

No: SN. 103/2021

18 November 2021

Subject: Management Discussion and Analysis for the Fiscal Year ended September 30, 2021

Attention: President

The Stock Exchange of Thailand

Oishi Group Public Company Limited and its subsidiaries clarify Consolidated Operating Results of the Fiscal Year 2021 and Financial Position ended September 30, 2021 as the following;

### **Oishi Group Financial Performances for the Fiscal Year 2021, ended September 30, 2021**

#### **Revenue**

The Company reported total sales and services revenue for the Fiscal Year 2021 at Baht 9,818 million, which decreased by 10.8% or Baht 1,189 million from the previous year. This was mainly due to the impact from the second and third waves of the COVID-19 pandemic that mostly impacted the Food revenue. Detailed explanations of revenue by business segments are as follows:

#### **Beverage business**

The beverage sales and services revenue were at Baht 6,250 million, which increased by 4.1% or Baht 246 million from the previous fiscal year. Facing challenging business environments such as the decline in the domestic Ready-to-drink Tea (RTD Tea) market value and the virus outbreak, our overall beverage revenue improved on a year-on-year basis thanks to our strategy to push domestic sales growth. For example, the launch of a new product, “Oishi Plus C”, the relaunch of “Oishi Chakulza” with new excitements and a new flavour, our marketing campaign to expand the teen customer base via E-sport, and cooperation with local distribution channels in the areas that have room for expansion. Therefore, this led to an uplift in beverage revenue and we firmly sustain our leadership position in the RTD Tea market in Thailand with continuous market share extension. Moreover, OEM services revenue increased while export revenue dropped by order postponements due to the new waves of the pandemic in Cambodia, Laos, and Myanmar.

#### **Food business**

The food sales were Baht 3,568 million, which decreased by 28.7% or Baht 1,435 million from the Fiscal Year 2020. The widespread of the COVID-19 has returned since December 2020 and April 2021 and the impact has been prolonged compared to the previous fiscal year. In order to respond to this situation, the Company developed the new Oishi-to-go model that offered varieties of the menu for takeaway that suit customers who are interested to buy a meal from restaurants. The new Food Truck model which is a mobile store that can reach customers more easily and be able to serve home delivery channels was also launched this year. Moreover, we continued to drive home delivery services by increasing coverage areas supported by an increase in the number of outlets that could offer delivery services. All of that partly helped minimize the impacts of lower dine-in sales.

In addition, the packaged food business unit launched bottles sauces, a new product category under Oishi brand that helped encourage revenue growth and was in response to the cooking-at-home trends of customers recently.

### **Cost of Sales**

The total cost of sales and services of the Company for the Fiscal Year 2021 was Baht 6,879 million, declined by 6.9% or Baht 509 million. Reduction in cost of sales was in accordance with lower overall revenue. The ratio of cost of sales to revenue of 70.1% was higher than 67.1% in the previous fiscal year.

#### **Beverage business**

The beverage cost of sales and services rose from the previous year which was in the same trend as beverage revenue. In addition, there was higher machine overhaul expenses to support future sales growth.

#### **Food business**

The food cost of sales and service decreased from the previous year, in-line with the reduction in food revenue. However, raw material costs management at the restaurant partially helped offset the impact.

### **Selling Expenses**

Selling expenses for the Fiscal Year 2021 decreased by 13.7% or Baht 155 million to Baht 977 million thanks to stricter expense control scheme both at Beverage and Food segments. Marketing budgets were carefully spent in the most efficient way that can yield better sales and profit for the business. For example, online marketing activities that reached consumers directly and campaign for specific group of customers that more resonate with what consumers want. Furthermore, stricter policies to improve efficiency and lower expenses at the restaurants, together with rental saving from negotiation with landlords were key drivers for lower selling expenses that the Food business unit has been implemented since the beginning of the virus outbreak.

### **Administrative Expenses**

Administrative expenses for the Fiscal Year 2021 were Baht 1,512 million, which decreased by 17.5% or Baht 320 million from the Fiscal Year 2020. This was mainly supported by labour cost management including educate and upskill the restaurant staff to be able to work in multiple roles so that they will be more efficient in terms of working and can help replace others when it's needed. Besides, head office expenses were well under control to improve overall management efficiency.

### **Non-recurring Item**

There was no non-recurring item in the Fiscal Year 2021. However, the Company recorded extraordinary profit in the Fiscal Year 2020 at Baht 293 million since the insurance claim on property damaged was higher than the book value of assets lost from the fire incident.

## **Net Profit**

The Company recorded Fiscal Year 2021's net profit of Baht 545 million, which dropped by 46.1% or Baht 466 million from the Fiscal Year 2020. When comparing to Normalized net profit, adjusted with non-recurring item, for the Fiscal Year 2020 at Baht 718 million, the profit level this year was lower by 24.1% or Baht 173 million. Reductions in profit were mainly due to reduction in sales and profit from the Food business caused by the COVID-19 pandemic as aforementioned which was partly negated by improvement in Beverage's sales and profit and discipline in expense management measures.

## **Oishi Group Financial Position as of September 30, 2021**

### **Assets**

Total assets as of September 30, 2021 was Baht 9,109 million, increased from total assets as of September 30, 2020 at Baht 8,562 million by 6.4% or Baht 547 million, consisted of the following;

Current assets stood at Baht 3,445 million, higher by Baht 632 million from an increase in Cash and cash equivalent and other investment item. Other investment item was short-term available for sales securities at an amount of Baht 1,102 million that was allocated from the whole cash amount to be invested for higher return potential when compared to the bank deposit rate. Also, account receivables increased during beverage sales growth stage.

Non-current assets of Baht 5,664 million, lower by Baht 85 million, mainly from a reduction in property plant and equipment item due to depreciation expenses for the year, partly negated by an increase in right-of-use of assets from the adoption of the new TFRS16.

### **Liabilities**

Total liabilities as of September 30, 2021 was Baht 1,977 million, decreased by 19.4% or Baht 321 million from total liabilities of Baht 1,656 million as of September 30, 2020, consisted of the following;

Current liabilities of Baht 1,589 million, rose by Baht 144 million due mainly to recognition of current portion of financial lease liabilities at Baht 165 million while other payables reduced from cost control measures.

Non-current liabilities of Baht 388 million, increased by Baht 177 million mainly from recognition of financial lease liabilities at Baht 134 million.

The Company financial position remained strong with debt-free status as of September 30, 2021.

### **Shareholders' Equity**

Total equity as of September 30, 2021 was Baht 7,132 million, increased by 3.3% or Baht 226 million from September 30, 2020, due to an increase in retained earnings as a result of additional net profit during the twelve-month, though partly offset by dividend payment to shareholders.

Sincerely yours,

(Mrs. Nongnuch Buranasetkul)  
President & CEO