

Date 11 November 2022

Subject Management's Discussion and Analysis of the Financial Statements for the second quarter ended 30 September 2022.

To Managing Director of The Stock Exchange of Thailand

Enclosure Management's Discussion and Analysis of the Financial Statements for the third quarter ended 30 September 2022, both Thai and English, 1 set for each

NSL Foods Public Company Limited ("NSL") would like to submit the Company's reviewed financial statements for the third quarter ended 30 September 2022.

The operation result of NSL for the quarter and the nine-month period ended 30 September 2022 registered a net profit amounting to 72.49 THB million and 219.87 THB million, respectively. Please see further details in the Management's Discussion and Analysis of the financial statements for the third quarter ended 30 September 2022 as attached.

Best regards,

Somchai Asavapiyanond

(Mr. Somchai Asavapiyanond)

President

NSL Foods Public Company Limited

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

Summary of operating performance in the third quarter of 2022 (“Q322”)

Operating Performance	Q322	Q321	Increase (Decrease)	%Increase (Decrease)
Sales	1,018.3	626.3	392.0	62.6%
Other income	1.8	1.5	0.3	20.7%
Total Revenues	1,020.1	627.8	392.3	62.5%
Cost of sales	830.6	522.5	308.1	59.0%
Distribution costs	67.3	46.9	20.4	43.4%
Administrative expenses	29.7	25.2	4.5	17.7%
Profit from Operating Activities	92.5	33.1	59.4	179.3%
Finance costs	2.5	2.9	(0.3)	(12.1%)
Profit before income tax	90.0	30.3	59.8	197.4%
Income tax expenses	17.5	6.1	11.4	185.8%
Net Profit	72.5	24.1	48.4	200.3%

Summary of operating performance in the nine-month period of 2022 (“9M22”)

Operating Performance	9M22	9M21	Increase (Decrease)	%Increase (Decrease)
Sales	2,938.2	2,187.7	750.5	34.3%
Other income	5.4	3.4	2.0	60.1%
Total Revenues	2,943.6	2,191.1	752.6	34.3%
Cost of sales	2,389.8	1,788.5	601.3	33.6%
Distribution costs	192.0	141.4	50.6	35.8%
Administrative expenses	80.0	69.7	10.3	14.7%
Profit from Operating Activities	281.8	191.4	90.4	47.2%
Finance costs	7.5	14.2	(6.7)	(47.4%)
Profit before income tax	274.3	177.2	97.1	54.8%
Income tax expenses	54.5	30.1	24.4	81.1%
Net Profit	219.9	147.1	72.7	49.4%

Revenue

Revenue Structure	Q322		Q321		Increase (Decrease)	%Increase (Decrease)
	MB.	%	MB.	%		
Sales	1,018.3	99.8%	626.3	99.8%	392.0	62.6%
- Bakery and appetizers	937.6	91.9%	572.5	91.2%	365.2	63.8%
- Snack under NSL's brands and trading	10.3	1.0%	4.4	0.7%	5.9	135.1%
- Food Services	61.4	6.0%	46.0	7.3%	15.4	33.4%
- OEM, sales of bread wastes and others	8.9	0.9%	3.4	0.5%	5.5	161.2%
Other income	1.8	0.2%	1.5	0.2%	0.3	20.7%
Total Revenue	1,020.1	100.0%	627.8	100.0%	392.3	62.5%

Revenue Structure	9M22		9M21		Increase (Decrease)	%Increase (Decrease)
	MB.	%	MB.	%		
Sales	2,938.2	99.8%	2,187.7	99.8%	750.5	34.3%
- Bakery and appetizers	2,682.1	91.1%	2,034.8	92.9%	647.3	31.8%
- Snack under NSL's brands and trading	24.1	0.8%	14.3	0.7%	9.8	68.1%
- Food Services	206.7	7.0%	127.8	5.8%	78.9	61.7%
- OEM, sales of bread wastes and others	25.3	0.9%	10.7	0.5%	14.6	136.0%
Other income	5.4	0.2%	3.4	0.2%	2.0	60.1%
Total Revenue	2,943.6	100.0%	2,191.1	100.0%	752.6	34.3%

Revenue

In Q322 and 9M22, NSL's revenue from sales and other income were accounted for 99.8% and 0.2% of total revenue, respectively. Revenue from sales comprises products of bakery, appetizers, snacks by NSL's brands and trading, food services, OEM, sales of bread waste and others.

In Q322 period, NSL had revenue from sales of 1,018.3 THB millions, increased from Q321 by 392.0 THB millions or accounted for the increase of 62.6% and in 9M22 period, NSL had revenue from sales of 2,938.2 THB millions, increased from 9M21 by 750.5 THB millions or accounted for the increase of 34.3%, mainly due to COVID-19 pandemic situation was the most severe in Thailand in Q321 but in this year, COVID-19 pandemic situation could recover and more relax since Q421 until 9M22 and partner emphasize delivery sales and promotion continuously in the result of sales increasing. Moreover, the revenue from food services increased in 9M22 from the same period of the previous year, due to COVID-19 pandemic situation could recover and more relax.

Other income

In Q322 period, NSL's other income increased from Q321 by 0.3 THB million and in 9M22 period, NSL's other income increased from 9M21 by 2.0 THB million from the support of marketing expenses to boost sales.

Cost of sales and Gross profit

Description	Q322		Q321		Increase	%Increase
	MB.	%	MB.	%	(Decrease)	(Decrease)
Revenue from sales	1,018.3	100.0%	626.3	100.0%	392.0	62.6%
Cost of sales	830.6	81.6%	522.5	83.4%	308.1	59.0%
Gross Profit	187.6	18.4%	103.7	16.6%	83.9	80.9%

Description	9M22		9M21		Increase	%Increase
	MB.	%	MB.	%	(Decrease)	(Decrease)
Revenue from sales	2,938.2	100.0%	2,187.7	100.0%	750.5	34.3%
Cost of sales	2,389.8	81.3%	1,788.5	81.8%	601.3	33.6%
Gross Profit	548.4	18.7%	399.1	18.2%	149.3	37.4%

In Q322 and 9M22, gross profit margin was increased from the same period of the previous year mainly due to in Q321, COVID-19 pandemic situation was the most severe in Thailand so sales dramatically decreased in Q321 but in this year, the situation has returned to normal and although raw material cost increased, however, NSL has adjusted price of some products thus they are partially offsetting the increase in raw material costs.

Distribution Costs

Distribution Costs	Q322		Q321		Increase	%Increase
	MB.	% of total revenue	MB.	% of total revenue	(Decrease)	(Decrease)
Promotional and advertising expenses	0.5	0.0%	5.0	0.8%	(4.5)	(90.3%)
Sales transportation expenses	50.4	4.9%	31.6	5.0%	18.8	59.4%
Salaries, wages, overtime, bonuses, and employee benefits	12.1	1.2%	8.6	1.4%	3.5	41.1%
Other distribution costs	4.2	0.4%	1.6	0.3%	2.6	155.9%
Total Distribution costs	67.3	6.6%	46.9	7.5%	20.4	43.4%

Distribution Costs	9M22		9M21		Increase	%Increase
	MB.	% of total revenue	MB.	% of total revenue	(Decrease)	(Decrease)
Promotional and advertising expenses	2.2	0.1%	6.1	0.3%	(3.8)	(63.2%)
Sales transportation expenses	142.2	4.8%	102.6	4.7%	39.7	38.7%
Salaries, wages, overtime, bonuses, and employee benefits	35.7	1.2%	25.0	1.1%	10.7	42.6%
Other distribution costs	11.8	0.4%	7.7	0.4%	4.1	53.4%
Total Distribution costs	192.0	6.5%	141.4	6.5%	50.6	35.8%

The distribution costs in Q322 and 9M22 increased from the same period of the previous year by 20.4 THB million and 50.6 THB million. It was mainly due to the increase of sales transportation expenses from increasing of fuel price and more product delivery cycle. Moreover, Salaries, wages, overtime, bonuses, and employee benefits increased from increasing in personnel in sales and marketing department.

Administrative Expenses

Administrative Expenses	Q322		Q321		Increase	%Increase
	MB	% of total revenue	MB	% of total revenue	(Decrease)	(Decrease)
Salaries, wages, overtime, bonuses, and employee benefits	16.5	1.6%	17.9	2.8%	(1.4)	(7.8%)
Consulting fees and service fees	3.2	0.3%	2.7	0.4%	0.5	17.8%
Depreciation and amortization	1.0	0.1%	0.7	0.1%	0.3	47.0%
Utilities and equipment repair	1.3	0.1%	0.8	0.1%	0.4	49.4%
Other administrative expenses	7.8	0.8%	3.2	0.5%	4.6	146.9%
Administrative Expenses	29.7	2.9%	25.2	4.0%	4.5	17.7%

Administrative Expenses	9M22		9M21		Increase	%Increase
	MB	% of total revenue	MB	% of total revenue	(Decrease)	(Decrease)
Salaries, wages, overtime, bonuses, and employee benefits	49.1	1.7%	48.7	2.2%	0.5	0.9%
Consulting fees and service fees	10.2	0.3%	7.7	0.4%	2.5	33.0%
Depreciation and amortization	2.5	0.1%	2.0	0.1%	0.5	23.1%
Utilities and equipment repair	3.1	0.1%	2.5	0.1%	0.6	22.7%
Other administrative expenses	15.0	0.5%	8.8	0.4%	6.2	71.0%
Administrative Expenses	80.0	2.7%	69.7	3.2%	10.3	14.7%

Administrative expenses in Q322 and 9M22 were increased from the same period of the previous year mainly due to the expense of prevention COVID-19 such as ATK etc. increasing in electricity fee and service fee from staff recruitment.

Finance Costs

Finance Costs	Q322	Q321	Increase	%Increase
	MB.	MB.	(Decrease)	(Decrease)
Finance costs	2.5	2.9	(0.3)	(12.1%)

Finance Costs	9M22	9M21	Increase	%Increase
	MB.	MB.	(Decrease)	(Decrease)
Finance costs	7.5	14.2	(6.7)	(47.4%)

In Q322 and 9M22, finance costs had decreased when compare with the same period of the previous year, caused by the repayment of borrowings from a financial institution and had paid borrowings from a financial institution from IPO fund by 350 THB million in May 2021 and decreasing in interest rate since mid of 2021.

Net profit and Net profit margin

Net profit and Net profit margin	Unit	Q322	Q321	Increase (Decrease)	% Increase (Decrease)
Net profit	MB	72.5	24.1	48.4	200.3%
Net profit margin (%)	%	7.1%	3.8%	3.3%	

Net profit and Net profit margin	Unit	9M22	9M21	Increase (Decrease)	% Increase (Decrease)
Net profit	MB	219.9	147.1	72.7	49.4%
Net profit margin (%)	%	7.5%	6.7%	0.8%	

In Q322 and 9M22, NSL had net profit of 72.5 THB million and 219.9 THB million, respectively, higher than the same period of the previous year by 48.4 THB million and 72.7 THB million, respectively, and net profit margin is more than the same periods of the previous year by 3.3% and 0.8%, respectively. It resulted from increasing in revenue from recovery of COVID-19 situation in this period while in Q321, COVID-19 pandemic situation was the most severe in Thailand so sales dramatically decreased in Q321 and although raw material cost and fuel cost increased, however, NSL has adjusted price of some products thus they are partially offsetting the increase in raw material costs.

Financial Position

Financial Position	30-Sep-22	31-Dec-21	Increase (Decrease)	%Increase (Decrease)
Total Assets	2,167.1	2,110.9	56.2	2.7%
Total Liabilities	845.2	858.9	(13.7)	(1.6%)
Total Shareholders' Equity	1,321.9	1,252.0	69.9	5.6%

Assets

Assets	30-Sep-22	31-Dec-21	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	30-Sep-22
Cash and cash equivalents	83.7	459.3	(375.7)	(81.8%)	3.9%
Trade and other current receivables	549.2	496.3	52.9	10.7%	25.3%
Inventories	229.1	188.8	40.2	21.3%	10.6%
Property, plant and equipment and Right-of-use assets	960.0	925.8	34.2	3.7%	44.3%
Other assets	345.1	40.7	304.5	749.0%	15.9%
Total Assets	2,167.1	2,110.9	56.2	2.7%	100.0%

NSL's total assets in 9M22 increased from the previous year, mainly due to the increase of Trade and other current receivables and inventories based on sales growth and investing in machinery and equipment. Moreover, other assets increase, and Cash and cash equivalents decrease from investing in fixed deposit and mutual fund by 300 THB million.

Liabilities

Liabilities	30-Sep-22	31-Dec-21	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	30-Sep-22
Trade and other current payables	500.5	453.2	47.3	10.4%	23.1%
Borrowings from a financial institution	260.7	316.7	(56.0)	(17.7%)	12.0%
Lease liabilities	13.6	10.2	3.4	33.3%	0.6%
Other liabilities	70.4	78.7	(8.3)	(10.5%)	3.2%
Total Liabilities	845.2	858.9	(13.7)	(1.6%)	39.0%

NSL's total liabilities in 9M22 was decreased from the previous year mainly caused by the decreasing of borrowings from a financial institution due to the repayment of the borrowings and decreasing of income tax payable from income tax payable last year and mid-year tax was paid in this year. However, trade and other current payables increased by 47.3 THB million based on purchasing increase.

Shareholder's Equity

Shareholder's Equity	30-Sep-22	31-Dec-21	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	30-Sep-22
Issued and paid-up share capital	300.0	300.0	-	0.0%	13.8%
Premium on ordinary shares	797.4	797.4	-	0.0%	36.8%
Retained earnings - Legal reserve	30.0	30.0	-	0.0%	1.4%
Retained earnings - Unappropriated	194.5	124.6	69.9	56.1%	9.0%
Total Shareholders' Equity	1,321.9	1,252.0	69.9	5.6%	61.0%

Shareholders' equity in 9M22 was 1,321.9 THB million, increased by 69.9 THB million or accounted for 5.6%. It resulted from the increase of retained earnings from net profit during the period by 219.9 THB million. There was dividend payment in 9M22 by 150 THB million

Key Financial Ratios

Financial Ratio	Unit	For the fiscal period ended		
		30-Sep-22	31-Dec-21	Increase (Decrease)
Current ratio	times	1.7	1.8	(0.1)
Quick ratio	times	0.9	1.5	(0.6)
Return on Assets (ROA)	%	12.3%	10.4%	1.9%
Return on Equity (ROE)	%	20.5%	22.4%	(1.9%)
Debt to Equity ratio (D/E Ratio)	times	0.6	0.7	(0.1)
Bank Debt to EBITDA ratio (Bank Debt / EBITDA)	times	0.6	0.9	(0.3)
Debt Service Coverage ratio (Cash Basis)	times	0.5	0.3	0.2

Current ratio and Quick ratio

At the end of 9M22, the current ratio and the quick ratio decreased comparing with the previous year from investing in fixed deposit and mutual fund.

Return on Assets (ROA)

At the end of 9M22, return on assets increased comparing with the previous year from net profit increased.

Return on Equity (ROE)

Return on equity decreased from 22.4% in year 2021 to 20.5% in 9M22, due to equity from IPO in Q221 and the increase of net profit. There was the dividend payment of 150 THB million in 2022 and 266.2 THB million in 2021.

Debt-to-Equity ratio (D/E ratio) and Bank debt to EBITDA ratio (Bank Debt / EBITDA)

At the end of 9M22, debt-to-equity ratio (D/E ratio) and bank debt to EBITDA ratio (Bank Debt / EBITDA) decreased comparing with the previous year from the repayment of the borrowings.

Debt service coverage ratio

The debt service coverage ratios in 9M22 was 0.5 times which were lower than 1.0 time. It resulted from the repayment of loan from a financial institution from IPO fund and normal repayment, dividend payment and investing in temporary investments. However, NSL has never defaulted on repayment of loans and interests. In addition, NSL has cash and cash equivalents and undrawn reserve limit to support financial liquidity in 9M22, which are bank overdrafts (OD) of 30 THB million, short term loan (PN) of 210 THB million and import credit facility (LC/TR) of 90.05 THB million.