

No. KK ELCID 2565/013

November 8, 2022

Subject: Management Discussion and Analysis for the third quarter ended September 30, 2022

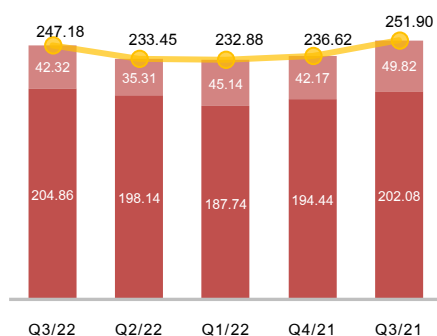
To: Director and Manager
The Stock Exchange of Thailand

K&K Superstore Southern Public Company Limited (“the Company”) would like to submit the Management Discussion and Analysis for the third quarter ended September 30, 2022 as follows:

Operating performance overview for the 3 months and 9 months period ended September 30, 2022.

Statement of comprehensive income	3 months							9 months			
	Q3/22	Q2/22	Q3/21	QoQ	%QoQ	YoY	%YoY	9M'22	9M'21	YoY	%YoY
Revenue from sales	247.18	233.45	251.90	13.73	5.9%	-4.73	-1.88%	713.50	764.85	-51.35	-6.71%
- Retail	204.86	198.14	202.08	6.72	3.4%	2.78	1.38%	590.74	635.57	-44.83	-7.05%
- wholesales	42.32	35.31	49.82	7.01	19.8%	-7.51	-15.07%	122.76	129.28	-6.51	-5.04%
Cost of sales	216.49	202.30	219.16	14.19	7.0%	-2.66	-1.22%	624.31	663.66	-39.35	-5.93%
Gross profit	30.68	31.14	32.75	-0.46	-1.5%	-2.06	-6.30%	89.19	101.19	-12.00	-11.86%
Other income	1.31	1.21	1.88	0.10	8.2%	-0.57	-30.52%	3.70	4.49	-0.79	-17.60%
Sales and administrative expenses	27.68	27.76	25.86	-0.08	-0.3%	1.82	7.04%	81.50	76.35	5.15	6.75%
Financial cost	1.06	0.92	0.74	0.14	15.1%	0.32	43.23%	2.90	2.38	0.52	21.68%
Net profit before tax	3.25	3.67	8.03	-0.42	-11.5%	-4.78	-59.52%	8.49	26.94	-18.46	-68.50%
Income tax expense	0.65	0.73	1.59	-0.09	-11.9%	-0.95	-59.45%	1.64	5.35	-3.71	-69.35%
Net profit	2.60	2.94	6.43	-0.33	-11.4%	-3.83	-59.54%	6.85	21.59	-14.75	-68.30%
Gross profit margin	12.41%	13.34%	13.00%					12.50%	13.23%		
Net profit margin	1.05%	1.25%	2.53%					0.95%	2.81%		
Number of branches	32	32	29					32	29		

Overall of revenue from sales



Million Baht	9M/2022	2021	2020
Retail	590.74	830.02	810.52
% SSSG	-10.29%	0.87%	2.14%
Number of branch			
B/F	30	28	26
+ Addition	2	2	2
C/F	32	30	28

■ Revenue from retails ■ Revenue from wholesales



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K&K Superstore Southern Public Company Limited

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Revenue from Sales

For 3-month period of third quarter 2022, the Company generated revenue from sales of Baht 247.18 million, decreasing by Baht 4.73 million or 1.18 percent compared to same period of the previous year. For 9-month period 2022, the Company generated revenue from sales of Baht 713.50 million, decreasing by Baht 51.35 million or 6.71 percent compared to same period of the previous year, mainly due to the overall economic slowdown causing the purchasing power of consumers to decrease together with the reduction of measures to stimulate people's expenditures from government measures. In the first quarter of 2021 there are measures to alleviate the burden of living expenses for people through the We Win Project and the increment of purchasing power through the welfare state card program. As a result, the Company received direct benefits from government measures in the previous year. However, in the first 9 months of 2022, the Company expanded two new stores which are Ching-Ko Branch and Tha Sa-An Branch.

Therefore, the same store sales growth for the first 9 months of 2022 decreases when compared with the first 9 months of 2021 equivalent to 10.29 percent.

Cost of sales and Gross profit

For 3-month period of third quarter 2022, the Company has cost of sales equivalent to 216.49 million Baht decreasing by Baht 2.66 million or 1.22 percent and For 9-month period 2022, the Company has cost of sales equivalent to 624.31 million Baht decreasing by Baht 39.35 million or 5.93 percent decrease from the same period of the previous year according to the decreasing in revenue from sales, Then, the Company has 89.19 million Baht of gross profit, representing 12.50 percent which decreased from the previous year, mainly due to the decrease from revenue from sales.

Other income

For 3-month period of third quarter 2022, the Company has other income equivalent to 1.31 million Baht decreasing by Baht 0.57 million or 30.52 percent and for 9-month period 2022, the Company has other income equivalent to 3.70 million Baht decreasing by Baht 0.79 million or 17.60 percent mainly due to in the first 9 months of 2021 the company received compensation for the spread of the COVID-19 epidemic from Social Security Fund in the amount of 0.60 million baht.

Sales and administrative expenses

For 3-month period of third quarter 2022, the Company has sales and administrative expenses equivalent to 27.68 million Baht increasing by Baht 1.82 million or 7.04 percent and for 9-month period 2022, the Company has sales and administrative expenses equivalent to 81.50 million Baht increasing by Baht 5.15 million or 6.75 percent mainly due to staff expenses, depreciation expenses and utility expenses from increasing the number of branches.

Financial cost

For 3-month period of third quarter 2022, the Company has financial cost equivalent to 1.06 million Baht increasing by Baht 0.32 million or 43.23 percent and for 9-month period 2022, the Company has financial cost equivalent to 2.90 million Baht increasing by Baht 0.52 million or 21.68 percent mainly due to the interest on leasing contract amounted to Baht 0.47 million

Net profit

For 3-month period of third quarter 2022, the Company has net profit equivalent to 2.60 million Baht decreasing by Baht 3.83 million or 59.54 percent and for 9-month period 2022, the Company has net profit equivalent to 6.85 million Baht decreasing by Baht 14.75 million or 68.30 percent mainly due to the decrease in the revenue from retails and increase in the distribution costs.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht	As at		Increase (Decrease)	
	September 30,2022	December 31,2021	Million Baht	%
Total assets	395.06	383.56	11.50	3.00%
Total liabilities	218.50	209.24	9.26	4.42%
Total shareholders' equity	176.56	174.32	2.25	1.29%

Asset

Most assets consist of inventories, property plant and equipment, right-of-use assets, cash and cash equivalents and trade and other receivables. As at September 30, 2022, the Company has total assets equivalent to 395.06 million Baht, increasing by Baht 11.50 million or 3.00 percent compared to the previous year, mainly due to the increase of right-of-use assets amounted to Baht 12.91 million from increasing the number of branches.

Liabilities

Most of liabilities consist of trade and other payables, lease liabilities and bank overdrafts and short-term borrowings from financial institutions. As at September 30, 2022, the Company has total liabilities equivalent to 218.50 million Baht, increasing by Baht 9.26 million or 4.42 percent compared to the previous year, mainly due to the increase of lease liabilities amounted to Baht 13.63 million from increasing the number of branches in line with the increase of asset according to TFRS 16.

Shareholders' equity

As at September 30, 2022, the Company has shareholders' equity equivalent to 176.56 million Baht, decreasing by Baht 2.25 million or 1.29 percent compared to the previous year, mainly due to the increasing of the share capital according to stock dividend amounted to Baht 5.75 million, increase of net profit for the first 9 months 2022 amounted to Baht 6.85 million and the decrease of dividend payment amounted to Baht 10.35 million

Please be informed accordingly

Yours Sincerely,

- Mr. Kawispong Sirithananonsakul-

(Mr. Kawispong Sirithananonsakul)

Managing Director

K&K Superstore Southern Public Company Limited