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May 10, 2022

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2022

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 31 March 2022

Table 1: Operating results for the 3-month period ended 31 March 2022

	Consolidated Financial Statements				Separate Financial Statements			
			Increase (Decrease)				Increase (Decrease)	
	2022	2021	Thousand Baht	%	2022	2021	Thousand Baht	%
Total revenues	451,887	420,347	31,540	7.5	443,282	411,703	31,579	7.7
Sales and service income	449,380	418,443	30,937	7.4	440,646	408,790	31,856	7.8
Cost of sales and service	344,800	321,566	23,234	7.2	338,650	314,853	23,797	7.6
<b>Gross profit</b>	<b>104,580</b>	<b>96,877</b>	<b>7,703</b>	<b>8.0</b>	<b>101,996</b>	<b>93,937</b>	<b>8,059</b>	<b>8.6</b>
Other income	2,507	1,904	603	31.7	2,636	2,913	(277)	(9.5)
<b>Profit before expenses</b>	<b>107,087</b>	<b>98,781</b>	<b>8,306</b>	<b>8.4</b>	<b>104,632</b>	<b>96,850</b>	<b>7,782</b>	<b>8.0</b>
Selling and distribution expenses	26,037	25,530	507	2.0	24,940	23,702	1,238	5.2
Administrative expenses	48,649	44,267	4,382	9.9	41,410	36,205	5,205	14.4
<b>Total Expenses</b>	<b>74,686</b>	<b>69,797</b>	<b>4,889</b>	<b>7.0</b>	<b>66,350</b>	<b>59,907</b>	<b>6,443</b>	<b>10.8</b>
<b>Profit from operating activities</b>	<b>32,401</b>	<b>28,984</b>	<b>3,417</b>	<b>11.8</b>	<b>38,282</b>	<b>36,943</b>	<b>1,339</b>	<b>3.6</b>
Share of profits from investment in associate	2,099	-	2,099	100	-	-	-	-
Finance cost	(1,140)	(1,722)	582	(33.8)	(881)	(1,397)	516	(36.9)
<b>Profit before income tax expenses</b>	<b>33,360</b>	<b>27,262</b>	<b>6,098</b>	<b>22.4</b>	<b>37,401</b>	<b>35,546</b>	<b>1,855</b>	<b>5.2</b>
Income tax expenses	(7,475)	(7,363)	(112)	1.5	(7,450)	(7,349)	(101)	1.4
<b>Profit for the period</b>	<b>25,885</b>	<b>19,899</b>	<b>5,986</b>	<b>30.1</b>	<b>29,951</b>	<b>28,197</b>	<b>1,754</b>	<b>6.2</b>
Gross profit margin	23.3%	23.2%	0.1%		23.1%	23.0%	0.1%	
Selling and distribution expenses per net sales	5.8%	6.1%	(0.3%)		5.7%	5.8%	(0.1%)	
Administrative expense per net sales	10.8%	10.6%	0.2%		9.4%	8.9%	0.5%	
Net profit margin	5.7%	4.7%	1.0%		6.8%	6.8%	-	
Earnings per share (Bath/Share)	0.04	0.03	0.01		0.05	0.05	-	

In the first quarter of 2022, the Company and its subsidiary had profit for the period amount of Baht 25.9 million, increasing from the same period of previous year amount of Baht 6.0 million or 30.1% which was from sales and service income increased amount of Baht 30.9 million while cost of sales increased amount of Baht 23.2 million. As a result, gross profit increased by Baht 7.7 million with a profit margin of 23.3%, slightly increased 0.1%. Moreover, other income increased amount of Baht 0.6 million, share of profits from investment in associate increased amount of Baht 2.1 million, and finance cost decreased amount of Baht 0.6 million. However, selling and distribution expenses increased amount of Baht 0.5 million, administrative expenses increased amount of Baht 4.4 million, and income tax expenses increased amount of Baht 0.1 million.

■ Revenues from sales and service

Table 2: Revenues from sales and service separated by operating segment for the 3-month period ended 31 March 2022

(Unit: Thousand Baht)

Operating segment	For the 3-month period ended				Increase (Decrease)	
	31 March				Thousand Baht	%
	2022	%	2021	%		
Industrial food products segment	190,600	42.4	181,154	43.3	9,446	5.2
Consumer food products segment	249,590	55.6	227,295	54.3	22,295	9.8
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	9,190	2.0	9,994	2.4	(804)	(8.0)
<b>Total</b>	<b>449,380</b>	<b>100.0</b>	<b>418,443</b>	<b>100.0</b>	<b>30,937</b>	<b>7.4</b>

The Company and its subsidiary's revenues from sales and service were Baht 449.4 million, increasing from the same period of previous year amount of Baht 30.9 million or 7.4%. Revenues from sales of industrial food products segment increased amount of Baht 9.4 million or 5.2% which was from product group of food ingredient and food specialty. Revenues from sales of consumer food products segment increased amount of Baht 22.3 million or 9.8% which was mainly from product group such as food ingredient, snack and confectionary, and frozen & chilled food. However, revenues from manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment decreased amount of Baht 0.8 million or 8.0% which was mainly due to an impact of new wave of the Coronavirus-19 pandemic which caused the economy slow down and affected to such business segment.

■ Gross profit

The Company and its subsidiary's gross profit was Bath 104.6 million, increasing from the same period of previous year amount of Baht 7.7 Baht. Gross profit margin was equal to 23.3%, increasing from the same period of previous year 0.1%.

The Company's gross profit was Baht 102.0 million, increasing from the same period of previous year amount of Baht 8.1 million which was in accordance with the increase of sales and service income amount of Baht 31.9 million while cost of sales increased amount of Baht 23.8 million. The Company's gross margin was equal to 23.1%, slightly increasing from the same period of previous year 0.1% which was mainly from more efficiency in cost of inventory management although there was an effect of the depreciation of Thai Baht compared with the same quarter of previous year. In Q1 of 2022, the value of Thai Baht against US dollar was between 32.03 - 33.90, while at the same period of previous year was between 30.03 - 31.51.

■ Other income

The Company and its subsidiary's other income was Baht 2.5 million, increasing amount of Baht 0.6 million. The main reason was from commission income increased amount of Baht 0.4 million, income from inventory insurance claims increased amount of Baht 0.5 million, and other income increased amount of Baht 0.2 million while gain on foreign exchange decreased amount of Baht 0.5 million which was gain in the same quarter of previous year amount of Baht 0.5 million but was loss in this quarter amount of Baht 0.5 million which was presented including in group of administrative expenses.

Expenses

■ Selling and distribution expenses

The Company and its subsidiary's selling and distribution expenses were Baht 26.0 million, slightly increasing from the same period of previous year amount of Baht 0.5 million or 2.0%. Employee expenses increased amount of Baht 1.1 million which was from the Company's amount of Baht 1.7 million while the subsidiary's employee expenses decreased amount of Baht 0.6 million according to the decrease of number of employees. On the other hand, delivery expenses decreased amount of Baht 0.4 million and marketing expenses and others decreased amount of Baht 0.2 million.

■ Administrative expenses

The Company and its subsidiary's administrative expenses were Baht 48.6 million, increasing from the same period of previous year amount of Baht 4.4 million or 9.9%. The main reason was from provision for loss from obsolete stock increased amount of Baht 5.5 million which the provision was recorded in this period amount of Baht 4.5 million which was comprised of the Company's amount of Baht 4.3 million and a subsidiary's amount of Baht 0.2 million while was the reversal of provision at the same period of previous year amount of Baht 1.0 million (comprised of the reversal of the Company's provision amount of Baht 1.4 million and a subsidiary's provision amount of Baht 0.4 million). Besides, loss from expired and damaged stock destruction increased amount of Baht 0.6 million while employee expenses decreased amount of Baht 0.7 Baht, external warehouse rental expenses decreased amount of Baht 0.3 million, provision for doubtful accounts decreased amount of Baht 0.4 million, and other expenses decreased amount of baht 0.3 million.

▪ Share of profits from investment in associate

Share of profits from investment in associate which was recognised based on equity method increased from the same period of previous year amount of Baht 2.1 million. There was no such transaction at the same period of previous year because the company has invested in an associate in May 2021.

▪ Finance cost

Finance cost decreased amount of Baht 0.6 million which was mainly from the Company's interest expenses decreased amount of Baht 0.5 million from long-term loan from financial institution repayment during the current period. Therefore, as at 31 March 2022, the Company has repaid such loan in full amount.

▪ Profit for the period

Profit for the period was Baht 25.9 million, increasing from the same period of previous year amount of Baht 6.0 million or 30.1% which was due to gross profit increased amount of Baht 7.7 million, other income increased amount of Baht 0.6 million, share of profits from investment in associate increased amount of Baht 2.1 million, and finance cost decreased amount of Baht 0.6 million. However, selling and distribution expenses increased amount of Baht 0.5 million, administrative expenses increased amount of Baht 4.4 million, and income tax expenses increased amount of Baht 0.1 million as mentioned above.

## 2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 March 2022

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	31/3/22	%	31/12/21	%	Thousand Baht	%	31/12/22	%	31/12/21	%	Thousand Baht	%
Current Assets	798,764	62.2	790,359	61.7	8,405	1.1	783,800	61.3	777,649	61.4	6,151	0.8
Non-Current Assets	485,514	37.8	489,907	38.3	(4,393)	(0.9)	493,843	38.7	489,569	38.6	4,274	0.9
<b>Total Assets</b>	<b>1,284,278</b>	<b>100.0</b>	<b>1,280,266</b>	<b>100.0</b>	<b>4,012</b>	<b>0.3</b>	<b>1,277,643</b>	<b>100.0</b>	<b>1,267,218</b>	<b>100.0</b>	<b>10,425</b>	<b>0.8</b>
Current Liabilities	537,110	41.8	558,147	43.6	(21,037)	(3.8)	499,287	39.1	518,736	40.9	(19,449)	(3.7)
Non-Current Liabilities	38,913	3.1	39,749	3.1	(836)	(2.1)	31,971	2.5	32,048	2.6	(77)	(0.2)
<b>Total Liabilities</b>	<b>576,023</b>	<b>44.9</b>	<b>597,896</b>	<b>46.7</b>	<b>(21,873)</b>	<b>(3.7)</b>	<b>531,258</b>	<b>41.6</b>	<b>550,784</b>	<b>43.5</b>	<b>(19,526)</b>	<b>(3.5)</b>
Shareholders' equity	708,255	55.1	682,370	53.3	25,885	3.8	746,385	58.4	716,434	56.5	29,951	4.2
<b>Total liabilities and shareholders' equity</b>	<b>1,284,278</b>	<b>100.0</b>	<b>1,280,266</b>	<b>100.0</b>	<b>4,012</b>	<b>0.3</b>	<b>1,277,643</b>	<b>100.0</b>	<b>1,267,218</b>	<b>100.0</b>	<b>10,425</b>	<b>0.8</b>

### 2.1 Assets

As at 31 March 2022, the Company and its subsidiary had total assets amount of Baht 1,284.3 million which were comprised of current assets amount of Baht 798.8 million or 62.2% of total assets and non-current assets amount of Baht 485.5 million or 37.8% of total assets.

The main compositions of assets were inventories amount of Baht 429.1 million or 33.4%, property, plant and equipment amount of Baht 312.5 million or 24.3%, trade and other receivables amount of Baht 284.3 million or 22.1%, and goodwill amount of Baht 94.4 million or 7.4%.

- Current assets were Baht 798.8 million, increasing from the previous year amount of Baht 8.4 million or 1.1%. The main reason was from inventories increased amount of Baht 40.3 million and cash and cash equivalents increased amount of Baht 26.6 million while trade and other receivables decreased amount of Baht 55.7 million and other current assets decreased amount of Baht 3.0 million.
- Non-current assets were Baht 485.5 million, decreasing from the previous year amount of Baht 4.4 million or 0.9%. The main reason was from property, plant and equipment decreased amount of Baht 4.6 million and right-of-use assets decreased amount of Baht 3.4 million while investment in associate increased amount of Baht 2.1 million which was from the recognition of share of profits from investment in associate based on equity method and deferred tax assets increased amount of Baht 1.1 million.

## 2.2 Liabilities

As at 31 March 2022, the Company and its subsidiary had total liabilities amount of Baht 576.0 million, which were comprised of current liabilities amount of Baht 537.1 million or 93.2% of total liabilities and non-current liabilities amount of Baht 38.9 million or 6.8% of total liabilities.

The main compositions of liabilities were bank overdrafts and short-term loans from financial institutions amount of Baht 254.2 million or 44.1% and trade and other payables amount of Baht 227.1 million or 39.4%.

- Current liabilities decreased from the previous year amount of Baht 21.0 million or 3.8%. The main reason was from bank overdrafts and short-term loans from financial institutions decreased amount of Baht 2.9 million, trade and other payables decreased amount of Baht 14.8 million, and current portion of long-term loans from financial institution decreased amount of Baht 14.3 million which was from loans repayment during the period while advances received from customers increased amount of Baht 2.1 million and income tax payable increased amount of Baht 8.5 million.
- Non-current liabilities slightly decreased from the previous year amount of Baht 0.8 million or 2.1%. The main reason was from lease liabilities - net of current portion decreased amount of Baht 2.2 million while provision for long-term employee benefits increased amount of Baht 1.3 million

## 2.3 Shareholders' equity

Shareholders' equity as at 31 March 2022 was Baht 708.3 million, increasing from the previous year amount of Baht 25.9 million which was from profit for the first quarter of 2022 of the Company and its subsidiary amount of Baht 25.9 million.

### 3. Cash flows Analysis

Table 4: Overall cash flow of the Company and its subsidiary for the 3-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2022	2021	2022	2022
Cash flows from operating activities	47,665	15,499	52,667	18,965
Cash flows from (used in) investing activities	(734)	1,218	(8,271)	(2,531)
Cash flows from (used in) financing activities	(20,353)	6,803	(17,539)	8,378
<b>Net increase in cash and cash equivalents</b>	<b>26,578</b>	<b>23,520</b>	<b>26,857</b>	<b>24,812</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>37,923</b>	<b>43,813</b>	<b>34,805</b>	<b>40,819</b>
<b>Cash and cash equivalents at end of the period</b>	<b>64,501</b>	<b>67,333</b>	<b>61,662</b>	<b>65,631</b>

- The Company and its subsidiary had net cash flows from operating activities for the first quarter of 2022 amount of Baht 47.7 million.

- **Net cash flows from (used in) investing activities**

- ✚ **The Company and its subsidiary**

- ✚ 2022: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 0.7 million. The main reason was from acquisition of equipment and intangible assets during the period amount of Baht 0.4 million and Baht 0.5 million, respectively, while there was cash received from sales of equipment amount of Baht 0.1 million.

- ✚ 2021: The Company and its subsidiary's net cash flows from investing activities were amount of Baht 1.2 million. The main reason was from cash received from sales of car amount of Baht 2.0 million, while there were acquisition of equipment and intangible assets amount of Baht 0.5 million and Baht 0.3 million, respectively.

- ✚ **The Company**

- ✚ 2022: The Company's net cash flows used in investing activities were amount of Baht 8.3 million. The main reason was from loans to subsidiary during the period amount of Baht 8.0 million, acquisition of equipment and intangible assets amount of Baht 0.2 million and Baht 0.5 million, respectively, while there were cash received from interest income amount of baht 0.3 million and sales of equipment amount of Baht 0.1 million.

- ✚ 2021: The Company's net cash flows used in investing activities were amount of Baht 2.5 million. The main reason was from loans to subsidiary during the period amount of Baht 6.2 million, acquisition of equipment and intangible assets during the period amount of Baht 0.5 million and Baht 0.2 million, respectively, while there were cash received from interest income amount of baht 1.3 million, loans repayment from subsidiary amount of baht 1.0 million, and sales of car amount of Baht 2.0 million

▪ **Net cash flows from (used in) financing activities**

✚ **The Company and its subsidiary**

✚ 2022: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 20.4 million. The main reason was from short-term loans from financial institutions decreased amount of Baht 2.9 million, long-term loans repayment to financial institutions and lease liabilities payment amount of Baht 14.3 million and Baht 3.2 million, respectively.

✚ 2021: The Company and its subsidiary's net cash flows from financing activities were amount of Baht 6.8 million. The main reason was from short-term loans from financial institutions in form of trust receipt payables increased amount of Baht 40.0 million while there were long-term loans repayment to financial institutions and lease liabilities payment amount of Baht 30.4 million and Baht 2.7 million, respectively.

✚ **The Company**

✚ 2022: The Company's net cash flows used in financing activities were amount of Baht 17.5 million. The main reason was from short-term loans from financial institutions in form of trust receipt payables decreased amount of Baht 0.9 million, long-term loans repayment to financial institutions amount of Baht 14.3 million and lease liabilities payment amount of Baht 2.4 million.

✚ 2021: The Company's net cash flows from financing activities were amount of Baht 8.4 million. The main reason was from short-term loans from financial institutions in form of trust receipt payables increased amount of Baht 40.0 million while there were long-term loans repayment to financial institutions amount of Baht 29.6 million and lease liabilities payment amount of Baht 2.0 million.

Refer to the above information, the Company and its subsidiary had net increase in cash and cash equivalents in Q1 of 2022 amount of Baht 26.6 million. When including with cash and cash equivalents as at 31 December 2021 amount of Baht 37.9 million, the Company and its subsidiary's cash and cash equivalents as at 31 March 2022 were equal to Baht 64.5 million.

Please be informed accordingly.

Yours faithfully,

(Jane Wongisariyakul)

CEO

Winner Group Enterprise Public Co., Ltd.