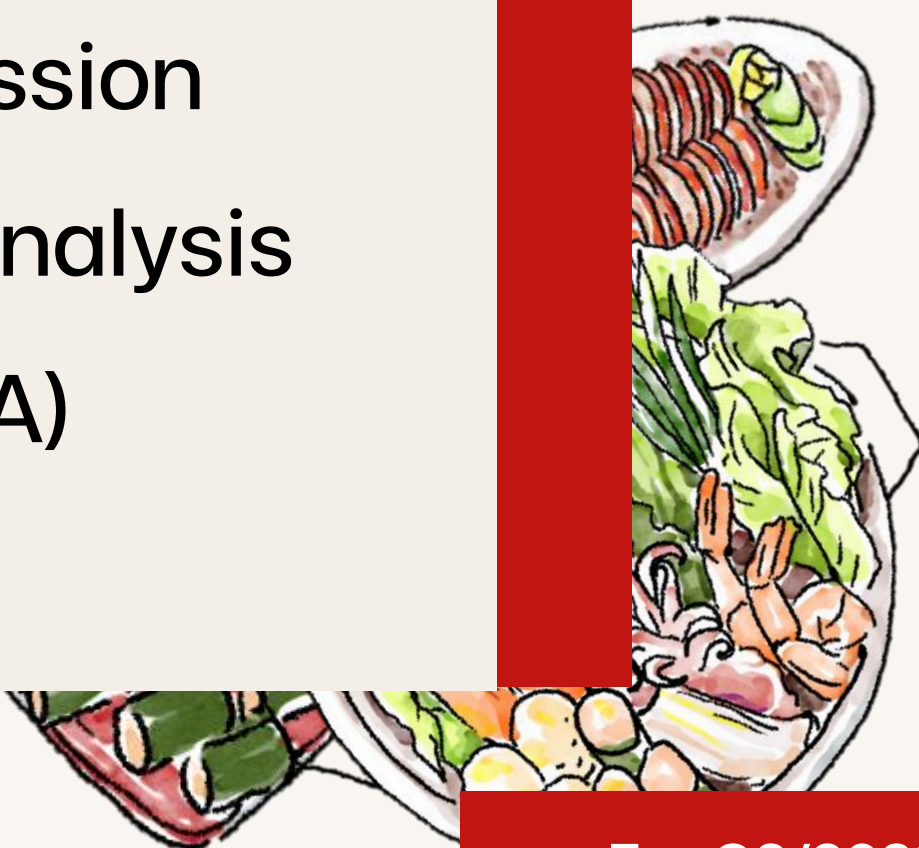




MK RESTAURANT GROUP PUBLIC COMPANY LIMITED



# Management Discussion and Analysis (MD&A)



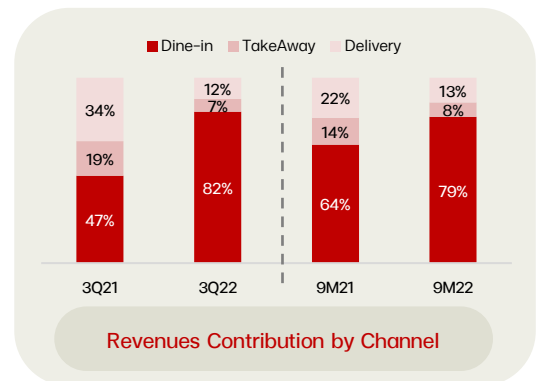
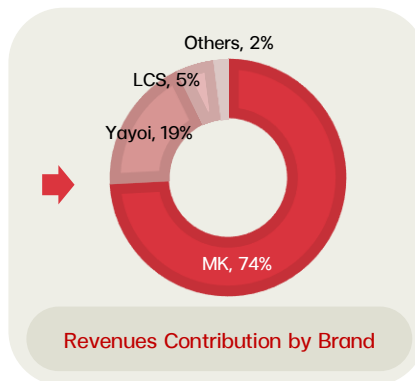
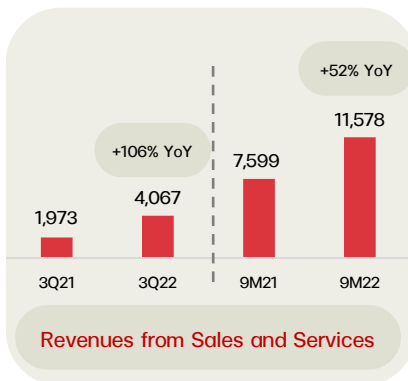
For Q3/2022

## Summary of the Operating Results for 3Q and 9M of Y2022

	3Q2021	3Q2022	%Change	9M2021	9M2022	%Change
Revenues from Sales	1,973	4,067	106.1%	7,599	11,578	52.4%
Cost of Sales	788	1,413	79.3%	2,828	4,011	41.8%
Gross Profit	1,185	2,654	123.9%	4,770	7,568	58.6%
SG&A	1,544	2,182	41.4%	5,239	6,309	20.4%
Net Profit	-257	408	258.6%	-268	1,118	517.1%



### Revenues from Sales and Services

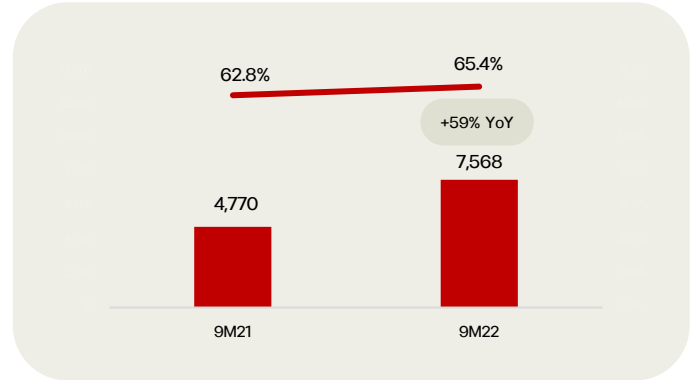
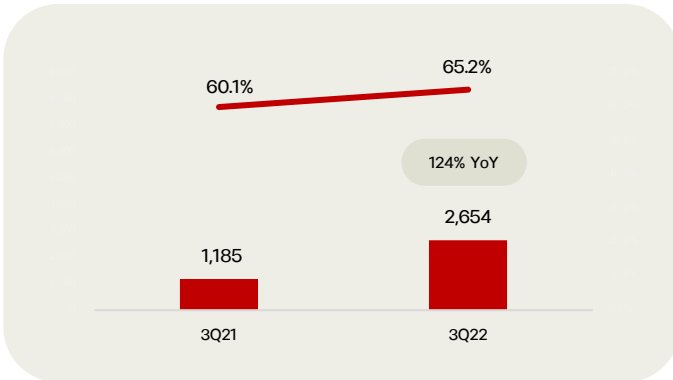


For the third quarter of 2022, the Company and its subsidiaries recorded revenues from sales and services of Baht 4,067 million, increased by Baht 2,094 million or an increase of 106.1% as compared to the same period of last year. The same-store sales growth also increased 101.2% YoY. This was due largely to the more severity of COVID outbreak in the third quarter of 2021 and the number of new infections surged rapidly. Therefore, the government had to impose stricter Covid-19 control measures especially during July-August, the restaurants were prohibited to do the dine-in services. Takeaway and delivery services were also prohibited for a certain period of time. In September, the COVID situation was slightly better, the dine-in service was allowed with the limit of seating around 50% of total capacity. In addition, people also concerned about their safety and avoid eating out. As a result, the revenues from sales and services in the third quarter of 2021 were quite low. For the third quarter of this year, there were a lot of new infected cases; however, most of them did not have severe symptoms due to the vaccination and can be treated themselves at home. Most people return to normal life and there were no control measures which had negative impact to the restaurant business from the government. Therefore, the revenues from sales and services had been recovered in this quarter.

For the first 9 months of 2022, revenues from sales and services was Baht 11,578 million, increased by Baht 3,980 million or an increase of 52.4% from the same period of last year.



## Gross Profit

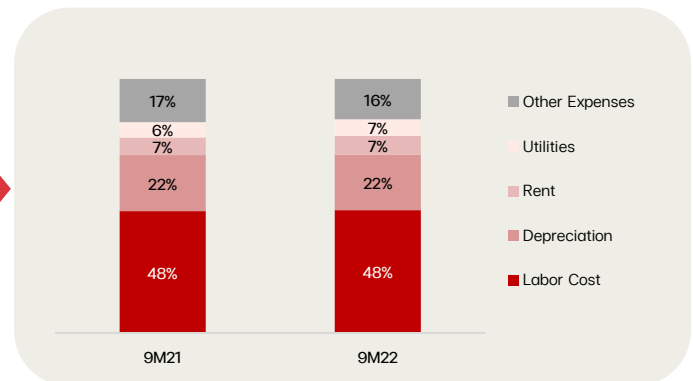
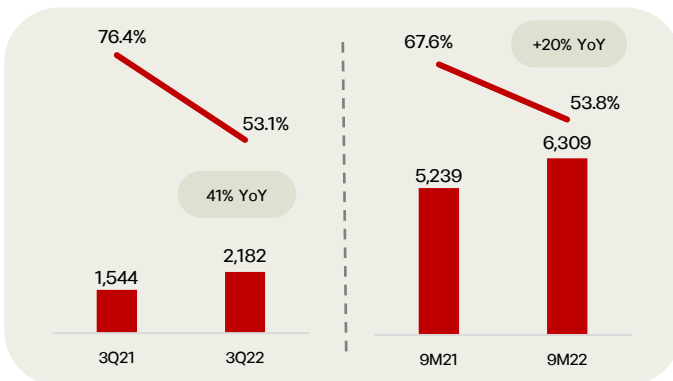


Gross profit represents the difference between revenues from sales and services and costs of sales and services which included food costs and transportation and warehousing costs. For the third quarter of 2022, gross profit of the Company and its subsidiaries amounted to Baht 2,654 million, or up by 123.9% year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 60.1% for the third quarter of 2021 to 65.2% for the same period of 2022. The increase of gross profit as a percentage of revenues from sales and services was due largely to the COVID outbreak situation improved. Customers return to visit restaurants and sales from delivery channel decreased which such channel had lower margin than other channels due to the extensive marketing promotions. In addition, the Company has adjusted the menu prices slightly to cope with the increase of all costs especially the cost of raw materials which rose up considerably. As a result, the gross profit margin for this quarter improved compared to the same period of last year.

In the first 9 months of 2022, gross profit of the Company and its subsidiaries amounted to Baht 7,568 million, or increased by 58.6% year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 62.8% for the first 9 months of 2021 to 65.4% for the same period of 2022.



## Selling and Administrative Expenses



Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation and amortization. Selling and administrative expenses of the Company and its subsidiaries for the third quarter of 2022 was Baht 2,182 million, or an increase of 41.4% year-on-year, owing mainly to an increase of staff cost and rental cost. However, selling and administrative expenses as a percentage of total revenues decreased from 76.4% for the third quarter of 2021 to 53.1% for the same period of this year, mainly due to an increase of revenues from sales and services while most of the expenses did not increase as much as revenues from sales and services.

For the first 9 months of 2022, selling and administrative expenses amounted to Baht 6,309 million, or increased by 20.4% year-on-year due largely to an increase of staff cost and rental cost. However, selling and administrative expenses as a percentage of total revenues decreased from 67.6% for the first 9 months of 2021 to 53.8% for the same period of 2022.

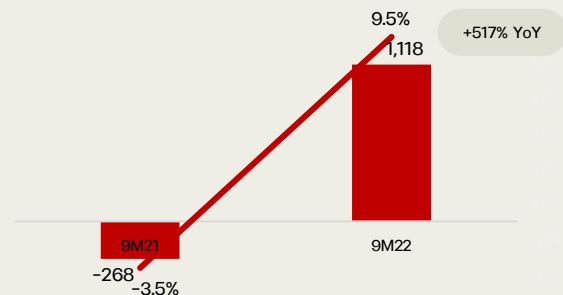
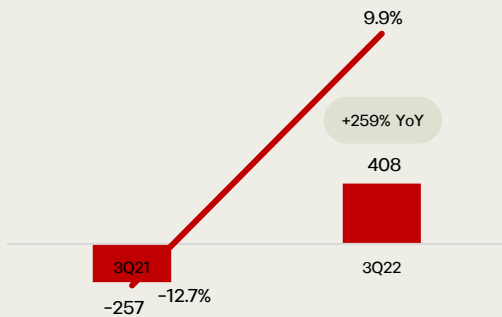


## Financial Cost

The Company and its subsidiaries recorded the financial cost of Baht 21 million for the third quarter of 2022 and Baht 63 million for the first 9 months of 2022 which were the interest expenses from the lease liabilities due to the adoption of TFRS16.



## Net Profit

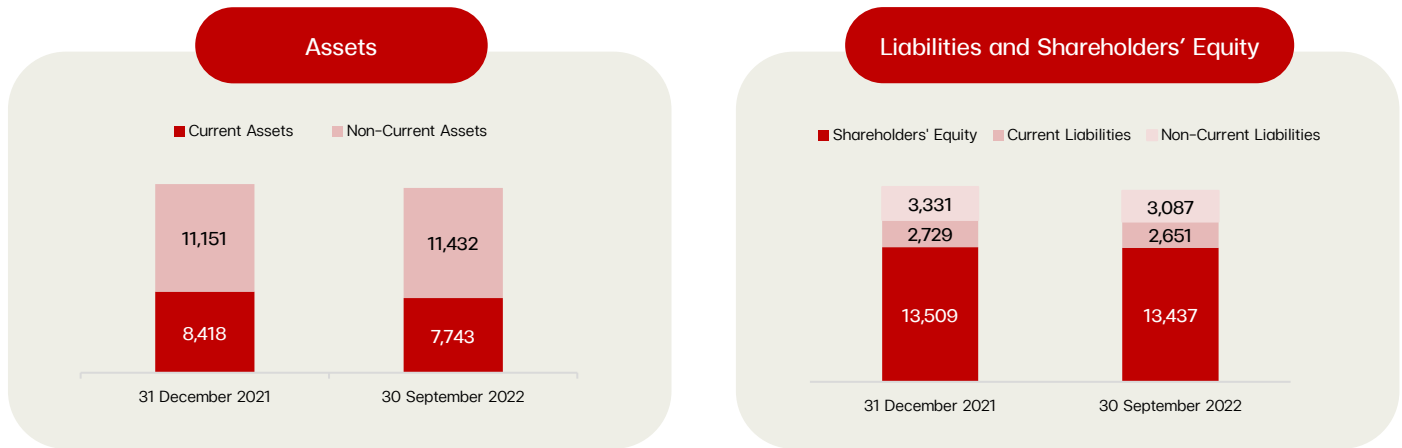


As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned above, in the third quarter of 2022, the Company and its subsidiaries recorded a net profit of Baht 408 million, increased by Baht 666 million or an increase of 258.6% compared to the same period of last year.

For the first 9 months of 2022, the Company and its subsidiaries recorded a net profit of Baht 1,118 million, representing an increase of Baht 1,386 million or 517.1% compared to the same period of last year.



## Summary of Financial Positions as at 30 September 2022



### Assets

As of September 30, 2022, the Company and its subsidiaries recorded total assets of Baht 19,175 million, comprising of current assets of Baht 7,743 million and non-current assets of Baht 11,432 million. The total assets decreased Baht 394 million or a decrease of 2.0% as compared to the end of last year due mainly to the decrease of right-of-use assets amounted Baht 338 million, property, plant and equipment amounted Baht 81 million, other current assets amounted Baht 67 million, and trade and other receivables amounted Baht 62 million while cash and cash equivalents increased Baht 180 million.



### Liabilities

As of September 30, 2022, the Company and its subsidiaries recorded total liabilities of Baht 5,738 million, decreased Baht 321 million or 5.3% from the end of last year due primarily to the decrease of the lease liabilities amounted Baht 298 million and trade and other payables amounted Baht 205 million while there was an increase of other current liabilities amounted Baht 57 million, provision for long-term employee benefits amounted Baht 51 million and income tax payable amounted Baht 48 million.



### Shareholders' Equity

As of September 30, 2022, the Company and its subsidiaries recorded shareholders' equity of Baht 13,437 million, decreased Baht 72 million or 0.5% from the end of last year due primarily to a decrease of retained earnings as a result of the dividend payments during the year.