



MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

MK Restaurant MK Restaurant MK Restaurant

Management
Discussion
and Analysis
(MD&A)



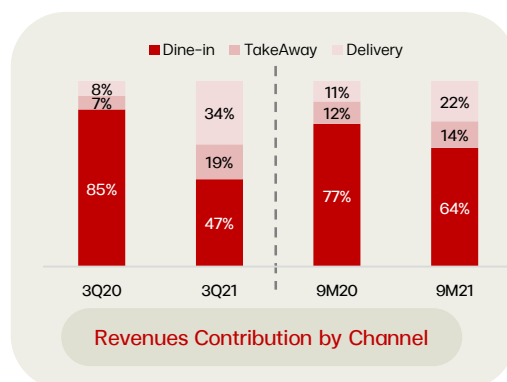
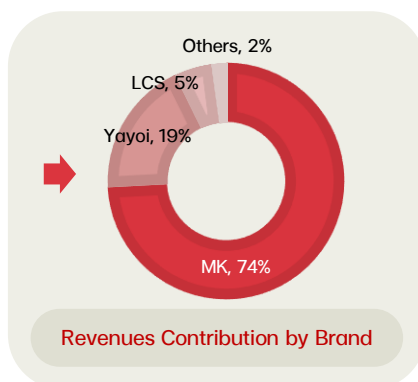
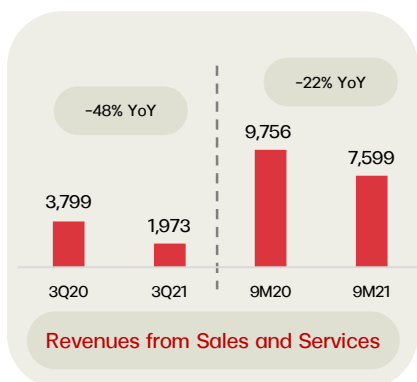
For Q3/2021

Summary of the Operating Results for 3Q and 9M of Y2021

	3Q2020	3Q2021	%Change	9M2020	9M2021	%Change
Revenues from sales	3,799	1,973	-48.1%	9,756	7,599	-22.1%
Cost of sales	1,265	788	-37.7%	3,364	2,828	-15.9%
Gross Profit	2,534	1,185	-53.2%	6,393	4,770	-25.4%
SG&A	2,004	1,544	-22.9%	5,849	5,239	-10.4%
Net Profit	465	-257	-155.4%	558	-268	-148.0%



Revenues from Sales and Services

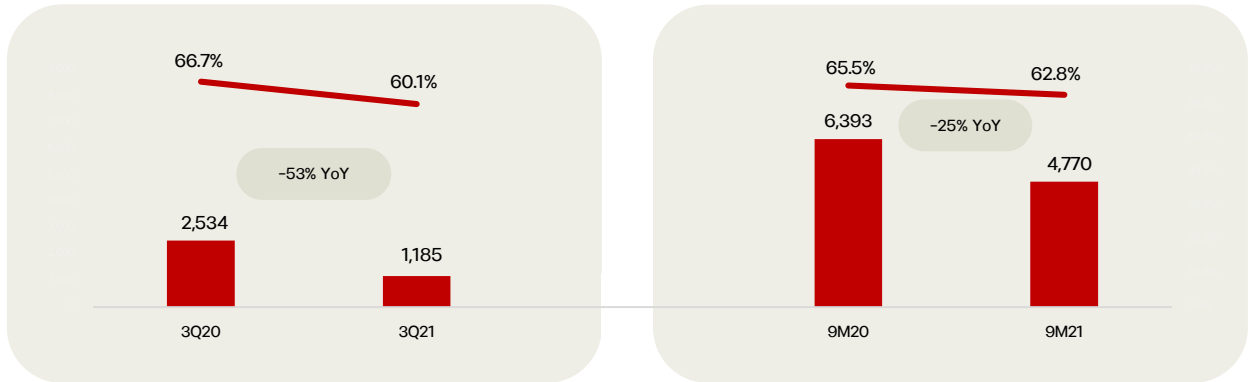


For the third quarter of 2021, the Company and its subsidiaries recorded revenues from sales and services of Baht 1,973 million, decreased by Baht 1,825 million or a decrease of 48.1% as compared to the same period of last year. A decrease was mainly because the outbreak of the Coronavirus disease 2019 (COVID-19) had become more severe and spread in many areas. As a result, the government had taken various measures to control the spread. The measures impacted to the restaurant business were including the closure of restaurant, the prohibition of dine-in service (only take-away and delivery allowed), the limit of seating capacity in the restaurant, the restriction on operating hours, etc. These measures had a huge impact to the Company's revenues from sales and services.

For the first 9 months of 2021, revenues from sales and services was Baht 7,599 million, decreased 22.1% from the same period of last year.



Gross Profit

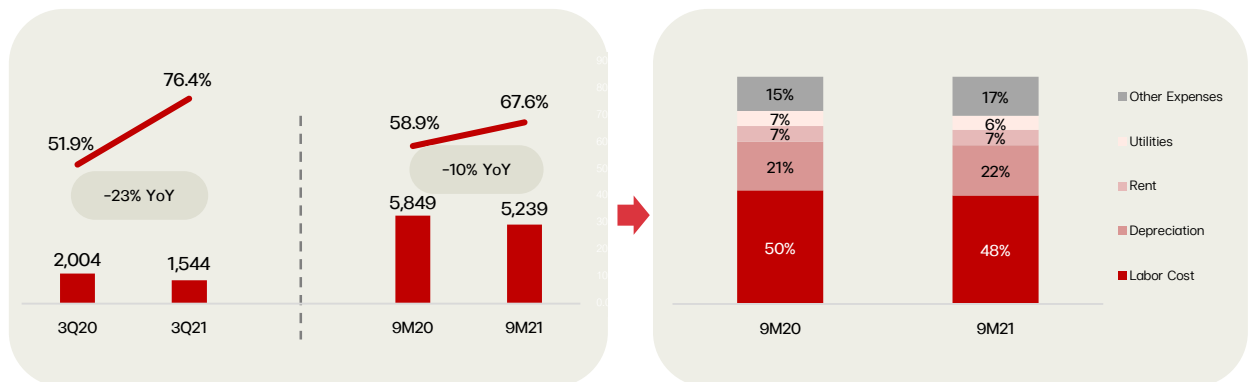


Gross profit represents the difference between revenues from sales and services and costs of sales and services which included food costs and transportation and warehousing costs. For the third quarter of 2021, gross profit of the Company and its subsidiaries amounted to Baht 1,185 million, or down by 53.2% year-on-year. Gross profit as a percentage of revenues from sales and services also decreased from 66.7% for the third quarter of 2020 to 60.1% for the same period of 2021. The decrease of gross profit as a percentage of revenues from sales and services was due largely to the closure of dine-in service, as a result, the proportion of sales from delivery channel significantly increased which had lower gross margin than other channels because of the extensive marketing promotion.

In the first 9 months of 2021, gross profit of the Company and its subsidiaries amounted to Baht 4,770 million, or dropped by 25.4% year-on-year. Gross profit as a percentage of revenues from sales and services also decreased from 65.5% for the first 9 months of 2020 to 62.8% for the same period of 2021 as a result of the higher proportion of sales from delivery channel which had lower gross margin than other channels.



Selling and Administrative Expenses



Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation and amortization. Selling and administrative expenses of the Company and its subsidiaries decreased from Baht 2,004 million for the third quarter of 2020 to Baht 1,544 million for the same period of this year, or a decrease of 22.9% year-on-year, owing mainly to a decrease of staff cost as a result of the reduction of number of employees as well as a decrease of rental expenses due to the reduction from the landlord during lockdown period. However, selling and administrative expenses as a percentage of total revenues increased from 51.9% for the third quarter of 2020 to 76.4% for the same period of 2021, mainly due to the huge drop of revenues from sales and services while most of the expenses did not drop as much as revenues from sales and services.

For the first 9 months of 2021, selling and administrative expenses amounted to Baht 5,239 million, or dropped by 10.4% year-on-year due largely to a decrease of staff cost, rental cost, utilities and marketing expenses. However, selling and administrative expenses as a percentage of total revenues increased from 58.9% for the first 9 months of 2020 to 67.6% for the same period of 2021.

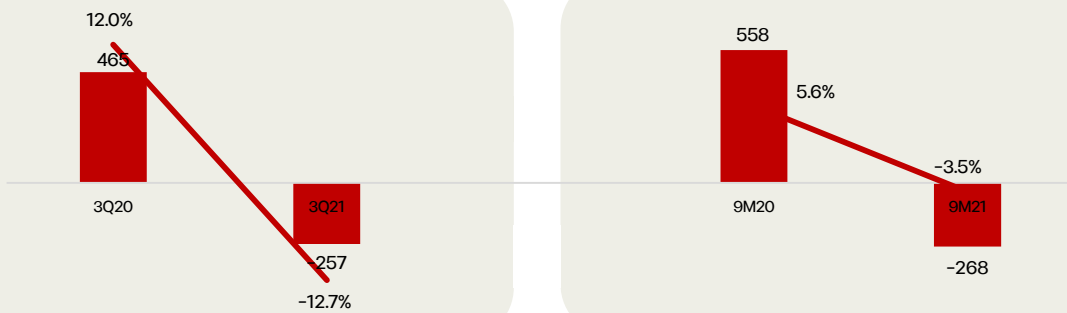


Financial Cost

The Company and its subsidiaries recorded the financial cost of Baht 12 million for the third quarter of 2021 and Baht 52 million for the first 9 months of 2021 which were the interest expenses from the lease liabilities due to the adoption of TFRS16.



Net Profit

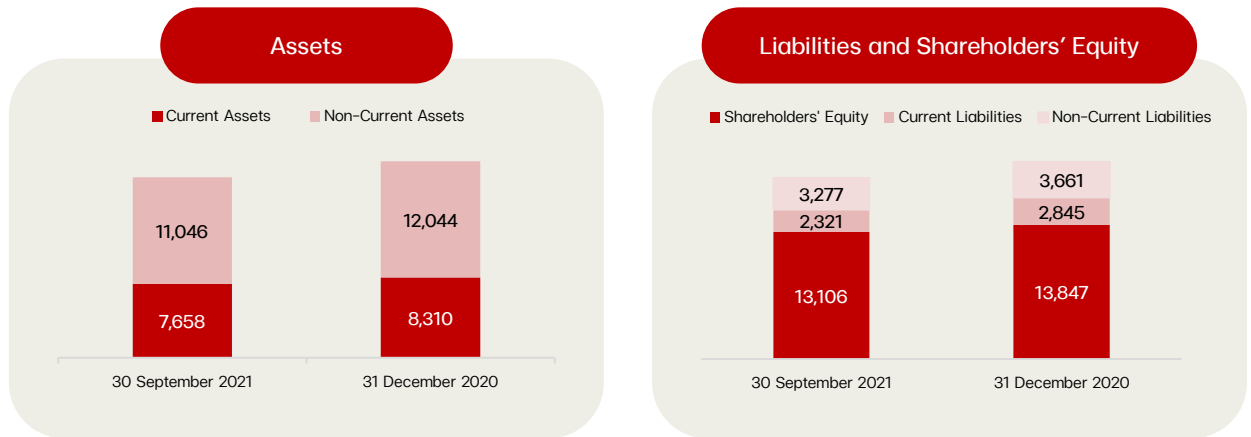


As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned above, the Company and its subsidiaries recorded net loss of Baht 257 million for the third quarter of 2021, decreased Baht 722 million as compared to the same period of last year.

For the first 9 months of 2021, the Company and its subsidiaries recorded a net loss of Baht 268 million, representing a decrease of Baht 826 million compared to the same period of last year.



Summary of Financial Positions as at 30 September 2021



Assets

As of September 30, 2021, the Company and its subsidiaries recorded total assets of Baht 18,704 million, comprising of current assets of Baht 7,658 million and non-current assets of Baht 11,046 million. The total assets decreased Baht 1,649 million or a decrease of 8.1% as compared to the end of last year due mainly to the decrease of right-of-use assets amounted Baht 575 million, other current financial assets amounted Baht 513 million, property, plant and equipment amounted Baht 381 million and cash and cash equivalents amounted Baht 133 million.



Liabilities

As of September 30, 2021, the Company and its subsidiaries recorded total liabilities of Baht 5,598 million, decreased Baht 908 million or 14.0% from the end of last year due primarily to the decrease of the lease liabilities amounted 500 million, trade and other payables amounted 266 million and Income tax payable amounted 145 million.



Shareholders' Equity

As of September 30, 2021, the Company and its subsidiaries recorded shareholders' equity of Baht 13,106 million, decreased Baht 742 million or 5.4% from the end of last year due primarily to the decrease of retained earnings as a result of the dividend payments and net loss during the year.

