

10 August 2022

Subject: Management Discussion and Analysis for the three-month and nine-month period and Financial Position ended June 30, 2022 (Quarter 3/ 2021-2022)

Attention: President
The Stock Exchange of Thailand

Oishi Group Public Company Limited and its subsidiaries clarify Consolidated Operating Results for the three-month and nine-month period and Financial Position ended June 30, 2022 as the following;

Oishi Group Financial Performances for the three-month period ended June 30, 2022 (Quarter 3/ 2021-2022)

Revenue

The Company reported total sales and services revenue for Q3/2021-2022 was Baht 3,369 million, an increase of Baht 767 million or 29.5% from Q3/2020-2021. Detailed explanations by business segments are as follows;

Beverage business

The beverage sales and services revenue for Q3/2021-2022 was Baht 1,957 million, which rose by Baht 142 million or 7.8% from Q3/2020-2021. The campaign "Demon Slayer" was the main marketing promotion activity that has been well accepted by consumers, especially the expansion of distribution channels through various schools during the opening of the semester. In addition, the launch of the new product "Oishi Green Tea Honey Lemon 0%", which is a healthy alternative drink that corresponds to the lifestyle of today's consumers was received a lot of attention and response as well. As a result, sales of the beverage business was continued to grow.

Food business

The food sales for Q3/2021-2022 was Baht 1,412 million, the significant rose by Baht 625 million or 79.4% from Q3/2020-2021, due to the reopening of the restaurant business, especially in the dining service channel (Dine-in), including the expansion of new stores to support the growth of the food business in the future.

In addition, the company has introduced a new restaurant style "Shabu by Oishi", which serves Japanese-style shabu, A-la-carte and Set Menu through creating a new experience for consumers, which the use of "train conveyors" in serving food. Moreover, the continuously expansion of "Oishi Biztoro", Japanese fast food menus, to meet the lifestyle of today's consumers that emphasizes speed and convenience as important. Meanwhile "Home Delivery" channel is popular and generates sales growth continuously.

Ready-to-eat products such as gyoza and sandwiches from "Oishi Eato" are one of the main channels for generating income both domestically through modern trade and export channels.

Cost of Sales

The total cost of sales and services of the Company for Q3/2021-2022 was Baht 2,230 million, which was higher than the cost of sales and services in Q3/2020-2021 by Baht 380 million or 20.5%. However, the increased in cost of sales ratio still lower than total revenue as a resulted of cost management as follows:

Beverage business

The beverage cost of sales and services for Q3/2021-2022 was at 72.0% to sales ratio decreased by 1.1% from Q3/2020-2021, resulted from volume increase and efficient production planning.

Food business

The food cost of sales for Q3/2021-2022 was at 57.4% to sales ratio decreased by 7.4% from Q3/2020-2021, resulted from sales growth, an efficiency in restaurant operations and the well purchasing plan that help to achieve economies of scale to reduce the impact of cost push in raw materials.

Selling Expenses

Selling expenses for Q3/2021-2022 was Baht 325 million, an increase of Baht 96 million or 42.0% from Q3/2020-2021. Mainly, it was from marketing activities to drive sales as mentioned above in the beverage business by focusing on targeted consumer groups while remain the effective control over the marketing spending.

Administrative Expenses

Administrative expenses for Q3/2021-2022 was Baht 420 million, increased by Baht 42 million or 11.2% from Q3/2020-2021. Mainly, it was labor cost and operating expense to support business expansion both beverages and food to drive sales growth continuously.

Net Profit

The Company reported Baht 358 million of Net profit in Q3/2021-2022, a significant increase of Baht 196 million or 120.5% from Q3/2020-2021. This was due to sales growth while our cost control measures remained effective control as aforementioned.

Oishi Group Financial Performances for the nine-month period ended June 30, 2022

Revenue

The Company reported total sales and services revenue for the nine-month year 2021-2022 was Baht 9,362 million, an increase of Baht 1,724 million or 22.6% from the nine-month year 2020-2021. Detailed explanations by business segments are as follows;

Beverage business

The beverage sales and services revenue for the nine-month year 2021-2022 was Baht 5,400 million, which rose by Baht 689 million or 14.6% from the nine-month year 2020-2021. The growth was result from both domestic and international markets due to the success of marketing campaign as mention above.

Food business

The food sales for the nine-month year 2021-2022 was Baht 3,962 million, which rose by Baht 1,035 million or 35.4% from the nine-month year 2020-2021. As a result of the growing s from dine-in, outlets expansion and home delivery channel. In addition, the ready-to-eat product under brand “Oishi Eato Gyoza”, such as gyoza and sandwich grew both domestic through modern trade channel and export continuously as aforementioned.

Cost of Sales

The total cost of sales and services of the Company for the nine-month year 2021-2022 was Baht 6,217 million, which was higher than the cost of sales and services in the nine-month year 2020-2021 by Baht 962 million or 18.3%, in line with revenue.

Beverage business

The beverage cost of sales and services for the nine-month year 2021-2022 was at 72.2% to sales ratio, decreased by 1.8% from 74.0% to sales at the nine-month year 2020-2021, due to increased volumes and efficient production planning.

Food business

The food cost of sales for the nine-month year 2021-2022 was at 57.7% to sales ratio decreased by 1.7% from the nine-month year 2020-2021, in line with sales growth, an efficiency of restaurant operations and cost management.

Selling Expenses

Selling expenses for the nine-month year 2021-2022 was Baht 834 million, an increase of Baht 109 million or 15.1% from the nine-month year 2020-2021. Mainly due to promotion expense to drive sales as aforementioned while remain effective control the marketing spending.

Administrative Expenses

Administrative expenses for the nine-month year 2021-2022 was Baht 1,232 million, which slightly increased by Baht 32 million or 2.7% from the nine-month year 2020-2021. As the result of measures to control office expenses and continually increasing the efficiency of the overall management

Net Profit

The Company reported Baht 1,011 million of Net profit in the nine-month year 2021-2022, a significant increase of Baht 485 million or 92.0% from the nine-month year 2020-2021, mainly from profit growth in both beverage and food businesses due to sales growth while remain effective cost control measures as aforementioned.

Oishi Group Financial Position as of June 30, 2022

Assets

Total assets as of June 30, 2022 was Baht 10,054 million, increased from Baht 9,109 million as of September 30, 2021 by Baht 944 million or 10.4%, which consisted of the following;

Current assets at Baht 4,660 million, increased by Baht 1,215 million, which was mainly from an increase in Cash and cash equivalent and Investment in debt instrument fund that have high liquidity and generate returns higher than bank deposit and an increase of account receivables due to sales growth.

Non-current assets of Baht 5,393 million, lower by Baht 271 million, mainly from a reduction in property plant and equipment items due to depreciation expenses, partly offset by an increase in fixed assets as a result of restaurant outlet expansions.

Liabilities

Total liabilities as of June 30, 2022 was Baht 2,288 million, an increase of Baht 311 million or 15.7% from total liabilities of Baht 1,977 million as of September 30, 2021, and consisted of the following;

Current liabilities of Baht 1,801 million, which increased by Baht 211 million, due to the increase in account payable from the increased in purchasing to support the sales growth.

Non-current liabilities of Baht 488 million, which increased by Baht 100 million, was due to higher financial lease liabilities from new restaurant outlet expansions.

The Company financial position remained strong with debt-free status as of June 30, 2022.

Shareholders' Equity

Total equity as of June 30, 2022 was Baht 7,765 million, which increased from Baht 7,132 million from the year end fiscal year 2021 by Baht 633 million or 8.9%. An increase in retained earnings as a result of additional net profit during the nine-month year from Baht 1,011 million, partly offset by dividend paid to shareholders Baht 375 million.

Sincerely yours,

(Mrs. Nongnuch Buranasetkul)
President & CEO