
Other income	6,798	11,388	(4,590)	(40.3)	9,978	13,288	(3,310)	(24.9)
<b>Profit before expenses</b>	<b>298,595</b>	<b>285,643</b>	<b>12,952</b>	<b>4.5</b>	<b>287,960</b>	<b>278,937</b>	<b>9,023</b>	<b>3.2</b>
Selling and distribution expenses	75,893	77,739	(1,846)	(2.4)	68,754	70,753	(1,999)	(2.8)
Administrative expenses	131,997	136,402	(4,405)	(3.2)	101,950	98,655	3,295	3.3
<b>Total Expenses</b>	<b>207,890</b>	<b>214,141</b>	<b>(6,251)</b>	<b>(2.9)</b>	<b>170,704</b>	<b>169,408</b>	<b>1,296</b>	<b>0.8</b>
<b>Profit from operating activities</b>	<b>90,705</b>	<b>71,502</b>	<b>19,203</b>	<b>26.9</b>	<b>117,256</b>	<b>109,529</b>	<b>7,727</b>	<b>7.1</b>
Finance cost	(7,579)	(7,328)	(251)	3.4	(6,331)	(6,678)	347	(5.2)
<b>Profit before income tax expenses</b>	<b>83,126</b>	<b>64,174</b>	<b>18,952</b>	<b>29.5</b>	<b>110,925</b>	<b>102,851</b>	<b>8,074</b>	<b>7.9</b>
Income tax expenses	(19,279)	(12,822)	(6,457)	50.4	(22,117)	(20,449)	(1,668)	8.2
<b>Profit for the period</b>	<b>63,847</b>	<b>51,352</b>	<b>12,495</b>	<b>24.3</b>	<b>88,808</b>	<b>82,402</b>	<b>6,406</b>	<b>7.8</b>
Gross profit margin	23.8%	23.1%	0.7%		23.4%	23.1%	0.3%	
Selling and distribution expenses per net sales	6.2%	6.6%	(0.4%)		5.8%	6.1%	(0.4%)	
Administrative expense per net sales	10.8%	11.5%	(0.7%)		8.6%	8.6%	0.0%	
Net profit margin	5.2%	4.3%	0.9%		7.4%	7.1%	0.3%	
Earnings per share (Bath/Share)	0.16	0.13	0.03	24.3	0.22	0.21	0.01	7.8

For the first 9-month period of 2020, the Company and its subsidiary's profit for the period increased from the same period of previous year amount of Baht 12 million or 24.3%. The net profit margin was at 5.2%, increasing 0.9% due to sales increased amount of Baht 38 million or 3.2% while cost of sales increased amount of Baht 20 million or 2.2%. As a result, gross profit increased amount of Baht 18 million and gross profit margin was at 23.8%, increasing 0.7%. Moreover, selling and distribution expenses and administrative expenses decreased amount of Baht 6 million while other income decreased amount of Baht 5 million and income tax expenses increased amount of Baht 7 million according to the increasing of profit before income tax expenses.

- Revenues from sales and service

Table 4: Revenues from sales separated by Operating Segment for the 9-month period ended 30 September 2020

(Unit: Thousand Baht)

Operating Segment	For the 6-month period ended 30 June				Increase (Decrease)	
	2020	%	2019	%	Amount	%
Industrial food products segment	518,353	42.3	485,603	41.0	32,750	6.7
Consumer food products segment	664,240	54.3	665,447	56.1	(1,207)	(0.2)
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	41,043	3.4	34,877	2.9	6,166	17.7
<b>total</b>	<b>1,223,636</b>	<b>100.0</b>	<b>1,185,927</b>	<b>100.0</b>	<b>37,709</b>	<b>3.2</b>

The Company and its subsidiary had revenues from sales and service amount of Baht 1,224 million, increasing from the same period of previous year amount of Baht 38 million or 3.2%. Revenues from sales of industrial food products segment increased amount of Baht 33 million or 6.7% which was from the product category of food additives. Revenues from sales of manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment increased amount of Baht 6 million or 17.7% which was due to the subsidiary launched new products such as alcohol products for cleaning in form of gel and spray to respond to Coronavirus disease 2019 pandemic, so sales of alcohol products for cleaning increased. By the way, revenues from sales of consumer food products segment was close to the same period of previous year, slightly decreased amount of Baht 1 million or 0.2%

- Gross Profit

The Company and its subsidiary's gross profit was Baht 292 million, increasing from the same period of previous year amount of Baht 18 million. The Company's gross profit was Baht 278 million, increasing from the same period of previous year amount of Baht 12 million.

The Company and its subsidiary's gross profit margin was 23.8% increasing from the same period of previous year 0.7% while the Company's gross profit margin was 23.4% or 0.3% increase.

- Other Income

Other income was Baht 7 million, decreasing from the same period of previous year amount of Baht 5 million which was mainly from commission incomes decreased amount of Baht 1 million and gain on exchange rate decreased amount of Baht 2 million. The gain on exchange rate of current period was Baht 2 million while the previous period was Baht 4 million and other incomes decreased amount of Baht 2 million.

## Expenses

### ▪ Selling and distribution expenses

Selling and distribution expenses was Baht 76 million, slightly decreasing from the same period of previous year amount of Baht 2 million or 2.4%. The ratio of selling and distribution expenses per net sales was 6.2%, decreasing from the same period of previous year 0.4% which was from delivery expenses decreased amount of Baht 1 million and marketing and sale promotion expenses decreased amount of Baht 2 million while employee benefit expenses increased amount of Baht 1 million.

### ▪ Administrative expenses

Administrative expenses was Baht 132 million, decreasing from the same period of previous year amount of Baht 4 million or 3.2%. The subsidiary's administrative expenses decreased amount of Baht 7 million due to employee expenses decreased amount of Baht 4 million and depreciation expense decreased amount of Baht 3 million. The main reason was due to the subsidiary moved head office during the beginning of the previous year, so the remained depreciation expense of old building improvement of head office amount of Baht 3 million was recognised in the same period of previous year. As a result, depreciation expense of the subsidiary decreased amount of Baht 3 million. Meanwhile, the Company's administrative expenses increased amount Baht 3 million which was mainly from employee expenses increased amount Baht 3 million.

### ▪ Profit for the period

The Company and its subsidiary's profit for the first 9-month period of 2020 was Baht 64 million, increasing from the same period of previous year amount of Baht 12 million or 24.3% which was from the Company's profit for the period amount of Baht 89 million, increasing from the same period of previous year amount of Baht 6 million or 7.8% while the subsidiary had loss for the period amount of Baht 24 million, decreasing from the same period of previous year amount of Baht 6 million.

## 2. Financial Position Analysis

Table 5: Overall Financial Position of the Company and its subsidiary as at 30 September 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	30 Sep 20	%	31 Dec 19	%	Thousand Baht	%	30 Sep 20	%	31 Dec 19	%	Thousand Baht	%
Current Assets	679,351	57.8	667,438	58.4	11,913	1.8	661,818	56.2	669,493	59.1	(7,675)	(1.1)
Non-Current Assets	495,328	42.2	474,717	41.6	20,611	4.3	516,222	43.8	463,471	40.9	52,751	11.4
<b>Total Assets</b>	<b>1,174,679</b>	<b>100.0</b>	<b>1,142,155</b>	<b>100.0</b>	<b>32,524</b>	<b>2.8</b>	<b>1,178,040</b>	<b>100.0</b>	<b>1,132,964</b>	<b>100.0</b>	<b>45,076</b>	<b>4.0</b>
Current Liabilities	439,667	37.4	345,039	30.2	94,628	27.4	392,937	33.4	302,081	26.6	90,856	30.1
Non-Current Liabilities	138,155	11.8	184,106	16.1	(45,951)	(25.0)	123,093	10.4	177,681	15.7	(54,588)	(30.7)
<b>Total Liabilities</b>	<b>577,822</b>	<b>49.2</b>	<b>529,145</b>	<b>46.3</b>	<b>48,677</b>	<b>9.2</b>	<b>516,030</b>	<b>43.8</b>	<b>479,762</b>	<b>42.3</b>	<b>36,268</b>	<b>7.6</b>
Shareholders' equity	596,857	50.8	613,010	53.7	(16,153)	(2.6)	662,010	56.2	653,202	57.7	8,808	1.3
<b>Total liabilities and shareholders' equity</b>	<b>1,174,679</b>	<b>100.0</b>	<b>1,142,155</b>	<b>100.0</b>	<b>32,524</b>	<b>2.8</b>	<b>1,178,040</b>	<b>100.0</b>	<b>1,132,964</b>	<b>100.0</b>	<b>45,076</b>	<b>4.0</b>

### 2.1 Assets

As at 30 September 2020, the Company and its subsidiary had total assets amount of Baht 1,174 million which were consisted of current assets amount of Baht 679 million or 57.8% of total assets and non-current assets amount of Baht 495 million or 42.2% of total assets.

The main compositions of assets were property, plant and equipment amount of Baht 339 million or 28.9%, inventories amount of Baht 315 million or 26.8%, trade and other receivables amount of Baht 308 million or 26.2%, goodwill amount of Baht 94 million or 8.0%, cash and cash equivalents amount of Baht 42 million or 3.6% and right-of-use assets amount of Baht 35 million or 3.0%.

- Current assets were Baht 679 million, slightly increasing from the end of previous year amount of Baht 12 million or 1.8%.
- Non-current assets were Baht 495 million, increasing from the end of previous year amount of Baht 21 million or 4.3%, mainly resulted from right-of-use assets increased amount of Baht 35 million while property, plant and equipment decreased amount of Baht 15 million.

➦ Right-of-use assets increased amount of Baht 35 million due to TFRS16-Leases adoption in 2020. The standards set out principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise asset and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. As a result, the Company and its subsidiary's right-of-use assets increased amount of Baht 35 million during the current period.

- Property, plant and equipment decreased amount of Baht 15 million from the acquisition of equipment amount of Baht 8 million such as building improvements (build application lab), equipment, machinery, office equipment and etc. while the depreciation expense for the period was Baht 18 million. Moreover, vehicles under financial lease agreements-net amount of Baht 5 million was newly classified by moving from property, plant and equipment to be included in right-of-use assets according to TFRS16-Leases which was mentioned in previous paragraph.

## 2.2 Liabilities

As at 30 September 2020, the Company and its subsidiary had total liabilities amount of Baht 578 million, which were consisted of current liabilities amount of Baht 440 million or 76.1% of total liabilities and non-current liabilities amount of Baht 138 million or 23.9% of total liabilities.

The main compositions of liabilities were trade and other payables amount of Baht 223 million or 38.6%, bank overdrafts and short-term loans from financial institutions amount of Baht 139 million or 24.1%, long-term loans from financial institution net of current portion amount of Baht 97 million or 16.7% and current portion of long-term loans from financial institution amount of Baht 40 million or 6.9%.

- Current liabilities increased from the end of previous year amount of Baht 95 million or 27.4% which was mainly from short-term trust receipt payable from financial institutions increased amount of Baht 94 million and current portion of liabilities under lease agreements increased amount of Baht 11 million which was an effect of accounting treatment from TFRS16-Leases adoption in 2020. Meanwhile, income tax payable decreased amount of Baht 8 million resulted from previous year income tax payment. Moreover, trade and other payables decreased amount of Baht 5 million.
- Non-current liabilities decreased from the end of previous year amount of Baht 46 million or 25.0% which was mainly from long-term loans from financial institution-net of current portion decreased amount of Baht 66 million from repayment during the period. Meanwhile, liabilities under lease agreements-net of current portion increased amount of Baht 19 million which was an effect of accounting treatment from TFRS16-Leases adoption in 2020 as mentioned in previous paragraph.

## 2.3 Shareholders' equity

As at 30 September 2020, shareholders' equity was Baht 597 million, decreasing from the end of previous year amount of Baht 16 million due to the Company and its subsidiary had net profit for the first 9-month period of 2020 amount of Baht 64 million while the dividend amount of Baht 80 million was paid during the period.



### 3. Cash flows Analysis

Table 6: Overall cash flow of the Company and its subsidiary for the 9-month period ended 30 September 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash flows from operating activities	71,071	70,379	83,503	100,140
Cash flows used in investing activities	(8,904)	(7,815)	(26,529)	(10,892)
Cash flows used in financing activities	(57,397)	(80,685)	(52,660)	(106,056)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,770</b>	<b>(18,121)</b>	<b>4,314</b>	<b>(16,808)</b>
Cash and cash equivalents at beginning of the period	37,327	41,796	35,724	39,652
Cash and cash equivalents at end of the period	42,097	23,675	40,038	22,844

- The Company and its subsidiary had net cash flows from operating activities for the first 9-month period of 2020 amount of Baht 71 million which was the Company's net cash flows amount of Baht 84 million.
- Net cash flows used in investing activities;
  - ✚ For the first 9-month period of 2020, the Company and its subsidiary's net cash flows used in investing activities amount of Baht 9 million was mainly due to the acquisition of equipment and intangible assets during the period amount of Baht 7 million and Baht 2 million, respectively. / For the first 9-month period of 2019, the Company and its subsidiary's net cash flows used in investing activities amount of Baht 8 million was mainly due to the acquisition of equipment and intangible assets during the period amount of Baht 7 million and Baht 1 million, respectively.
  - ✚ For the first 9-month period of 2020, the Company's net cash flows used in investing activities amount of Baht 27 million was mainly due to short-term loans to subsidiary during the period amount of Baht 28 million and the acquisition of equipment and intangible assets during the period amount of Baht 6 million and Baht 1 million, respectively. Meanwhile, the Company received interest income from subsidiary amount of Baht 9 million. / For the first 9-month period of 2019, the Company's net cash flows used in investing activities amount of Baht 11 million was mainly due to short-term loans to subsidiary during the period amount of Baht 8 million and the acquisition of equipment and intangible assets during the period amount of Baht 2 million and Baht 1 million, respectively.
- Net cash flows used in financing activities;
  - ✚ For the first 9-month period of 2020, the Company and its subsidiary's net cash flows used in financing activities amount of Baht 57 million was mainly due to dividend paid to shareholders amount of Baht 80 million, long-term loan repayment to financial institutions amount of Baht 64 million and payment under lease liabilities amount of Baht 8 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 94 million. / For the first 9-month period of 2019, the Company and its subsidiary's net cash flows used in financing activities amount of Baht 81 million was mainly due to dividend paid to shareholders amount of Baht 88 million, long-term loan repayment to financial institutions amount of Baht 26 million and payment under finance lease liabilities amount of Baht 1 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 25 million and long-term loans from financial institutions increased amount of Baht 10 million.

✚ For the first 9-month period of 2020, the Company's net cash flows used in financing activities amount of Baht 53 million was mainly due to dividend paid to shareholders amount of Baht 80 million, long-term loan repayment to financial institutions amount of Baht 62 million and payment under lease liabilities amount of Baht 6 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 94 million. / For the first 9-month period of 2019, the Company's net cash flows used in financing activities amount of Baht 106 million was mainly due to dividend paid to shareholders amount of Baht 88 million, long-term loan repayment to financial institutions amount of Baht 25 million and payment under finance lease liabilities amount of Baht 1 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 7 million.

Refer to the above information, the Company and its subsidiary increased in cash and cash equivalents during the first 9-month period of 2020 amount of Baht 5 million. Including with cash and cash equivalents as at 31 December 2019 amount of Baht 37 million, the Company and its subsidiary totally had cash and cash equivalents as at 30 September 2020 amount of Baht 42 million.

Please be informed accordingly.

Yours faithfully,



(Jane Wongisariyakul)

CEO

Winner Group Enterprise Public Company Limited