

No. KK ELCID 2566/010

August 7, 2023

Subject: Management Discussion and Analysis for the second quarter ended June 30, 2023

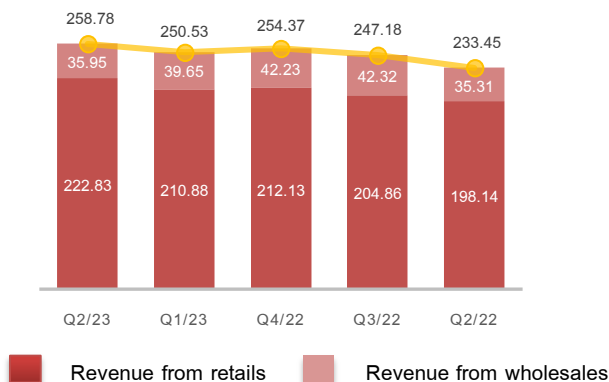
To: Director and Manager
The Stock Exchange of Thailand

K&K Superstore Southern Public Company Limited (“the Company”) would like to submit the Management Discussion and Analysis for the second quarter ended June 30, 2023 as follows:

Operating performance overview for the 3 months and 6 months period ended June 30, 2023.

Statement of comprehensive income	3 months							6 months			
	Q2/23	Q1/23	Q2/22	QoQ	%QoQ	YoY	%YoY	6M'23	6M'22	YoY	%YoY
Revenue from sales	258.78	250.53	233.45	8.25	3.29%	25.33	10.85%	509.31	466.33	42.99	9.22%
- Retail	222.83	210.88	198.14	11.95	5.67%	24.69	12.46%	433.71	385.88	47.83	12.40%
- wholesales	35.95	39.65	35.31	(3.70)	(9.34%)	0.64	1.81%	75.60	80.45	(4.84)	(6.02%)
Cost of sales	226.78	222.34	202.30	4.44	1.99%	24.47	12.10%	449.12	407.82	41.30	10.13%
Gross profit	32.00	28.19	31.14	3.81	13.53%	0.86	2.76%	60.19	58.51	1.68	2.88%
Other income	1.30	1.41	1.21	(0.11)	(8.07%)	0.09	7.31%	2.71	2.39	0.32	13.35%
Sales and administrative expenses	35.29	31.37	27.76	3.92	12.51%	7.53	27.11%	66.65	53.82	12.83	23.84%
Financial cost	1.80	1.21	0.92	0.59	48.50%	0.87	94.82%	3.00	1.84	1.17	63.49%
Net profit (loss) before tax	(3.78)	(2.97)	3.67	(0.81)	27.20%	(7.45)	(203.08%)	(6.76)	5.24	(11.99)	(229.00%)
Income tax expense	0.34	0.56	(0.73)	(0.22)	(39.96%)	1.07	(145.89%)	0.90	(0.99)	1.89	(190.12%)
Net profit (loss)	(3.45)	(2.41)	2.94	(1.03)	42.78%	(6.38)	(217.36%)	(5.86)	4.24	(10.10)	(238.12%)
Gross profit margin	12.37%	11.25%	13.34%					11.82%	12.55%		
Net profit (loss) margin	(1.33%)	(0.96%)	1.25%					(1.14%)	0.91%		
Number of branches	35	34	32					35	32		

Overall of revenue from sales



Million Baht	6M/2023	2022	2021
Retail	433.71	802.87	830.02
% SSSG	7.10%	-6.59%	0.87%
Number of branch			
B/F	32	30	28
+ Addition	3	2	2
C/F	35	32	30



Revenue from Sales

For 3-month period of second quarter 2023, the Company generated revenue from sales of Baht 258.78 million, increasing by Baht 25.33 million or 10.85 percent compared to same period of the previous year. For 6-month period 2023, the Company generated revenue from sales of Baht 509.31 million, increasing by Baht 42.99 million or 9.22 percent compared to same period of the previous year due to the Company has a growth rate of same store sales growth of the second quarter of 2023 compared to the second quarter of 2022, increasing by 7.10% and the Company expanded 3 new stores in 2023.

Cost of sales and Gross profit

For 3-month period of second quarter 2023, the Company has cost of sales equivalent to 226.78 million Baht increasing by Baht 24.47 million or 12.10 percent and For 6-month period 2023, the Company has cost of sales equivalent to 449.12 million Baht increasing by Baht 41.30 million or 10.13 percent increase from the same period of the previous year according to the increasing in revenue from sales, Then, the Company has 60.19 million Baht of gross profit, representing 11.82 percent which decreased from same period of the previous year, mainly due to promotional items from manufacturers and distributors decreased.

Other income

For 3-month period of second quarter 2023, the Company has other income equivalent to 1.30 million Baht increasing by Baht 0.09 million or 7.31 percent and For 6-month period 2023, the Company has other income equivalent to 2.71 million Baht increasing by Baht 0.32 million or 13.35 percent.

Sales and administrative expenses

For 3-month period of second quarter 2023, the Company has sales and administrative expenses equivalent to 35.29 million Baht increasing by Baht 7.53 million or 27.11 percent and For 6-month period 2023, the Company has sales and administrative expenses equivalent to 66.65 million Baht increasing by Baht 12.83 million or 23.84 percent mainly due to staff expenses, depreciation expenses and utility expenses from increasing the number of branches.

Financial cost

For 3-month period of second quarter 2023, the Company has financial cost equivalent to 1.80 million Baht increasing by Baht 0.87 million or 94.82 percent and For 6-month period 2023, the Company has financial cost equivalent to 3.00 million Baht increasing by Baht 1.17 million or 63.49 percent mainly due to an increase in interest on short-term loans from financial institutions and interest expenses on lease contracts.

Net profit (loss)

For 3-month period of second quarter 2023, the Company has net loss equivalent to 3.45 million Baht decreasing by Baht 6.38 million or 217.36 percent and For 6-month period 2023, the Company has net loss equivalent to 5.86 million Baht decreasing by Baht 10.10 million or 238.12 percent mainly due to the increment of number of branches lead to staff expenses, depreciation expenses and utility expenses increased.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht	As at		Increase (Decrease)	
	June 30,2023	December 31,2022	Million Baht	%
Total assets	445.27	402.44	42.83	10.64%
Total liabilities	278.52	223.80	54.73	24.45%
Total shareholders' equity	166.75	178.65	(11.90)	(6.66%)

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 June 30, 2023, the Company has total assets equivalent to 445.27 million Baht, increasing by Baht 42.83 million or 10.64 percent compared to the previous year, mainly due to the increase of plant and equipment amounted to Baht 17.38 million and the increase of right-of-use assets amounted to Baht 21.72 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 June 30, 2023, the Company has total liabilities equivalent to 278.52 million Baht, increasing by Baht 54.73 million or 24.45 percent compared to the previous year, mainly due to the increase of bank overdrafts and short-term borrowings from financial institutions amounted to Baht 27.67 million and the increase of lease liabilities amounted to Baht 21.28 million from increasing the number of branches in line with the increase of asset according to TFRS 16.

Shareholders' equity

As at June 30, 2023, the Company has shareholders' equity equivalent to 166.75 million Baht, decreasing by Baht 11.90 million or 6.66 percent compared to the previous year, mainly due to dividend payment amounted to Baht 6.04 million and the increase of net loss for the first 6 months 2023 amounted to Baht 5.86 million.

Please be informed accordingly

Yours Sincerely,

- Mr. Kawispong Sirithananonsakul-

(Mr. Kawispong Sirithananonsakul)

Managing Director

K&K Superstore Southern Public Company Limited