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May 11, 2023

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2023

To: The President
 The Stock Exchange of Thailand

1. Analysis of Operating Results and Financial Position for the Company and its subsidiary
 - 1.1 Analysis of Operating Results for the Company and its subsidiary for the 3-month period ended 31 March 2023

Table 1: Operating results for the 3-month period ended 31 March 2023

	Consolidated Financial Statements				Separate Financial Statements			
	2023	2022	Increase (Decrease)		2023	2022	Increase (Decrease)	
			Thousand Baht	%			Thousand Baht	%
Total revenues	517,324	451,887	65,437	14.5	509,961	443,282	66,679	15.0
Sales and service income	511,893	449,380	62,513	13.9	505,239	440,646	64,593	14.7
Cost of sales and service	398,091	344,800	53,291	15.5	392,571	338,650	53,921	15.9
Gross profit	113,802	104,580	9,222	8.8	112,668	101,996	10,672	10.5
Other income	5,431	2,507	2,924	116.6	4,722	2,636	2,086	79.1
Profit before expenses	119,233	107,087	12,146	11.3	117,390	104,632	12,758	12.2
Selling and distribution expenses	29,392	26,037	3,355	12.9	28,564	24,940	3,624	14.5
Administrative expenses	47,423	48,649	(1,226)	(2.5)	41,503	41,410	93	0.2
Total Expenses	76,815	74,686	2,129	2.9	70,067	66,350	3,717	5.6
Operating profit	42,418	32,401	10,017	30.9	47,323	38,282	9,041	23.6
Share of profit from investment in associate	225	2,099	(1,874)	(89.3)	-	-	-	-
Finance cost	(1,939)	(1,140)	(799)	70.1	(1,712)	(881)	(831)	94.3
Profit before income tax expenses	40,704	33,360	7,344	22.0	45,611	37,401	8,210	22.0
Income tax expenses	(6,804)	(7,475)	671	(9.0)	(6,856)	(7,450)	594	(8.0)
Profit for the period	33,900	25,885	8,015	31.0	38,755	29,951	8,804	29.4
Gross profit margin	22.2%	23.3%	(1.1%)		22.3%	23.1%	(0.8%)	
Selling and distribution expenses per sales	5.7%	5.8%	(0.1%)		5.7%	5.7%	-	
Administrative expense per sales	9.3%	10.8%	(1.5%)		8.2%	9.4%	(1.2%)	
Net profit margin	6.6%	5.7%	0.9%		7.6%	6.8%	0.8%	
Earnings per share (Bath/Share)	0.06	0.04	0.02		0.06	0.05	0.01	

(Unit: Thousand Baht)

Revenues

Revenues from sales and service

Table 2: Revenues from sales separated by main product segment for the 3-month period ended 31 March 2023

(Unit: Thousand Baht)

Product Type	For the 3-month period ended				Increase (Decrease)	
	31 March				Thousand	
	2023	%	2022	%	Baht	%
Industrial food products segment	218,718	42.7	190,600	42.4	28,118	14.8
Consumer food products segment	285,890	55.9	249,590	55.6	36,300	14.6
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	7,285	1.4	9,190	2.0	(1,905)	(20.7)
Total	511,893	100.0	449,380	100.0	62,513	13.9

In the first quarter of 2023, the Company and its subsidiary's revenues from sales and service were Baht 511.9 million, increasing from the same period of previous year amount of Baht 449.4 million or 13.9% which were from industrial food products segment and consumer food products segment.

Revenues from sales of industrial food products segment increased amount of Baht 28.1 million or 14.8% which was from product group of food additive such as stabilizer, thickener, and gelling agent, and also from product group of food ingredient such as margarine & shortening, chocolate compound, and etc. Revenues from sales of consumer food products segment increased amount of Baht 36.3 million or 14.6% from product group of frozen & chilled food such as French fries, frozen Dory, and etc., and also from food ingredient such as whipping cream, raisin, icing sugar, and etc. which was mainly from the current situation of the Coronavirus-19 pandemic has considerably relieved, so hotel, restaurant and airline businesses have widely reopened as well as a number of tourists increased. As a result, the Company was able to sell more products to customers.

However, revenues from sales of manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment decreased amount of Baht 1.9 million or 20.7%. which at present, the management of the Group is in process of operational management in order to encourage better operating results of this segment in the future.

▪ Gross profit

The Company and its subsidiary's gross profit was Baht 113.8 million, increasing from the same period of previous year amount of Baht 9.2 million. Gross profit margin was 22.2%, decreasing from the same period of previous year by 1.1%.

The Company's gross profit was Baht 112.7 million, increasing from the same period of previous year amount of Baht 10.7 million which was in accordance with an increase in sales and service income amount of Baht 64.6 million while cost of sales increased amount of Baht 53.9 million. The Company's gross profit margin was 22.3%, decreasing from the same period of previous year by 0.8% which was mainly due to an effect of the depreciation of Thai Baht compared with the same quarter of previous year. In the first quarter of 2023, value of Thai Baht against US dollar was between 32.85-35.32, while the same period of previous year was between 32.30-33.90.

▪ **Other income**

The Company and its subsidiary's other income was Baht 5.4 million, increasing amount of Baht 2.9 million which was mainly from commission income increased amount of Baht 0.6 million and gain on foreign exchange increased amount of Baht 1.5 million which was gain in this period amount of Baht 1.5 million while was loss in the same period of previous year amount of Baht 0.5 million which was included in administrative expenses.

Expenses

▪ **Selling and distribution expenses**

The Company and its subsidiary's selling and distribution expenses were Baht 29.4 million, increasing from the same period of previous year amount of Baht 3.4 million or 12.9% which were mainly from employee expenses increased amount of Baht 0.8 million (increased from the Company's expenses amount of Baht 1.0 million while a subsidiary decreased in employee expenses amount of Baht 0.2 million due to a decrease in salaries), delivery expenses increased amount of Baht 1.0 million which was in accordance with an increase in sales, and marketing expenses increased amount of Baht 1.4 million due to an increase in sales promotion and advertisement via New Media.

▪ **Administrative expenses**

The Company and its subsidiary's administrative expenses were Baht 47.4 million, decreasing from the same period of previous year amount of Baht 1.2 million or 2.5%

The main reasons were from some expenses decreased. For example,

- ▶ Provision for loss from obsolete stock decreased amount of Baht 4.2 million. (There was a provision in this period amount of Baht 0.3 million while was a provision in the same period of previous year amount of Baht 4.5 million)
- ▶ Depreciation and amortization expenses decreased amount of Baht 0.6 million.
- ▶ Loss on exchange rate decreased amount of Baht 0.5 million which was gain in this period amount of Baht 1.5 million which was included in other income while was loss in the same period of previous year amount of Baht 0.5 million.

Meanwhile, some expenses increased. For example,

- ▶ Employee expenses increased amount of Baht 2.4 million (increased from the Company's expenses amount of Baht 3.5 million while a subsidiary decreased in employee expenses amount of Baht 1.1 million due to a decrease in salaries)
- ▶ External warehouse rental fee increased amount of Baht 0.9 million which was in accordance with an increase in sales.
- ▶ Moreover, other administrative expenses increased amount of Baht 0.8 million such as utility expenses, consulting and professional fee, general maintenance expenses, and etc.

▪ **Share of profit from investment in associate**

Share of profit from investment in associate based on equity method was amount of Baht 0.2 million, decreasing from the same period of previous year amount of Baht 1.9 million which was mainly due to a decrease in sales of an associate.

▪ **Finance cost**

Finance cost of the Company and its subsidiary increased amount of Baht 0.8 million which was mainly due to an increase in interest expenses from short-term loans from financial institutions in form of trust receipts payable.

▪ **Profit for the period**

The Company and its subsidiary's profit for the period was Baht 33.9 million, increasing from the same period of previous year amount of Baht 8.0 million or 31.0% which was from gross profit increased amount of Baht 9.2 million, other income increased amount of Baht 2.9 million, administrative expenses decreased amount of Baht 1.2 million and income tax expenses decreased amount of Baht 0.7 million. However, selling and distribution expenses increased amount of 3.4 million, and finance cost increased amount of Baht 0.8 million. Moreover, share of profit from investment in associate decreased amount of Baht 1.9 million.

The Company's profit for the period was Baht 38.8 million, increasing from the same period of previous year amount of Baht 8.8 million or 29.4% which was mainly from gross profit increased amount of Baht 10.7 million, other income increased amount of Baht 2.1 million, and income tax expenses decreased amount of Baht 0.6 million. However, selling and distribution expenses increased amount of 3.6 million, administrative expenses increased amount of Baht 0.1 million and finance cost increased amount of Baht 0.8 million.

2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 March 2023

(Unit: Thousand Baht)

	Consolidated Financial Statements						Separate Financial Statements					
	31/03/23	%	31/12/22	%	Increase (Decrease) Thousand Baht		31/03/23	%	31/12/22	%	Increase (Decrease) Thousand Baht	
Current Assets	851,739	68.4	938,462	71.1	(86,723)	(9.2)	838,484	68.9	922,887	71.8	(84,403)	(9.1)
Non-Current Assets	392,878	31.6	382,099	28.9	10,779	2.8	377,798	31.1	362,593	28.2	15,205	4.2
Total Assets	1,244,617	100.0	1,320,561	100.0	(75,944)	(5.8)	1,216,282	100.0	1,285,480	100.0	(69,198)	(5.4)
Current Liabilities	580,194	46.7	694,751	52.6	(114,557)	(16.5)	545,825	44.9	659,291	51.3	(113,466)	(17.2)
Non-Current Liabilities	44,001	3.5	39,288	3.0	4,713	12.0	40,499	3.3	34,986	2.7	5,513	15.8
Total Liabilities	624,195	50.2	734,039	55.6	(109,844)	(15.0)	586,324	48.2	694,277	54.0	(107,953)	(15.5)
Shareholders' equity	620,422	49.8	586,522	44.4	33,900	5.8	629,958	51.8	591,203	46.0	38,755	6.6
Total liabilities and shareholders' equity	1,244,617	100.0	1,320,561	100.0	(75,944)	(5.8)	1,216,282	100.0	1,285,480	100.0	(69,198)	(5.4)

2.1 Assets

As at 31 March 2023, the Company and its subsidiary had total assets amount of Baht 1,244.6 million which were comprised of current assets amount of Baht 851.7 million or 68.4% of total assets and non-current assets amount of Baht 392.9 million or 31.6% of total assets.

The main compositions of assets were inventories amount of Baht 463.3 million or 37.2%, property, plant and equipment amount of Baht 311.5 million or 25.0%, and trade and other receivables amount of Baht 334.2 million or 26.9%.

- Current assets were Baht 851.7 million, decreasing from the previous year amount of Baht 86.7 million or 9.2%. The main reasons were from trade and other receivables decreased amount of Baht 80.7 million, inventories decreased amount of Baht 26.0 million while cash and cash equivalents increased amount of Baht 18.8 million and derivative assets increased amount of Baht 0.7 million.
- Non-current assets were Baht 392.9 million, increasing from the previous year amount of Baht 10.8 million or 2.8%. The main reasons were from right-of-use assets increased amount of Baht 6.2 million, intangible assets increased amount of Baht 1.6 million, property, plant and equipment increased amount of Baht 1.1 million, deferred tax assets increased amount of Baht 2.6 million, and investment in associate increased amount of Baht 0.2 million while other non-current assets decreased amount of Baht 1.0 million.

2.2 Liabilities

As at 31 March 2023, the Company and its subsidiary had total liabilities amount of Baht 624.2 million, which were comprised of current liabilities amount of Baht 580.2 million or 93.0% of total liabilities and non-current liabilities amount of Baht 44.0 million or 7.0% of total liabilities.

The main compositions of liabilities were bank overdrafts and short-term loans from financial institutions amount of Baht 277.0 million or 44.4% and trade and other payables amount of Baht 253.9 million or 40.7%.

- Current liabilities decreased from the end of previous year amount of Baht 114.6 million or 16.5%. The main reasons were from bank overdrafts and short-term loans from financial institutions decreased amount of Baht 137.2 million and derivative liabilities decreased amount of Baht 4.1 million, while trade and other payables increased amount of Baht 14.8 million, income tax payable increased amount of Baht 9.3 million, and current portion of lease liabilities increased amount of Baht 2.5 million.
- Non-current liabilities increased from the end of the previous year amount of Baht 4.7 million or 12.0%. The main reasons were from lease liabilities - net of current portion increased amount of Baht 4.0 million and provision for long-term employee benefits increased amount of Baht 0.7 million.

2.3 Shareholders' equity

Shareholders' equity as at 31 March 2023 was Baht 620.4 million, increasing from the end of previous year amount of Baht 33.9 million due to the Company and its subsidiary's net profit for the 3-month period ended 31 March 2023.


3. Cash flows Analysis


Table 4: Overall cash flow of the Company and its subsidiary for the 3-month period ended 31 March 2023

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2023	2022	2023	2022
Cash flows from operating activities	167,994	48,671	167,276	53,449
Cash flows used in investing activities	(8,975)	(1,740)	(8,324)	(9,053)
Cash flows used in financing activities	(140,224)	(20,353)	(139,369)	(17,539)
Net increase in cash and cash equivalents	18,795	26,578	19,583	26,857
Cash and cash equivalents at beginning of the period	33,963	37,923	32,068	34,805
Cash and cash equivalents at end of the period	52,758	64,501	51,651	61,662

- The Company and its subsidiary had net cash flows from operating activities for the first quarter of 2023 amount of Baht 168.0 million.
- Net cash flows used in investing activities

 **The Company and its subsidiary**

 **2023:** The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 9.0 million. The main reason was from an acquisition of equipment and intangible assets during the period amount of Baht 6.8 million and Baht 2.2 million, respectively. Meanwhile, there was cash received from sales of equipment amount of Baht 0.1 million.

2022: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 1.7 million. The main reason was from an acquisition of equipment and intangible assets during the period amount of Baht 1.1 million and Baht 0.7 million, respectively. Meanwhile, there was cash received from sales of equipment amount of Baht 0.1 million.

The Company

2023: The Company's net cash flows used in investing activities were amount of Baht 8.3 million. The main reasons were from loans to a subsidiary during the period amount of Baht 5.4 million and acquisition of equipment and intangible assets amount of Baht 1.5 million and 2.1 million, respectively. Meanwhile, there was cash received from interest income amount of baht 0.5 million and sales of equipment amount of Baht 0.1 million.

2022: The Company's net cash flows used in investing activities were amount of Baht 9.1 million. The main reasons were from loans to a subsidiary during the period amount of Baht 8.0 million and acquisition of equipment and intangible assets amount of Baht 1.0 million and 0.5 million, respectively. Meanwhile, there was cash received from interest income amount of baht 0.3 million and sales of equipment amount of Baht 0.1 million.

■ Net cash flows used in financing activities

The Company and its subsidiary

2023: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 140.2 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 137.2 million and lease liabilities payment amount of Baht 3.0 million.

2022: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 20.4 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 2.9 million, long-term loans from financial institutions repayment amount of Baht 14.3 million, and lease liabilities payment amount of Baht 3.2 million.

The Company

2023: The Company's net cash flows used in financing activities were amount of Baht 139.4 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 137.2 million and lease liabilities payment amount of Baht 2.1 million.

2022: The Company's net cash flows used in financing activities were amount of Baht 17.5 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 0.9 million, long-term loans from financial institutions repayment amount of Baht 14.3 million, and lease liabilities payment amount of Baht 2.4 million.

Refer to the above information, the Company and its subsidiary increased in cash and cash equivalents during the first quarter of 2023 amount of Baht 18.8 million. When combined with cash and cash equivalents as at 31 December 2022 amount of Baht 34.0 million, the Company and its subsidiary's cash and cash equivalents as at 31 March 2023 were equal to Baht 52.8 million.

Please be informed accordingly.

Yours faithfully,

(Jane Wongisariyakul)

CEO

Winner Group Enterprise Public Co., Ltd.

