



**SRINANAPORN MARKETING PUBLIC CO., LTD.**

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- Translation -

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Subject: Management discussions and analysis for Quarter 2 ended 30 June 2022

To: President  
The Stock Exchange of Thailand

Enclosure: Management's discussions and analysis for Quarter 2 of 2022 Results

Srinanaporn Marketing Public Company Limited (the "Company") would like to submit the Company's reviewed financial statements for Quarter 2 ended 30 June 2022 to the Stock Exchange of Thailand.

The Company's operation results for the 3-months and 6-months period ended 30 June 2022 registered a net profit amounting to Baht 115.70 million and Baht 220.64 million respectively. Please see further details in the Management's Discussion and Analysis in comparison with the corresponding period last year as attached.

Yours sincerely,

Srinanaporn Marketing Public Company Limited

-Signed-

(Mr. Supachoke Bumrungpun)

Acting Chief Financial Officer



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## ***Management's Discussion and Analysis for Quarter 2 of 2022 Results***

### ***Srinanaporn Marketing Public Company Limited***

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#### **1. Overview Operating Results in Quarter 2 of 2022**

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- Srinanaporn Marketing Public Company Limited ("The Company") has total revenue from sales for Q2/2022 totaling of Baht 1,323.5 million increased 23.9% compared with Q2/2021 and increased 16.8%, compared with Q1/2022 due to the increased revenue from both domestic and overseas sales resulting from economic activities returning to normalcy, better demand from both domestic and overseas, and new products which have received good feedback from consumers.
- For the first six months of 2022, total revenue from sales was Baht 2,456.5 million, increased 13.2% compared with the same period last year. To compare after adjusting for revenue from sales of Siri Pro, the total revenue from sales increased 17.6% from both domestic and overseas sales.
- Profit attributable to owners of the parent ("The Company's net profit") for Q2/2022 of Baht 115.8 million increased 50.9% and net profit from core business operating results of Baht 122.0 million increased 42.8% compared with Q2/2021. Compared with Q1/2022, the Company's net profit increased 9.9% and net profit from core business operating results increased 7.6% from revenue growth on both domestic and overseas sales, together with efficient management in cost and expenses.
- For the first six months of 2022, the Company's net profit of Baht 221.2 million, decreased 13.2% compared with the same period of 2021, resulting from the revenue from the gain on loss of control of a subsidiary (Siri Pro) Baht 128.7 million in Q1/2021 which is one-time income. However, if the Company does not combine this transaction, the net profit from core business operating results for 2022 is Baht 235.5 million compared with 2021 totaled Baht 145.5 million increased 61.9%. The revenue growth from both domestic and overseas sales, better profit margin, together with efficient management in cost and expenses.

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#### **2. Important events in Quarter 2 of 2022**

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- The economic activities have recovered to normalcy, together with better consumer demand from both domestic and overseas as a result of country's reopening and relaxation of preventive measures against COVID-19 and tourism and service sectors were recovering. These resulted the revenue from domestic sales especially Modern Trade channel such as convenience stores has continually grown. Overseas' sales also clearly recover especially Vietnam as during Q1/2022, there were the long holiday and the problem of transportation delivery by ship. In addition, the Company's new products have received good feedback from consumers. These resulted the revenue from both domestic and overseas sales increased.



- The rise in commodity process caused some of the Company's raw materials and logistic cost increased. However, the Company's product portfolio as very diversified. The impact of the increase in some raw materials is not significantly affected the Company, together with efficient management in cost and expenses, launching new products with higher margin, growth in high margin sales channels can reduce impact on higher cost of sales.
- The Company has won "Inspirational Brand Award" at Asia Pacific Enterprise Awards (APEA) 2022 which is the Asia regional award for an outstanding and leading business companies or brands across Asia Pacific Region in 2022 who have outstanding mission, vision, strategy, together with business management and driving the organization with sustainable growth, good governance, social and environmental responsibilities, and inspiring to develop and manage the organization with sustainability.

### 3. Consolidated Operating Results

For three-month and six-month period ended 30 June 2021 and 2022, the Company's Statement of Income are as follow.

Statement of Income (Unit: million Baht)	Three-month period ended 30 June					Six-month period ended 30 June		
	Q2/21	Q1/22	Q2/22	Increased (Decreased)		6M/21	6M/22	Increased (Decreased) YoY (%)
				YoY (%)	QoQ (%)			
Revenue from sales	1,067.9	1,133.1	1,323.5	23.9%	16.8%	2,170.4	2,456.5	13.2%
Other income	5.5	10.5	15.9	188.7%	51.7%	13.0	26.5	104.4%
Gain on loss of control of a subsidiary	-	-	-	-	-	128.7	-	-100.0%
Total Revenues	1,073.4	1,143.6	1,339.4	24.8%	17.1%	2,312.1	2,483.0	7.4%
Cost of sales	(794.9)	(822.7)	(978.0)	23.0%	18.9%	(1,607.2)	(1,800.7)	12.0%
Selling expenses	(109.5)	(125.0)	(159.0)	45.2%	27.1%	(267.8)	(284.0)	6.0%
Administrative expenses	(48.1)	(53.6)	(50.8)	5.5%	-5.3%	(109.8)	(104.4)	-4.9%
Profit before finance costs and taxes	120.9	142.3	151.6	25.5%	6.6%	327.3	293.9	-10.2%
Finance costs	(17.1)	(0.2)	(0.1)	-99.1%	-18.6%	(35.6)	(0.3)	-99.1%
Share of loss of investment in a joint venture	(8.7)	(8.1)	(6.2)	-28.6%	-23.2%	(9.7)	(14.3)	47.4%
Profit before income taxes	95.1	134.0	145.3	52.9%	8.4%	282.0	279.3	-0.9%
Income taxes	(21.3)	(29.1)	(29.6)	39.2%	1.8%	(36.0)	(58.7)	63.1%
Profit attributable to:								
- Owners of the parent	76.8	105.4	115.8	50.9%	9.9%	254.7	221.2	-13.2%
- Non-controlling interests	(3.0)	(0.4)	(0.1)	-95.6%	-69.0%	(8.7)	(0.6)	-93.5%
Profit for the period	73.8	104.9	115.7	56.8%	10.3%	246.0	220.6	-10.3%
Basic earnings per share	0.11	0.11	0.12			0.35	0.23	
Gross Profit	273.0	310.4	345.4	26.6%	11.3%	563.2	655.8	16.4%
EBITDA	162.4	181.4	191.1	17.7%	5.4%	417.7	372.6	-10.8%
Gross Profit Margin	25.6%	27.4%	26.1%	0.5%	-1.3%	26.0%	26.7%	0.7%
EBITDA Margin	15.2%	16.0%	14.4%	-0.8%	-1.6%	19.2%	15.2%	-4.0%
Net Profit attributable to owner of the parent Margin	7.2%	9.3%	8.8%	1.6%	-0.5%	11.7%	9.0%	-2.7%

**Revenue from sales**

Since March 16, 2021, Boonrawd Trading Co., Ltd. ("Boonrawd") stake in share capital of Siri Pro 30% and the Company decreased stake in share capital of Siri Pro to 50.01%, this has affected the accounting method in the consolidated financial statements of the Company, the consolidated financial statements included Siri Pro could not be prepared and will be changed to the recognition of profit or loss from the joint venture instead. To compare revenue from sales with the same accounting method of current consolidated financial statements, the Company presented revenue from sales for first six months of 2021, by adjusting revenue from domestic sales and sales of other products of Siri Pro as the table and explanation below.

For three-month and six-month period ended 30 June 2021 and 2022, the Company's revenue from sales is as follow.

Revenue from sales (Unit: million Baht)	Three-month period ended 30 June					Six-month period ended 30 June				
	Q2/21	Q1/22	Q2/22	Increased (Decreased)		6M/21	6M/21*	6M/22	Increased (Decreased)	
				YoY (%)	QoQ (%)				YoY (%)*	YoY (%)
Revenue from domestic sales	848.6	898.7	967.2	14.0%	7.6%	1,681.3	1,685.2	1,865.8	11.0%	10.7%
Revenue from overseas sales	219.3	234.4	356.3	62.5%	52.0%	404.4	404.4	590.7	46.1%	46.1%
<b>Total revenue from sales of the Company's products</b>	<b>1,067.9</b>	<b>1,133.1</b>	<b>1,323.5</b>	<b>23.9%</b>	<b>16.8%</b>	<b>2,085.7</b>	<b>2,089.6</b>	<b>2,456.5</b>	<b>17.8%</b>	<b>17.6%</b>
Revenue from sales of other products	-	-	-	-	-	84.7	-	-	-100.0%	-
<b>Total revenue from sales</b>	<b>1,067.9</b>	<b>1,133.1</b>	<b>1,323.5</b>	<b>23.9%</b>	<b>16.8%</b>	<b>2,170.4</b>	<b>2,089.6</b>	<b>2,456.5</b>	<b>13.2%</b>	<b>17.6%</b>

The Company's revenue from sales for Q2/2022 totaling of Baht 1,323.5 million increased of Baht 255.6 million or 23.9% compared with Q2/2021, from both domestic sales which increased by 14.0% and revenue from overseas sales which increased by 62.5%. This was due to the recovery of economic activities to normalcy, better consumer demand from both domestic and overseas, the tourism recovery, and the Company's new products have received good feedback from consumers.

Compared with Q1/2022, the Company's revenue from sales increased by Baht 190.4 million or 16.8% due to the reasons as mentioned above. In addition, Q2 is the period when the average sales of the Company's products are higher than Q1 from domestic beverage sales and the higher revenue from sales in Vietnam, resulting to the revenue from domestic sales increased by 7.6% and the revenue from overseas sales increased by 52.0% from Q1/2022.

For the first six months of 2022, the Company had total revenue from sales of Baht 2,456.5 million, increased of Baht 286.1 million or 13.2% compared with the same period last year.

\* Adjustment of revenue from sales of the Company in 6M/21 according to change of the accounting method in the consolidated financial statements of the Company resulted from changing of investment in subsidiary into joint venture of Siri Pro since Q2/21 in order to compare revenue from sales with the same accounting method.



To compare with the Company's revenue from sales after Siri Pro accounting adjustment for the first six months of 2021, the Company's revenue from sales increased of Baht 366.9 million or 17.6% from both domestic sales which increased by 10.7% and overseas sales which increased by 46.1%. This was due to the recovery of economic activities to normalcy, better consumer demand from both domestic and overseas, the tourism recovery, and the Company's new products have received good feedback from consumers.

### Cost of sales and cost of sales ratio

For Q2/2022, the Company's total cost of sales of Baht 978.0 million increased by Baht 183.1 million or 23.0%, compared with Q2/2021, following revenue from sales. The ratio of total cost of sales to total revenue from sales was 73.9%, decreased from 74.4% from the same period last year, resulting from launching new products with higher margin, growth in sales channels which have high margin, and efficient in cost management.

Compared with Q1/2022, the Company's total cost of sales increased by Baht 155.3 million or 18.9%, and the ratio of total cost of sales to total revenue from sales increased from 72.6% to 73.9%. This was mainly due to the increase in some raw materials following market price. However, the Company had costs management and control, including launching new products with higher gross profit margin to compensate with the impact on higher raw materials price.

For the first six months of 2022, the Company's total cost of sales of Baht 1,800.7 million increased by Baht 193.5 million or 12.0% and the ratio of total cost of sales to total revenue from sales was 73.3%, decreased from 74.0% when compared with the same period last year. This was due to launching new products with higher margin, growth in high margin sales channels, and efficient in cost management.

### Selling expenses and administrative expenses

For three-month and six-month period ended 30 June 2021 and 2022, the Company's selling expenses, administrative expenses and % to total revenue from sales ratio are as follow.

Selling expenses and administrative expenses (Unit: million Baht)	Three-month period ended 30 June					Six-month period ended 30 June		
	Q2/21	Q1/22	Q2/22	Increased (Decreased)		6M/21	6M/22	Increased (Decreased)
				YoY (%)	QoQ (%)			
Selling expenses	109.5	125.0	159.0	45.2%	27.1%	267.8	284.0	6.0%
Administrative expenses	48.1	53.6	50.8	5.5%	-5.3%	109.8	104.4	-4.9%
Selling expenses to total revenue from sales	10.3%	11.0%	12.0%	1.7%	1.0%	12.3%	11.6%	-0.7%
Administrative expenses to total revenue from sales	4.5%	4.7%	3.8%	-0.7%	-0.9%	5.1%	4.2%	-0.9%

### Selling expenses

For Q2/2022, the Company's selling expenses of Baht 159.0 million, increased by Baht 49.5 million or 45.2% compared with Q2/2021. When compared with Q1/2022, the Company's selling expenses increased by Baht 34.0 million or 27.1%. This was due to expenses related to new products during Q2/2022 and the increase in logistic cost from the rise of oil price.



For the first six months of 2022, the Company's selling expenses of Baht 284.0 million, increased by Baht 16.2 million or 6.0% compared with the same period of 2021 due to the reasons as mentioned above.

#### Administrative expenses

For Q2/2022, the Company's administrative expenses of Baht 50.8 million increased by Baht 2.7 million or 5.5% compared with the same period of 2021. When compared with Q1/2022, the Company's administrative expenses decreased by Baht 2.8 million or 5.3%. The ratio of administrative expenses to total revenue from sales was 3.8%, decreased from 4.5% in Q2/2021 and 4.7% in Q1/2022. This was due to more efficient management.

For the first six months of 2022, the Company's administrative expenses of Baht 104.4 million, decreased by Baht 5.4 million or 4.9% compared with the same period of 2021. This was due to change of accounting method of revenue and expenses in the consolidated financial statements from investments in subsidiaries in Siri Pro's into joint venture and more efficient management.

#### **Financial expenses, Share of loss of investment in a joint venture and income tax expenses**

##### Financial expenses

For Q2/2022, the Company's financial expenses of Baht 0.1 million, decreased by Baht 16.9 million or 99.1% compared with Q2/2021, due to repayment maturity of short-term and long-term loans from financial institutions after capital gathering from IPO.

For the first six months of 2022, the Company's financial expenses of Baht 0.3 million, decreased by Baht 35.3 million or 99.1% compared with the same period of 2021 due to the same reason as mentioned above.

##### Share of loss of investment in a joint venture

For Q2/2022, the Company's share of loss from investment in a joint venture of Baht 6.2 million, decreased by Baht 2.5 million or 28.6% compared with Q2/2021, and decreased by Baht 1.9 million or 23.2% compared with Q1/2022 due the increase in revenue from sales.

For the first six months of 2022, the Company's share of loss from investment in a joint venture of Baht 14.3 million, increased by Baht 4.6 million or 47.4% the same period of 2021 from the change of the accounting method in the consolidated financial statements into share of profit or loss of investment in a joint venture during Q1/2021.

##### Income tax expenses

For Q2/2022, the Company's income tax expenses of Baht 29.6 million, increased by Baht 8.3 million or 39.2% compared with Q2/2021 and increased by Baht 0.5 million or 1.8% compared with Q1/2022.

For the first six months of 2022, the Company's income tax expenses of Baht 58.7 million, increased by Baht 22.7 million or 63.1% compared with the same period last year.

**Net profit and Net profit Margin**

For three-month and six-month period ended 30 June 2021 and 2022, the Company's net profit attribute to owners of the parent from core business operating results are as follow.

Description (Unit: million Baht)	Three-month period ended 30 June					Six-month period ended 30 June		
	Q2/21	Q1/22	Q2/22	Increased (Decreased)		6M/21	6M/22	Increased (Decreased)
				YoY (%)	QoQ (%)			
<b>Net profit attribute to owners of the parent</b>	<b>76.8</b>	<b>105.4</b>	<b>115.8</b>	<b>50.9%</b>	<b>9.9%</b>	<b>254.7</b>	<b>221.2</b>	<b>-13.2%</b>
<u>Adjust</u> loss from invest in product distribution business**	-	-	-	-	-	9.8	-	-100.0%
<u>Adjust</u> Share of loss from investment in a joint venture	8.7	8.1	6.2	-28.6%	-23.2%	9.7	14.3	47.4%
<u>Adjust</u> Gain on loss of control of a subsidiary	-	-	-	-	-	(128.7)	-	100.0%
<b>Net profit attribute to owners of the parent from core business operating results</b>	<b>85.5</b>	<b>113.5</b>	<b>122.0</b>	<b>42.8%</b>	<b>7.6%</b>	<b>145.5</b>	<b>235.5</b>	<b>61.9%</b>
Net profit from core business margin	8.0%	10.0%	9.2%	1.2%	-0.8%	6.7%	9.6%	2.9%

For Q2/2022, the Company's net profit of Baht 115.8 million increased by Baht 39.0 million or 50.9%, and net profit from core business operating results of Baht 122.0 million increased by Baht 36.5 million or 42.8%, compared with Q2/2021. This was due to both domestic and overseas sales still growing, higher gross profit margin from new products, growth in sales channels which have high margin, and efficient in cost and expense management.

Compared with Q1/2022, the Company's net profit increased by Baht 10.4 million or 9.9%, and net profit from core business operating results increased by Baht 8.5 million or 7.6%. This was mainly due to increase in revenue from sales as mentioned above, together with Q2 is the period when the average sales of the Company's products are higher than Q1 from domestic beverage sales and the higher revenue from sales in Vietnam.

For the first six months of 2022, the Company's net profit of Baht 221.2 million, decreased by Baht 33.5 million or 13.2% compared with the same period of 2021, resulting from the revenue from the gain on loss of control of a subsidiary (Siri Pro) Baht 128.7 million in Q1/2021 which is one-time income from premium on new share capital of Siri Pro which Boonrawd exercised on March 16, 2021. However, if the Company does not combine this transaction, the net profit from core business operating results for 2022 is Baht 235.5 million compared with 2021 totaled Baht 145.5 million which increased up to 61.9%. The revenue growth from both domestic and overseas sales, better profit margin, together with efficient management in cost and expenses.

\*\* Loss from invest in product distribution business is loss the Company stake in share capital of Siri Pro of 70% before changing of investment in subsidiary into joint venture of Siri Pro.



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## 4. Financial Position

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### Assets

As of 30 June 2022, the Company's assets of Baht 4,500.2 million, increased by Baht 347.9 million or 8.4% compared with the Company's assets as of 31 December 2021. This was mainly due to an increased in trade receivables, inventories, and property plant and equipment.

### Liabilities

As of 30 June 2022, the Company's liabilities of Baht 1,286.0 million, an increase of Baht 224.4 million or 21.1% compared with the Company's liabilities as of 31 December 2021. This was mainly due to an increased in trade payables.

### Shareholders' equity

As of 30 June 2022, the Company's shareholders' equity of Baht 3,214.2 million, increased by Baht 123.5 million or 4.0% compared with the Company's shareholders' equity as of 31 December 2021. This was mainly due to an increased in retained earnings.

### Statement of cash flow

The Company's net cash generated from operating activities for the first six months of 2022 totaled Baht 190.0 million.

Net cash outflow from investment activities for the first six months of 2022 totaled Baht 154.0 million due to additional investment in property plant and equipment.

Net cash outflow from financing activities for the first six months of 2022 totaled Baht 93.9 million due to dividend payment from the operating results of second half of 2021.